



2024 Annual Report

(TRANSLATION)

(This Annual Report can be accessed from: MOPS <http://mops.twse.com.tw>)

Printed on April 28, 2025

Notice to Readers:

The reader is advised that the annual report has been prepared originally in Chinese. The English version is directly translated from Chinese version. If there is any difference between English version and Chinese version, the Chinese version shall prevail.

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Name: Henry Chien

Title: Director

Tel: (03)567-8986

Email: ir@soinc.com.tw

II. Deputy Spokesperson:

Name: Steffi Huang

Title: Vice President and Financial Officer

Tel: (03)567-8986

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III. Silicon Optronics, Inc. Addresses & Telephone Number:

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IV. Transfer Agent:

Name: Registrar Agency, Capital Securities Corp.

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Tel: (02)2702-3999

Website: www.capital.com.tw

V. Certified Public Accountants for the Most Recent Fiscal Year:

Firm Name: Deloitte & Touche

CPA Name: CPA Name: Ming-Hui Chen, Tung-Hui Yeh

Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City

Tel: (02) 2725-9988

Website: www.deloitte.com/tw/tc.html

VI. Name of Overseas Securities Dealers and the Methods to Inquire about Overseas Securities:

Not applicable.

VII. Company Website: www.soinc.com.tw

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Chapter 1. Letter to Shareholders

Dear Shareholders,

The company's operating results for 2024 and business outlook for 2025 are summarized as follows:

I. Business plan implementation results and budget execution

In 2024, SOI continued to deepen its presence in the optoelectronics industry, strengthening its core competitiveness through technological innovation and market expansion. The following is an overview of its profit and loss and financial status:

1. The summary of profit and loss statement is shown below:

This year's operating revenue increased slightly by 4% compared to last year, and the rebound in gross margin was mainly due to the impact of the inventory obsolescence and write-down losses recognized in 2023. The details are as follows:

Unit: NT\$ thousand

Item / Year	2024	2023	Differences	Growth rate %
Operating revenue	1,731,031	1,663,499	67,532	4
Gross profit	124,539	(43,527)	168,066	386
Operating profits	(193,043)	(371,452)	178,409	48
Net profit (loss) after tax	(102,780)	(286,716)	183,936	64

2. Financial income and expenses

The net cash inflow from operating activities in the current period decreased compared to the previous period, primarily due to a higher level of inventory reduction in the previous period. In addition, the repayment of bank loans and equipment purchases in the current period resulted in net cash outflows from investing and financing activities.

Unit: NT\$ thousand

Item / Year	2024	2023
Profit before income tax	(101,242)	(348,312)
Net cash inflow (outflow) from operating activities	246,929	361,737
Net cash inflow (outflow) from investing activities	(29,425)	(9,232)

Net cash inflow (outflow) from financing activities	(461,992)	(67,944)
Increase (decrease) in cash and cash equivalents	(217,692)	272,358
Cash and cash equivalents at beginning of year	1,034,994	762,636
Cash and cash equivalents at end of year	817,302	1,034,994

3. profitability ability analysis: performance in this period was decreased compared with last year due to depression of overall market sales.

Item / Year	2024	2023
Return on assets (%)	(3.41)	(8.14)
Return on equity (ROE)	(4.38)	(11.45)
Operating profits to paid-up capital ratio (%)	(24.92)	(47.35)
Income before tax to paid-up capital ratio (%)	(13.07)	(44.40)
Net profit margin (%)	(5.94)	(17.24)
Earnings per share (NT\$)	(1.33)	(3.70)

II. Business plan and future development blueprint

In 2025, we will continue to focus on the image sensor market in areas such as security surveillance, automotive electronics, consumer electronics, and biochips. We will actively incorporate the development of low-power technologies, aiming for wide application in AI-based video products to enhance the intelligence and energy efficiency of image sensors. With the rapid advancement of AI technology, in addition to traditional security surveillance, home safety, and various IoT consumer network cameras, applications such as multi-camera systems and smart door locks have emerged as new market trends. We will continue to drive innovation in technology and product applications to expand our market presence and increase product value. In the near future, we will launch more energy-efficient, low-power Always-on and Always-on Video products. These will be applied not only in new composite sensors with a 1:1 square structure but also across 1080P to 4K product lines to meet the growing demand for intelligent surveillance devices. Furthermore, building on our successful development of backside illumination and enhanced near-infrared sensing technologies, we will continue to develop high-performance products to further improve the performance and application scope of our image sensors.

In other application areas, leveraging backside illumination and enhanced near-infrared

sensing technologies, we have introduced automotive image sensors designed for Driver Monitoring Systems (DMS), and continue to expand our presence in the automotive market. In addition, the company has successfully developed the second generation of global shutter sensors, which will be further extended to more image recognition applications in the future, creating greater business opportunities.

1. Short-term marketing development plans

- (1) Expand the sales channels in the existing markets and develop new potential markets.
- (2) Develop new business opportunity with potential key customers in the market to increase market share.
- (3) Provide best services to consolidate long-term business relationship with existing customers.

2. Long-term marketing development plans

- (1) To be sensitive for market trend, to satisfy customer requirements, to keep long-term relationship with key customers.
- (2) Enhance world-wide market and sales resources for business opportunity with potential key customers in the market.
- (3) Develop new markets and new applications for more business opportunities.

3. R&D Direction and Technology Development

The annual R&D expenses in 2024 are N\$260,424,000. We have comprehensive technologies that can integrate technology resources with our fab partners to develop a lot of successful products and technologies for customer and application requirements:

- (1) BSI products.
- (2) Near-infrared sensing enhancement technology.
- (3) Vehicle specification AEC-Q100 certification.
- (4) High dynamic range products used in automotive and security monitoring and identification markets.
- (5) Global Shutter products.
- (6) A new generation of FSI high-performance/cost optimized products.
- (7) Design and process development of sensors for special applications.

III.Future development strategies operation risks

With changes in the global political landscape and the implementation of the new U.S. tariff policy in 2025, the global supply chain and semiconductor market are facing increasing challenges, including the rapid expansion of mature process capacity and intensified cost competition.

SOI will continue to develop differentiated image sensing technologies to expand into more

market applications and increase its market share. In addition, we will strengthen our brand and premium customer base management while actively expanding into various regional markets to enhance overall competitiveness.

In terms of technology development, the company has planned and is actively advancing various innovative R&D initiatives, including backside illumination sensors, enhanced near-infrared sensitivity technology, global shutter technology, automotive electronics applications, and low-power Always-on and Always-on Video functionalities. These developments are being carried out in collaboration with customers across different sectors, with the goal of integrating more AI smart devices and high-performance imaging applications. Looking ahead, we will continue to deepen our collaboration with customers to drive further innovative applications and jointly explore market opportunities.

IV.Expected Sales Volume and Its Basis

In 2025, driven by inventory adjustments in the market and the launch of new products, performance is expected to improve compared to 2024. The company remains committed to actively expanding into overseas markets to increase market share and maintain competitiveness.

V.Sustainable Development and Corporate Social Responsibility

Our company actively aligns with green manufacturing and implements energy-saving and carbon-reduction initiatives. We also explore various environmental issues to contribute to our corporate sustainability goals.

In addition to maintaining a consistent, cautious, and pragmatic attitude toward future challenges, our company has excellent supply chain management to enhance overall competitiveness and continues to expand the market actively. We sincerely thank all our shareholders, customers, and suppliers for their long-standing support and care, and we express our deepest respect to all our colleagues for their ongoing efforts and contributions to the company. We will continue to strive for success and deliver tangible profits as a way to give back to everyone.

Chairman : James He

President : Bob Chen

Chapter 2. Corporate Governance Report

I. Information on the Company's Directors, President, Vice Presidents, Deputy Vice Presidents, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors

1. Information of Directors

April 20, 2025; Unit: share; %

Title	Nationality/Country of Origin	Name	Gender and Age	Date Elected (Appointed)	Term of office	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
Chairman of the Board	SAMOA	Heritage Bay Limited	—	2023.06.16	3 years	2014.02.24	17,691,413	22.55	17,691,413	22.84	—	—	—	—	—	—	—	—	—	—
	USA	Representative: James He	Male 61-70	2023.06.16	3 years	2012.02.10	150,000	0.19	150,000	0.19	—	—	—	—	MSEE, BSEE, Tsinghua University. Director & COO, OmniVision Technologies, Inc. Director, Xintec Inc Director, OmniVision Technology International Ltd. Chairman, Taiwan OmniVision Technologies, Inc. Chairman, Taiwan OmniVision International Holding Ltd.	Chairman of the Company Chairman and President of the Nueva Imaging Inc. Chairman, Silicon Optronics Holding (Cayman) Co., Ltd. Director, Heritage Bay Limited	—	—	—	Note 1
Directors	SAMOA	Heritage Bay Limited	—	2023.06.16	3 years	2014.02.24	17,691,413	22.55	17,691,413	22.84	—	—	—	—	—	—	—	—	—	—
	Taiwan	Representative: Sophie Cheng	Female 61-70	2023.06.16	3 years	2022.06.16	—	—	—	—	—	—	—	—	Bachelor's Degree in Economics, National Taiwan University President, Deutron Electronics Corporation	Chairman, A.I. Memory Corporation Director & President, Deutron Electronics Corporation Director : Powerchip Micro Device Corporation 、Teknowledge Development Corp. 、Syntronix Corporation 、Retronix Technology Inc. 、Beautimode Corporation 、Trendforce Corp. 、ATBS Technology Co., Ltd. Supervisor : Powerchip Investment Holding Corporation 、Biogate Precision Medicine Corp. 、Optigate Quantum Technology Inc. 、Powerax Quantum Electronic Corporation Director : Taipei Computer Association 、Taiwan IOT Technology and Industry Association Supervisor : Taiwan IOT Technology and Industry Association	—	—	—	—

Title	Nationality/Country of Origin	Name	Gender and Age	Date Elected (Appointed)	Term of office	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
Directors	Taiwan	Sen-Chou Lo	Male 61-70	2023.06.16	3 years	2023.06.16	—	—	—	—	—	—	—	—	Bachelor's Degree in Computer Science, Soochow University California State University Chico MSCS, USA National University MBA, San Jose, USA Founder and CEO of Intervideo Inc., USA	Chairman : Ivy Asset Management Co., Ltd. 、 iCatch Technology - Corporate Representative for Egis Technology Inc. 、Alcor Micro Corp., Ltd. - Corporate Representative for Egis Technology Inc. 、AlgolTek Inc. - Corporate Representative for Alcor Micro Corp., Ltd. 、Syinc Intelligent Wireless- Corporate Representative for Alcor Micro Corp., Ltd. Gear Radio Electronics Corp. - Corporate Representative for Gear Radio Limited(Samoa) Director : HEADWAY CAPITAL LIMITED 、ORIENTAL GOLD HOLDINGS LIMITED 、Kiwi Technology Inc. 、Gallopwave Inc. 、Teletrix Co. - Corporate Representative for iCatch Technology 、ENE Technology Inc. - Corporate Representative for Alcor Micro Corp., Ltd. 、InPsytech, Inc.- Corporate Representative for Egis Technology Inc.	—	—	—	—
Independent Director	Taiwan	Hsin-Hsin Lee	Female 51-60	2023.06.16	3 years	2023.06.16	—	—	—	—	—	—	—	—	Master's Degree in Finance, National Taiwan University Chairman, Kiwi Technology Inc.	Chairman : Neo One Capital Inc. 、Tai-Japan Innovation Exchange Technology Co., Ltd. 、AUTHENTREND TECHNOLOGY INC. 、Kiwi Technology Inc. 、Capital 22 、THINKTOP Capital Management Inc. Director : GaNrich Semiconductor Corporation - Corporate Representative for SBI & PSMC JV Fund I LP 、GreenBee Ltd. (Japan) 、Advanced Echem Materials Company Limited- Corporate Representative for Ankaija Investment Co., Ltd. Kiwi Technology Inc. (Hong Kong) 、Kiwi Technology Inc. (Japan) Independent Director Member of the Audit Committee & Compensation Committee, Hiyee International Co Ltd	—	—	—	—
Independent Director	Taiwan	Jim Lai	Male 61-70	2023.06.16	3 years	2017.08.14	—	—	—	—	—	—	—	—	Master's Degree in Electrical & Computer Engineering, UC Santa	Chairman, Skymizer Taiwan Inc. Director & Member of	—	—	—	—

Title	Nationality/Country of Origin	Name	Gender and Age	Date Elected (Appointed)	Term of office	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
															Barbara President, Global Unichip Corp.	Compensation Committee, M31 Technology Corporation Director, Giga Solution Tech. Co., Ltd. Director, Wolley, Inc. (CA Inc.) Independent Director Member of the Audit Committee & Compensation Committee, Andes Technology Corporation Independent Director Member of the Audit Committee & Compensation Committee, FocalTech Systems Co., Ltd. Consultant, XConn Technologies Independent Director, FocalTech Systems Co., Ltd.				
Independent Director	Taiwan	JJ Lin	Male 61-70	2023.06.16	3 years	2017.08.14	—	—	—	—	—	—	—	—	EMBA from College of Management, National Taiwan University Master's Degree in Chemistry, National Tsing Hua University Consultant & President, KPPC Group Executive Vice President, Global Unichip Corp. CEO, Xintec Inc. CEO & President, VisEra Technologies Company Limited Senior Director, Taiwan Semiconductor Manufacturing Company, Limited	Independent Director Member of the Audit Committee & Compensation Committee, M31 Technology Corporation Independent Director Member of the Audit Committee & Compensation Committee, Scientech Corporation Member of Compensation Committee, LandMark Optoelectronics Corporation Director, STEK Co., Ltd. Director, Shuimu Angel Fund Chairman, TEMIC Co., Ltd. Director, Shuimu Chuanggu Co., Ltd. Director, Capital TEN Inc.	—	—	—	—
Independent Director	Taiwan	Chang-Chou Li	Male 51-60	2023.06.16	3 years	2017.12.21	—	—	—	—	—	—	—	—	Master's Degree in Accounting, University of Illinois at Urbana-Champaign CPA Partner, Chi Shing Accounting Firm Independent PricewaterhouseCoopers Taiwan	Independent Director Member of the Audit Committee & Compensation Committee, Evergreen Marine Corp. (Taiwan) Ltd. Independent Director Member of the Audit Committee & Compensation Committee, St.Shine Optical Co., Ltd. Independent Director Member of the Audit Committee, Hotai Insurance Co., Ltd.	—	—	—	—

Note 1. Where the Chairman of the Board of Directors and the President 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:N/A

2. Major Shareholders of Institutional Shareholders

Major Shareholders of Institutional Shareholders

April 20, 2025

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	
Heritage Bay Limited	XINPING HE	54.61%
	HE CHILDREN'S TRUST	39.01%
	DUIDI CHEN	4.68%
	SHURONG ZHAO	1.70%

Major Shareholders that are Institutional Shareholders: None.

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

Qualifications Name	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies concurrently Serving as an Independent Director
Heritage Bay Limited Representative: James He	Holds a Master's degree in Microelectronics from Tsinghua University in Beijing and currently serves as the Chairman and President of the Company. Has previously worked for over twenty years at OmniVision, one of the top three global CIS manufacturers. During his tenure at OmniVision, he utilized his expertise to establish a CMOS industry chain in Taiwan. Possesses a professional science and engineering background and rich management and decision-making skills. None of the circumstances in the subparagraphs of Article 30 of the Company Act	Not applicable.	0
Heritage Bay Limited Representative: Sophie Cheng	Holds a Bachelor's degree in Economics from National Taiwan University. Current President of Deutron Electronics Corporation and has served as a director for several publicly traded companies. Possesses extensive experience in the semiconductor industry. None of the circumstances in the subparagraphs of Article 30 of the Company Act		0
Sen-Chou Lo	Holds an MSCS, California State University, Chico and MBA, National University, San Jose. Currently serves as the Chairman of Egis Technology Inc. None of the circumstances in the subparagraphs of Article 30 of the Company Act		0
Independent Director Hsin-Hsin Lee	Holds a Master's Degree in Finance, National Taiwan University. Currently serves as the Chairman of Kiwi Technology Inc. None of the circumstances in the subparagraphs of Article 30 of the Company Act	All of the following situations apply to each and every Independent Director: <ol style="list-style-type: none"> Satisfy the requirements of Article 14-2 of the Securities and Exchange Act and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies issued by Taiwan's Securities and Futures Bureau. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any SOI shares. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years. 	1
Independent Director Jim Lai	Holds a Master's Degree in Electrical and Computer Engineering from the University of California, Santa Barbara (UCSB). Formerly served as the President of Global Unichip Corp. Has a professional background and extensive management and decision-making abilities in the semiconductor industry. None of the circumstances in the subparagraphs of Article 30 of the Company Act		2
Independent Director JJ Lin	Highly respected in the semiconductor industry. Holds a Master's Degree in Chemistry and an EMBA from the College of Management at National Taiwan University. Has a wealth of experience, having served as the Senior Director of TSMC, Executive Vice President of Global Unichip Corp., CEO of Xintec Inc., CEO of VisEra Technologies Company Ltd., and Director or Independent Director of several companies. None of the circumstances in the subparagraphs of Article 30 of the Company Act		2
Independent Director Chang-Chou Li	Holds a Master's Degree in Accounting, University of Illinois Urbana-Champaign. Formerly served as the CPA partner of PricewaterhouseCoopers Taiwan and currently serves as the Independent Director of Evergreen Marine Corporation (Taiwan) Ltd., Hotai Insurance Co., Ltd., and St.Shine Optical Co., Ltd. Possesses extensive accounting expertise and professional competence in compliance with financial regulations. None of the circumstances in the subparagraphs of Article 30 of the Company Act		3

4. Board diversity and independence:

(1) Board diversity: The Company's "Corporate Governance Practice Principles" stipulate that the composition of the Board of Directors should consider diversity. It is advised that no more than one-third of the Board members concurrently serve as managerial officers, and that an appropriate diversity policy be developed based on the Company's operations, operating dynamics, and development needs. This policy should include, but not be limited to, the following two general standards:

A. Basic requirements and values: gender, age, nationality, and culture.

- B. Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

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

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

The company's seven board members include two corporate directors, one individual director, and four independent directors. The members of the Board are diverse and have expertise in business administration, leadership and decision making, knowledge of the industry, academics, accounting and financial analysis, and other fields. They are equipped to give professional opinions from different perspectives, which is of great help to improving the Company's business performance and management efficiency. Among all directors, 14% are concurrently employees and 57% are independent directors. The Company pays attention to the gender composition of the Board members, with female directors accounting for 29% of all directors.

If the number of directors of either gender on the company's board of directors is less than one-third, please explain the reasons and the measures planned to enhance gender diversity on the board:

1.Explanation of the Reasons:

In accordance with the Articles of Incorporation, the Company has established 5 to 9 seats for directors. The current directors were elected at the shareholders' meeting held on June 16, 2023, and two female directors were appointed, in compliance with the relevant regulations in effect at that time.

2.Planned Measures:

Upon the expiration of the current directors' term and during the re-election process, the Company will seek talent recommendations through various channels, including industry and academia, to enhance corporate governance effectiveness and implement the board diversity policy.

(II) Information of the President, Vice Presidents, and Officers

April 20, 2025 Unit: share; %

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Main experience (Education)	Serves concurrently as	Managers who are Spouses or Second degree relative			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
President	Taiwan	Bob Chen	Male	2025.03.11	50,000	0.06	—	—	—	—	Master's Degree from the Institute of Materials Science and Engineering, National Tsing Hua University Senior Director, Silicon Optonics, Inc. Process Integration Engineer, UMC	—	—	—	—	(Note 2)
Vice President, R&D Center	USA	Denis Luo	Male	2013.03.05	4,583,587	5.84	—	—	—	—	Tsinghua University. SR. DIRECTOR OF MIXED SIGNAL GROUP DIRECTOR OF MIXED SIGNAL GROUP	Nueva Imaging Inc Vice President	—	—	—	—
Chief Technology Officer	USA	Ming Li	Male	2014.12.10	396,000	0.51	—	—	—	—	PhD in Electronic System Parts and Microelectronics, Southeast University Senior Manager, Taiwan Semiconductor Manufacturing Company, Limited	Nueva Imaging Inc Chief Technology Officer	—	—	—	—
Vice President and Financial Officer, Administration Division	Taiwan	Steffi Huang	Female	2017.06.12	55,000	0.07	—	—	—	—	Master's Degree in Technology Management, National Tsing Hua University Assistant Manager of Audit Department, KPMG	Supervisor, Silicon Optonics (Shanghai) Co., Ltd.	—	—	—	—
Director & Spokesperson, Marketing Division	Taiwan	Henry Chien	Male	2019.10.01	10,000	0.01	—	—	—	—	Master's Degree in Hydraulic and Ocean Engineering, National Cheng Kung University Sales Manager & Spokesperson, Aethertek technology co., Ltd.	—	—	—	—	—

Note 1. The shareholding ratio is calculated based on the company's outstanding shares totaling 77,475,900 shares.

Note 2. Where the Chairman of the Board of Directors and the President 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: N/A

II. Remuneration Paid During the Most Recent Fiscal Year to Directors (Including Independent Directors), the President, and Vice Presidents:

(I) Remuneration of Directors (including Independent Director): (name and remuneration type disclosed collectively based on remuneration range)

Unit: NT\$ thousand; thousand shares

Title	Name	Remuneration of Directors								Ratio of Total Compensation (A+B+C+D) to Net Income		Remuneration from concurrent position as employee								Total A, B, C, D, E, F, G as % of EAIT		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Base Compensation (A) (Note 1)		Pension (B) (Note 2)		Remuneration to Directors (C) (Note 3)		Business Expenses (D) (Note 4)				Salary, Bonuses, and Special Expenses (E) (Note 5)		Pension (F)		Employee Bonus (G) (Note 3)						
		SOI	Consolidated Entities	SOI	Consolidated Entities	SOI	Consolidated Entities	SOI	Consolidated Entities	SOI	Consolidated Entities	SOI	Consolidated Entities	SOI	Consolidated Entities	Cash	Stock	Cash	Stock	SOI	Consolidated Entities	
Directors	Heritage Bay Limited	0	0	0	0	0	0	0	0	-	-	0	0	0	0	0	0	0	0	-	-	None
Chairman of the Board	James He (Note 6)	0	0	0	0	0	0	80	80	(0.08)%	(0.08)%	0	0	0	0	0	0	0	0	(0.08)%	(0.08)%	None
Directors	Sophie Cheng (Note 6)	0	0	0	0	0	0	80	80	(0.08)%	(0.08)%	0	0	0	0	0	0	0	0	(0.08)%	(0.08)%	None
Directors	Sen-Chou Lo	0	0	0	0	0	0	80	80	(0.08)%	(0.08)%	0	0	0	0	0	0	0	0	(0.08)%	(0.08)%	None
Independent Director	Hsin-Hsin Lee	600	600	0	0	0	0	0	0	(0.58)%	(0.58)%	0	0	0	0	0	0	0	0	(0.58)%	(0.58)%	None
Independent Director	Chang-Chou Li	600	600	0	0	0	0	0	0	(0.58)%	(0.58)%	0	0	0	0	0	0	0	0	(0.58)%	(0.58)%	None
Independent Director	JJ Lin	600	600	0	0	0	0	0	0	(0.58)%	(0.58)%	0	0	0	0	0	0	0	0	(0.58)%	(0.58)%	None
Independent Director	Jim Lai	600	600	0	0	0	0	0	0	(0.58)%	(0.58)%	0	0	0	0	0	0	0	0	(0.58)%	(0.58)%	None
*Unless disclosed in the above table, remuneration received in the most recent fiscal year by the Directors for providing services (e.g. serving as a non-employee consultant) to the companies in the consolidated financial statements: None.																						

Remuneration Ranges

Remuneration Ranges payable to each director of the Company	Name of Director			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	SOI	Consolidated Entities	SOI	Consolidated Entities
Less than NT\$1,000,000	James He, Sophie Cheng, JJ Lin, Jim Lai, Chang-Chou Li, Hsin-Hsin Lee Sen-Chou Lo	James He, Sophie Cheng, JJ Lin, Jim Lai, Chang-Chou Li, Hsin-Hsin Lee Sen-Chou Lo	James He, Sophie Cheng, JJ Lin, Jim Lai, Chang-Chou Li, Hsin-Hsin Lee Sen-Chou Lo	James He, Sophie Cheng, JJ Lin, Jim Lai, Chang-Chou Li, Hsin-Hsin Lee Sen-Chou Lo
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	7	7	7	7

Note 1. The remuneration of Directors in 2024 includes remuneration for serving as Directors and members of functional committees under the Board of Directors.

Note 2. No pensions were paid out to any Directors in 2024.

Note 3. No remuneration was paid out to any Directors or Employees in 2024.

Note 4. Business expense of NT\$240,000 paid to Directors was traveling expenditure.

Note 5. Salaries, bonuses and special expenses include estimated share-based compensation.

Note 6. The legal representative of Heritage Bay Limited.

(II) Remuneration of President and Vice President (name and remuneration type disclosed collectively based on remuneration range)

Unit: NT\$ thousand; thousand shares

Unit: RMB thousand, thousand shares

Title	Name	Salary (A)		Pension (B) (Note 1)		Bonuses and Allowances (C) (Note 2)		Employee Compensation (D) (Note 3)				Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		SOI	Consolidated Entities	SOI	Consolidated Entities	SOI	Consolidated Entities	SOI		Consolidated Entities		SOI	Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Bob Chen	11,056	26,926	297	297	1,380	1,380	0	0	0	0	(12.39)	(27.83)	None
Vice President	Denis Luo													
Chief Technology Officer	Ming Li													
Vice President and Financial Officer	Steffi Huang													
Vice President	Peter Zung													

Remuneration Ranges

Range of remuneration paid to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	SOI	Consolidated Entities
Less than NT\$1,000,000	Denis Luo, Ming Li,	—
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Steffi Huang, Peter Zung	Steffi Huang
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Bob Chen	Bob Chen
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)	—	Denis Luo, Ming Li, Peter Zung
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	—	—
Over NT\$100,000,000	—	—
Total	5	5

Note 1. Belongs to amount for pension contribution.

Note 2. Salaries, bonuses and special expenses include estimated share-based compensation.

Note 3. No distribution of the remuneration to employees in 2024.

(III) Names of Managers and the Allocation of Employee's Remuneration:

December 31, 2024; Unit: NT\$ thousand; shares

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	President	Bob Chen	0	0	0	-
	Vice President, R&D Center	Denis Luo				
	Chief Technology Officer	Ming Li				
	Vice President and Financial Officer, Administration Division	Steffi Huang				
	Marketing Division Director & Spokesperson, Marketing Division	Henry Chien				
	Vice President,	Peter Zung(Note 1)				

Note 1 : Resigned on April 1, 2025.

(IV) Separately compare and describe the total remuneration paid to the Directors, Presidents and Vice Presidents of the Company in the last two fiscal years as a percentage of the net income after tax of the individual or of the individual financial reports by the Company and by all companies in the consolidated statements, and analyze and describe the policies, standards and combination of remuneration payment, the procedures for determining remuneration, and its linkage to operating performance and future risk exposure:

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

December 31, 2024

Title	2024		2023	
	SOI	Consolidated Entities	SOI	SOI
Directors	-	-	-	-
President and Vice President	(12.39)%	(27.83)%	(2.15)%	(11.14)%

2. The policies, standards, and packages for payment of remuneration, as well as the procedures followed for determining the remuneration, and their linkages to business performance and future risk exposure:

The remuneration paid out to directors by the Company includes director's compensation, transportation allowance, and director's remuneration. Director remuneration includes the remuneration for serving as a director and as a member of functional committees under the Board of Directors. It is determined based on industry standards, the contribution to the Company, and the degree of participation in operations. The fixed remuneration is paid monthly and is approved by the Remuneration Committee and the Board of Directors. Transportation allowance are based on industry standards and are paid according to the attendance of directors at board meetings. Director's remuneration is handled according to Articles of Incorporation. If the Company makes a profit (i.e., profit before tax deduction for employee and director remuneration), up to 3% may be contributed for director remuneration, but this should first compensate for any accumulated losses. The contribution shall be approved by the Remuneration Committee, the Board of Directors, and submitted to the shareholders'

meeting. Director remuneration is distributed based on the number of days served as a director in that year. The Company conducts annual performance evaluations in accordance with the "Board of Directors' Performance Evaluation Methods," with the performance of directors taken into consideration when determining directors' salaries.

III. Implementation of Corporate Governance

(I) The state of Operations of the Board of Directors:

A total of 4 meetings (A) have been held by the Board of Directors in 2024, with the Directors' attendance shown as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note)	Remarks
Chairman of the Board	James He	4	0	100.00%	Renewal of office
Directors	Sophie Cheng	4	0	100.00%	Renewal of office
Directors	Sen-Chou Lo	4	0	75.00%	Renewal of office
Independent Director	Hsin-Hsin Lee	3	1	100.00%	Renewal of office
Independent Director	Jim Lai	4	0	100.00%	Renewal of office
Independent Director	JJ Lin	4	0	100.00%	Renewal of office
Independent Director	Chang-Chou Li	4	0	100.00%	Renewal of office

Note: Actual attendance (appearance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual attendance (appearance) during the term of service.

Other mentionable items:

- Matters referred to in Article 14-3 of the Securities and Exchange Act and any other resolutions from the Board of Directors where an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement:

Board of Directors Date and Session	Content of Motion and Follow-up Actions	Matters referred to in Article 14-3 of the Securities and Exchange Act	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
2024.03.12 9th Board 4th Meeting	<ol style="list-style-type: none"> Discussion on the Company's 2023 Business Reports and Financial Statements. Discussion on the Company's 2023 Deficit Compensation Proposal. Discussion on the Company's Statement on Internal Control Systems for the Year 2023. Resolution on the Scope of Applicable Managerial Personnel Subject to Preliminary Salary Review by the Remuneration Committee for the Year 2024. Resolution on the Compensation Structure for Managers of the Company for Fiscal Year 2024. 	Yes	None
<p>Resolution Results: Proposal 1-3 have been discussed and approved by the Audit Committee of the Company and adopted by the resolution of all the Directors present. Proposal 4-5 has been reviewed by the Company's Remuneration Committee. Since some Directors were also serve as managers of the Company and did not participate in the discussion and voting of this proposal, it was presided over by other Directors on their behalf, and the proposal was approved by other Directors present without any objection after consultation.</p>			

Board of Directors Date and Session	Content of Motion and Follow-up Actions	Matters referred to in Article 14-3 of the Securities and Exchange Act	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
2024.05.02 9th Board 5th Meeting	<ol style="list-style-type: none"> 1. Discussion on the Consolidated Financial Statements for the first quarter of 2024 of the Company. 2. Discussion on the Proposed Amendments to Certain Provisions of the Company's "Audit Committee Charter". 3. Discussion on the Proposed Amendments to Certain Provisions of the Company's "Board of Directors Meeting Rules". 4. Discussion on proposal for Non-Assurance Service Pre-Approval Policy of the Company. 	Yes	None
	<p>Resolution Results: Proposals 1-4 have been discussed and approved by the Audit Committee of the Company and adopted by the resolution of all the Directors present.</p> <p>Resolution Results: Proposals 1 & 2 have been approved by all the Directors present.</p>		
2024.08.02 9th Board 6nd Meeting	<ol style="list-style-type: none"> 1. Discussion on the Consolidated Financial Statements for the second quarter of 2024 of the Company. 2. Discussion on the Proposal to Cancel the Company's First Treasury Stock Buyback and to Set the Capital Reduction Record Date. 	Yes	None
	<p>Resolution Results: Proposals 1-2 have been discussed and approved by the Audit Committee of the Company and adopted by the resolution of all the Directors present.</p>		
2024.11.05 9th Board 7rd Meeting	<ol style="list-style-type: none"> 1. Discussion on Consolidated Financial Statements for the third quarter of 2024 of the Company. 2. Discussion on the Company's operating plan and budget for 2025. 3. Discussion on formulating the 2025 Audit Plan. 4. Discussion on the Proposed Amendments to the Company's "Internal Control System". 5. Discussion on the Proposed Amendments to the Company's "Corporate Governance Best Practice Principles". 6. Discussion on the Proposed Amendments to the Company's "Audit Committee Charter". 7. Resolution on the Proposed Guidelines for Year-End Bonus Distribution and the Bonus Amounts for Managerial Personnel for Fiscal Year 2024. 8. Resolution on the Discussion of the Proposed Salary and Compensation Items for Managerial Personnel to Be Implemented in Fiscal Year 2025. 	Yes	None
	<p>Resolution Results: Proposals 1-6 have been discussed and approved by the Audit Committee of the Company and adopted by the resolution of all the Directors present. Proposal 7-8 has been reviewed by the Company's Remuneration Committee. Since some Directors were also serve as managers of the Company and did not participate in the discussion and voting of this proposal, it was presided over by other Directors on their behalf, and the proposal was approved by other Directors present without any objection after consultation.</p>		

2. Any other resolutions from the Board of Directors where an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.
3. Where a Director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the Director, the content of the proposal, the reason for recusal, and the voting outcome should be disclosed:

Date of Meeting	The Board Meeting	Proposal Content	Resolution
2024.11.05	9th Board 7rd Meeting	The awarding principles of year-end bonus and the managers' compensation for the year 2024	Due to conflict of personal interest, Directors involved were recused from voting and the remaining Directors have resolved and approved the proposal.
		The salary and compensation items that the managers propose to implement in 2025	Due to conflict of personal interest, Directors involved were recused from voting and the remaining Directors have resolved and approved the proposal.

4. Cycles, periods, scope, method, contents and other matters of the self-evaluation by the board members of themselves:

Frequency	Period	Scope	Method	Content
Once a year	2024.01.01~2024.12.31	Includes the performance evaluation of the Board, Individual Directors and Functional Committees	Internal self-evaluation of the Board of Directors/ Self-evaluation of the Board members	<p>The criteria for internal self-evaluation of the overall performance of the Board of Directors shall cover the following five aspects:</p> <p>A. Participation in the operation of the Company</p> <p>B. Improvement of the quality of the Board of Directors' decision making</p> <p>C. Composition and structure of the Board of Directors</p> <p>D. Election and continuing education of the Directors</p> <p>E. Internal control</p> <p>The criteria for evaluating the performance of the board members, shall cover the following six aspects:</p> <p>A. Alignment of the Company's goals and tasks</p> <p>B. Awareness of the duties of a Director</p> <p>C. Participation in the operation of the Company</p> <p>D. Management of internal relationship and communication</p> <p>E. The Directors' professionalism and continuing education</p> <p>F. Internal control</p> <p>The criteria for evaluating the performance of Functional Committees, shall cover the following five aspects:</p> <p>A. Participation in the operation of the Company</p> <p>B. Awareness of the duties of the Functional Committee</p> <p>C. Quality of decisions made by the Functional Committee</p> <p>D. Composition of the functional committee and election of its members</p> <p>E. Internal control.</p>

The Company has completed a self-evaluation of the performance of the Board of Directors for the year of 2024 and reported the results to the Board of Directors on March 11, 2025 for review and improvement. The overall average score of board performance self-evaluation is 4.96 (full score: 5), and the overall average score of individual board members is 4.96 (full score: 5), indicating that the overall Board of Directors operates well. The performance self-evaluation result of Functional Committee was 4.85, and all members were satisfied with the measured items.

5. An evaluation of targets (e.g. the establishment of an Audit Committee and the improvement of information transparency, etc.) for strengthening of the functions of the Board of Directors during the current and immediately preceding fiscal years, and measures taken toward achievement thereof:
 - A. Set up remuneration committee: The Company established the Remuneration Committee on December 22, 2011, elected the Independent Directors at the Extraordinary General Meeting on August 14, 2017 and also established the Audit Committee on August 23, 2017 to strengthen the Board of Directors' execution of its powers.
 - B. Strengthening Corporate Governance: The Company has established the Corporate Governance Best Practice Principles, Procedures for Ethical Management and Corporate Governance Practice Principles, which have been adopted by resolution by the Board of Directors.

Attendance of Independent Directors at Board Meetings in 2024

Name of Independent Director	The 4rd Meeting of the 9th Board	The 5rd Meeting of the 9th Board	The 6rd Meeting of the 9th Board	The 7rd Meeting of the 9th Board
Hsin-Hsin Lee	◎	◎	◎	◇
Chang-Chou Li	◎	◎	◎	◎
JJ Lin	◎	◎	◎	◎
Jim Lai	◎	◎	◎	◎

◎: Attendance in person

◇: By Proxy

(II) The Operation of the Audit Committee

A total of 4 meetings (A) have been held by the Audit Committee in 2024, with the attendance of Independent Directors as follow:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Chang-Chou Li	4	0	100.00%	Renewal of office
Members	Hsin-Hsin Lee	3	1	75.00%	Renewal of office
Members	JJ Lin	4	0	100.00%	Renewal of office
Members	Jim Lai	4	0	100.00%	Renewal of office

Note: The actual attendance rate (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Other mentionable items:

1. If the Audit Committee has any of the following circumstances, the date, period, proposal content, the resolution of the Audit Committee and the Company's reaction toward the Audit

Committee's opinions shall be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Board of Directors Date and Session	Content of Motion and Follow-up Actions	Matters referred to in Article 14-5 of the Securities and Exchange Act	Resolutions Passed by More Than Two-thirds of All Directors but Without Approval of the Audit Committee
2024.03.12 9th Board 4th Meeting	<ol style="list-style-type: none"> Adoption of the Company's Distribution Plan of the Remuneration to Employees and Directors for the Year 2023. Adoption of the Company's 2023 Business Reports and Financial Statements. Adoption of the Company's Statement on Internal Control Systems for the Year of 2023. 	Yes	None
	Audit Committee's Resolution: All members of the Audit Committee approved the Resolution on March 12, 2024.		
	The Company's response to the Audit Committee's Resolution: All the Directors present approved the Resolution.		
2024.05.02 9th Board 5th Meeting	<ol style="list-style-type: none"> Adoption of the Consolidated Financial Statements for the first quarter of 2024 of the Company. Adoption of the Proposed Amendments to Certain Provisions of the Company's "Audit Committee Charter". Adoption of the Proposed Amendments to Certain Provisions of the Company's "Board of Directors Meeting Rules". Adoption of proposal for Non-Assurance Service Pre-Approval Policy of the Company. 	Yes	None
	Audit Committee's Resolution: All members of the Audit Committee approved the Resolution on May 2, 2024.		
	The Company's response to the Audit Committee's Resolution: All the Directors present approved the Resolution.		
2024.08.02 9th Board 6nd Meeting	<ol style="list-style-type: none"> Adoption of the Consolidated Financial Statements for the second quarter of 2024 of the Company. 	Yes	None
	Audit Committee's Resolution: All members of the Audit Committee approved the Resolution on August 2, 2024.		
	The Company's response to the Audit Committee's Resolution: All the Directors present approved the Resolution.		
2024.11.05 9th Board 7rd Meeting	<ol style="list-style-type: none"> Adoption of the Consolidated Financial Statements for the third quarter of 2024 of the Company. Adoption of the Company's Operating Plan and Budget for 2025. Adoption of the Company's 2025 Annual Audit Plan. Adoption of the Proposed Amendments to the Company's "Internal Control System". Adoption of the Proposed Amendments to the Company's "Corporate Governance Best Practice Principles". Adoption of the Proposed Amendments to the Company's "Audit Committee Charter". 	Yes	None
	Audit Committee's Resolution: All members of the Audit Committee approved the Resolution on November 5, 2024.		
	The Company's response to the Audit Committee's Resolution: All the Directors present approved the Resolution.		

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.

- Where an Independent Director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the Independent Director, the content of proposal, the

reason for recusal and the results of the voting shall be stated: None.

3. Communication between the Supervisors, Internal Audit Officer and CPAs (It shall include the major matters, methods and results of communication on the Company's financial and business status):
 - (1) The Independent Directors of the Company regularly communicate with the chief internal auditor at the Audit Committee and the Board of Directors, and the interaction is good. The chief internal auditor regularly reports the implementation and improvement of the audit plan in the meetings, and communicates and exchange opinions on the effectiveness of the internal control executed by the Company.
 - (2) The Independent Directors of the Company regularly communicate with CPAs at the Audit Committee and exchange opinions. The CPA has fully discussed the review or audit status of the Company's financial statements, or issues related to finance, taxation, and internal control with the Independent Directors at the meeting.

Date	Major Matters Communicated with the Chief Internal Auditor	Major Matters Communicated with the Certifying Public Accountant
2024.03.12 9th Board 4th Meeting	1. Review of the "Statement on Internal Control System" 2. Explanation of the Implementation and Evaluation Results of the Company's Self-Assessment of the Internal Control System for Fiscal Year 2023	Audit Status of the Standalone and Consolidated Financial Statements for the Year 2023
2024.05.02 9th Board 5th Meeting	Execution Results of the Audit Plan for the First Quarter of 2024 and Progress on the Implementation of Improvement Measures	Review Status of the Consolidated Financial Statements for the First Quarter of 2024
2024.08.02 9th Board 6th Meeting	Execution Results of the Audit Plan for the Sencond Quarter of 2024 and Progress on the Implementation of Improvement Measures	Review Status of the Consolidated Financial Statements for the Sencond Quarter of 2024
2024.11.05 9th Board 7th Meeting	1. Execution Results of the Audit Plan for the Third Quarter of 2024 and Progress on the Implementation of Improvement Measures 2. Annual Audit Plan for the Year 2025	Review Status of the Consolidated Financial Statements for the Third Quarter of 2024

(III) State of Corporate Governance Implementation and Discrepancies and Reasons for Non-Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies:

Evaluation Item	State of Operations		Discrepancies and Reasons for Non-Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	
I. Does the Company formulate and disclose its Corporate Governance Practice Principles according to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company's Corporate Governance Best Practice Principles was adopted by the Board of Directors on March 8, 2017. The Company actively discloses its corporate governance practices in accordance with relevant laws and regulations.
II. Shareholding structure & shareholders' equity (I) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigation, and implement based on the procedure? (II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure? (IV) Does the Company establish internal rules against insiders trading with undisclosed information?	V		(I) The Company has set up the shareholder services unit to handle shareholder affairs and shareholders' suggestions or disputes. (II) The Company regularly discloses the list of its major shareholders and persons who have ultimate control over the major shareholders, and reports the change in accordance with relevant regulations (III) The business and financial relationship between the Company and its affiliated companies has been formulated in accordance with the relevant regulations required by the competent authority. (IV) The Company has established procedures such as the “Material Information Handling and Insider Trading Prevention Procedures” and the “Code of Ethical Conduct,” both of which have been approved and implemented by the Board of Directors. In addition, the Company places great importance on shareholders’ right to information and the prevention of insider trading. To this end, in 2022, the Company amended Article 10 of the “Corporate Governance Best Practice Principles” to include a provision prohibiting directors from trading the Company’s shares during blackout periods—specifically, 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of quarterly financial reports. The Company has adopted internalized regulatory measures to strengthen corporate governance and proactively prevent insider trading. Furthermore, the Company’s stock affairs unit reminds directors in advance of these blackout periods to ensure compliance with the regulation.
III. Composition and Responsibilities of the Board of Directors	V		None

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies								
	Yes	No	Abstract Illustration									
(I) Does the Board establish and implement a diversity policy and concrete management goals? (II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each Director's remuneration and nomination of term renewal? (IV) Does the Company regularly evaluate the independence of CPAs?			(I) The Company has stipulated a Board diversity policy in Article 20 of its “Corporate Governance Best Practice Principles”: Except for directors concurrently serving as the Company’s managerial officers—whose number should not exceed one-third of the total board seats—the Company formulates appropriate diversity guidelines based on its operations, business model, and development needs. These guidelines should include, but are not limited to, the following two main aspects: 1. Basic attributes and values: such as gender, age, nationality, and culture. 2. Professional knowledge and skills: including professional background (e.g., law, accounting, industry, finance, marketing, or technology), expertise, and industry experience. Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve optimal corporate governance, the board as a whole should possess the following capabilities: 1.Operational judgment 2.Accounting and financial analysis 3.Business management 4.Crisis management 5.Industry knowledge 6.Global market perspective 7.Leadership 8.Decision-making ability The current Board of Directors of the Company consists of seven members, including three regular directors and four independent directors. Among them, there is one female regular director and one female independent director. The specific management objectives and the status of achievement regarding the Board's diversity policy are as follows: <table><tr><th>Diversity Management Objectives</th><th>Achievement Status</th></tr><tr><td>The number of directors concurrently serving as the Company’s managerial officers should not exceed one-third of the total number of board seats</td><td>Achieved</td></tr><tr><td>Emphasis is placed on gender equality in the composition of the Board of Directors, with female directors accounting for more than 25%.</td><td>Achieved</td></tr><tr><td>An appropriately diverse range of professional knowledge, skills, and backgrounds</td><td>Achieved</td></tr></table>	Diversity Management Objectives	Achievement Status	The number of directors concurrently serving as the Company’s managerial officers should not exceed one-third of the total number of board seats	Achieved	Emphasis is placed on gender equality in the composition of the Board of Directors, with female directors accounting for more than 25%.	Achieved	An appropriately diverse range of professional knowledge, skills, and backgrounds	Achieved	
Diversity Management Objectives	Achievement Status											
The number of directors concurrently serving as the Company’s managerial officers should not exceed one-third of the total number of board seats	Achieved											
Emphasis is placed on gender equality in the composition of the Board of Directors, with female directors accounting for more than 25%.	Achieved											
An appropriately diverse range of professional knowledge, skills, and backgrounds	Achieved											

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
			<p>(II) The Company has established the Remuneration Committee and Audit Committee, whose organizational charters have been adopted by the Board, and has not voluntarily established any other types of functional committees.</p> <p>(III) The Board of Directors has not appointed an external professional institution to evaluate the Board or the functional committees. However, in terms of the Company's previous discussions and actual performance results, it shows the Board of Directors has been functioning well. The Company would consider the performance evaluation rules and procedures for the Board of Directors based on the situation, and implement relevant performance evaluation.</p> <p>(IV) The Company's certifying CPA firm is Deloitte & Touche Taiwan. The firm has established an independence policy that requires all employees to annually complete a self-declaration of compliance with its independence and risk management policies. In addition, prior to accepting any engagement, employees must conduct a self-assessment to ensure no violations exist. Furthermore, the Company has developed its own set of independence assessment criteria with reference to Article 47 of the CPA Act and the Statements of Auditing Standards No. 10, titled "Integrity, Fairness, Objectivity, and Independence." The Company's Audit Committee conducts an annual assessment of the independence and competence of the certifying CPAs, and submits the evaluation results to the Board of Directors. The most recent assessment was approved by the Audit Committee on March 11, 2025 and subsequently approved by the Board. The independence assessment criteria include the following: 1. During the audit engagement period, neither the certifying CPAs nor their immediate family members, nor the firm's supervisory-level management personnel had any of the following relationships with the Company or its affiliates: <ul style="list-style-type: none"> - Serving as a director, supervisor, or officer of the Company or its affiliates. - Holding a position with direct and material influence over the Company's accounting records or financial statements. 2. The certifying CPAs and their immediate family members did not: <ul style="list-style-type: none"> - Give or receive gifts or special favors from the Company, its affiliates, executives, or directors/supervisors. </p>	

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
			<p>– Engage in any conduct that would impair their compliance with personal independence policies or create a threat to their independence.</p> <p>3. The certifying CPAs and their immediate family members did not receive any incentives or rewards for soliciting non-audit services from the Company or its affiliates.</p> <p>4. The Company’s appointed CPAs comply with mandatory rotation policies to mitigate threats to independence and impartiality due to long-term engagements.</p> <p>The evaluation of CPAs Mr. Ming-Hui Chen and Mr. Tung-Hui Yeh from Deloitte & Touche confirms that, aside from audit and tax-related service fees, they have no other financial interests or business relationships with the Company. Furthermore, no violations of independence requirements have been identified among the auditors' family members. Both individuals meet the Company’s criteria for independence and competency and are deemed suitable to serve as the Company’s certifying CPAs. In accordance with the rotation policy, the certifying CPAs are rotated periodically, and the Company has not engaged the same CPA for audit certification for five consecutive years.</p>	
IV. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing Directors and Supervisors required information for business execution, assisting Directors and Supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		On May 6, 2019, the Board of Directors resolved to appoint Chief Financial Officer Steffi Huang as the Corporate Governance Officer to safeguard shareholders' rights and strengthen the functions of the Board.	None
V. Does the Company establish communication channels and dedicate section for stakeholders (including but not limited to shareholders, employees, customers and suppliers) on its website, and responded appropriately to interested parties concerning important corporate social responsibility issues?	V		The Company’s website includes dedicated sections for “Investor Relations” and “Stakeholders,” where information related to financial and business performance, corporate governance, and contact details for stakeholder communication is disclosed, providing transparency and accessibility for shareholders and other stakeholders. Additionally, the Company has appointed a spokesperson and deputy spokesperson to serve as official communication channels for stakeholders. On November 5, 2024, the Company reported to the Board of Directors on its communication activities with various stakeholders for the year.	None
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed a professional shareholder services agency, Registrar Agency, Capital Securities Corp. to handle issues regarding shareholders' meeting and shareholder affairs.	None

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
<p>VII. Information Disclosure</p> <p>(I) Does the Company set up a website to disclose information on the financial operations and corporate governance?</p> <p>(II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated personnel to be responsible for the collection and disclosure of information, implementing a spokesman system, and making the process of investor conferences available on the corporate website)?</p> <p>(III) Does the Company announce and declare its annual financial reports within two months after the end of the fiscal year, and announce and declare the financial reports for the first, second and third quarter and the operation situation of each month earlier than the prescribed period?</p>	V		<p>(I) The Company has disclosed its financial operations on its website (www.soinc.com.tw). The Company would also disclose relevant information on the corporate website after the corporate governance system is planned and established.</p> <p>(II) The Company has established a spokesman system. Investor conference information is disclosed on the Company website and the Market Observation Post System.</p> <p>(III) The Company follows relevant laws and regulations to announce and report its annual financial reports within two months after the end of the fiscal year, and announce and declare the financial reports for the first, second and third quarter and the operation situation of each month earlier than the prescribed period. Please refer to the Market Observation Post System for the aforesaid information disclosed (https://mops.twse.com.tw/mops/web/t57sb01_q1).</p>	None
<p>VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and Supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors and Supervisors)?</p>	V		<p>(I) Employee rights and employee wellness: In accordance with Labor Standards Act, the Company has provided the rights and interests of the employees, and provides relevant benefits systems (such as group insurance, employee travel, health check, and various training) to establish a relationship of mutual trust with employees.</p> <p>(II) Investor relations: The Company has established a spokesperson and deputy spokesperson to be responsible for the communication of the Company's external relations, and has designated persons to disclose the Company's information at the Market Observation Post System as required by laws and regulations.</p> <p>(III) The Company has established long-term, mutual trust and beneficial relationship with suppliers in accordance with company policy.</p> <p>(IV) Rights of stakeholders: The Company maintains good communication channels with employees, clients and suppliers, and respects and protects their legitimate rights and interests.</p> <p>(V) Risk management policies and risk evaluation measures: The Company has established various internal rules and regulations to conduct various types of risk management and assessment and implemented. in accordance with the law.</p>	None

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
			<p>(VI) Directors' and Supervisors' training records: To implement corporate governance, the Company actively informed the Directors and Independent Directors of information on corporate governance, and regularly arranges a series of refresher courses on finance, business and commerce for Directors and Independent Directors according to the Sample Template for the "Directions for the Implementation of Continuing Education for Directors and Independent Directors of TWSE Listed and TPEX Listed Companies."</p> <p>(VII) Implementation of customer relations policies: The Company maintains a stable and good relationship with customers to create corporate profits.</p> <p>(VIII) Purchasing insurance for Directors and Supervisors: The Company has bought liability insurance for all Directors and Independent Directors.</p>	

IX. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved:

Priority of improvement and actions given to the items that did not meet the score in the initial evaluation of 2023 annual corporate governance evaluation of the Company:

Evaluation Indicator	Improvement and Actions
Do the company's website, annual report, or sustainability report disclose the established supplier management policy, requiring suppliers to adhere to relevant regulations on issues such as environmental protection, occupational health and safety, or labor rights, and explain the implementation status?	<p>The Company has disclosed its supplier management policy on its official website. Key information is summarized as follows:</p> <p>1. New Supplier Onboarding and Evaluation/Certification</p> <p>(1) Priority is given to identifying vendors capable of providing our company's products and services. An initial assessment of the vendor's capabilities helps support our production operations. Following this, the company's certification team (Production Management, Product Engineering, and Quality Assurance) conducts evaluation and certification of the suppliers. Our company gives preference to high-quality suppliers certified under the ISO 9001 Quality Management System and ISO 14001 Environmental Management System, or those certified under the ISO 45001 Occupational Health and Safety Management System and demonstrating strong human rights management performance.</p> <p>(2) Mass Production Approval for Qualified Suppliers: Only suppliers that have successfully passed the onboarding and verification process are included in the Qualified Supplier List and permitted to proceed to the mass production phase.</p> <p>2. Mass Production and Ongoing Performance Evaluation of Qualified Suppliers</p> <p>(1) The Company conducts annual performance evaluations of key suppliers. Evaluation results are reported to senior management during management review meetings to ensure ongoing quality improvement.</p> <p>(2) Suppliers rated "D" (Unqualified) in the annual assessment are removed from the Qualified Supplier List.</p>

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
			<p>3. Local Procurement</p> <p>PixArt Imaging Inc. adheres to a local procurement policy, aiming to improve production efficiency, support the local economy, and create local employment opportunities. This also helps reduce the carbon footprint associated with transporting raw materials.</p> <p>In 2024, PixArt Imaging Inc.'s local procurement ratio reached 97.33%, and in 2023 it was 98.58%, both exceeding 95%, demonstrating the Company's strong commitment to supporting local sourcing and sustainability.</p>	
Has the sustainability report prepared by the company been approved by the board of directors?			The Company's 2024 Sustainability Report is currently in preparation and is scheduled to be submitted to the Board of Directors in the third quarter of 2025.	
Does the company disclose information related to its governance, strategy, risk management, metrics, and targets regarding climate-related risks and opportunities following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)?			The Company has already disclosed relevant information on various indicators and targets in the draft of its Sustainability Report, which is scheduled to be submitted to the Board of Directors in the third quarter of 2025.	
Does the company invest in energy-saving or environmentally sustainable machinery and equipment related to green energy, invest in our country's green energy industry (such as renewable energy plants), or issue or invest its funds in green or social benefit investment projects with substantial benefits in sustainable development financial products, and disclose its investment status and specific benefits?			The Company remains attentive to global sustainability trends and continues to evaluate feasible initiatives such as the adoption of energy-efficient equipment, procurement of green energy, and investment in ESG-related financial products. At present, the Company is actively assessing its internal energy usage and equipment efficiency, including transitioning sales personnel to electric vehicles. Additionally, the Company is closely monitoring Taiwan's green energy sector and related investment opportunities, integrating them into its medium- to long-term sustainable development strategy to progressively strengthen its commitment to environmental protection and social responsibility.	
Does the company disclose a policy linking the compensation of senior executives to ESG-related performance evaluations?			<p>The Company has established a Remuneration Committee, which is responsible for assisting the Board of Directors in formulating compensation policies for directors and managerial personnel.</p> <p>Starting in 2024, the Company has also incorporated sustainability performance indicators into the compensation policy for senior management. This linkage is intended to better incentivize executives to actively promote ESG-related initiatives and enhance the Company's overall sustainability capabilities.</p>	

Note 1. Implementation of Diversity Policy of Board Members by Individual Directors

Title	Name	Nationality	Gender	Diversity Item						
				Operational Judgments	Accounting and Financial Analysis	Business Administration	Crisis Management	Industrial Knowledge	International Market Perspective	Decision Making
Chairman of the Board	James He	USA	Male	V	V	V	V	V	V	V
Directors	Sophie Cheng	Taiwan	Female	V	V	V	V	V	V	V
Directors	Sen-Chou Lo	Taiwan	Male	V	V	V	V	V	V	V
Independent Director	Hsin-Hsin Lee	Taiwan	Female	V	V	V	V	V	V	V
Independent Director	Chang-Chou Li	Taiwan	Male	V	V	V	V	V	V	V
Independent Director	JJ Lin	Taiwan	Male	V	V	V	V	V	V	V
Independent Director	Jim Lai	Taiwan	Male	V	V	V	V	V	V	V

Note 2. Evaluation standards for the independence of CPAs.

Evaluation Item	Rating	Is it consistent with Independence?
The CPA is not a Director of the Company and its affiliates. Yes or No?	Yes	Yes
The CPA is not a shareholder of the Company and an affiliated business of the Company. Yes or No?	Yes	Yes
The CPA is not a salaried employee of the Company or an affiliated business of the Company. Yes or No?	Yes	Yes
Does the CPA confirm that his CPA firm has complied with independence?	Yes	Yes
The CPA firm's former partner within one year of disassociating from the CPA firm to which the CPA is affiliated join the Company as a Director, Managerial officer or is in a key position to exert material impact over the subject matter of the engagement. Yes or No?	Yes	Yes
The CPA did not provide any audit service to the Company for 7 consecutive years. Yes or No?	Yes	Yes
Does the CPA comply with the regulations regarding independence outlined in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10?	Yes	Yes

(IV) Where a Remuneration Committee is established, the Company shall disclose its composition, duties and operation status:

1. Profiles of the Members of the Remuneration Committee

December 31, 2024

<div> <div>Qualifications</div> <div>Title</div> <div>Name</div> </div>		Professional Qualifications and Experience	Independence Criteria	Concurrent Remuneration Committee Position in Other Publicly Listed Companies
Convener	JJ Lin	Please refer to 3 on Page 9 for information disclosure of directors' professional qualifications and independence of independent directors	(1) Neither an employee of the Company nor its affiliates. (2) Neither a Director and a Supervisor of the Company nor its affiliates. (3) Not a individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.	3
Members	Hsin-Hsin Lee		(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a Manager under preceding subparagraph (1) or any of the persons in the subparagraph (2) and (3).	1
Members	Jim Lai		(5) Neither a director, supervisor, nor employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act.	3
Members	Chang-Chou Li		(6) The majority of the board seats or voting rights of Directors, Supervisors, or employees of other companies, who are not Directors or have voting rights of the Company, are not controlled by the same person. (7) The Chairman, President, or equivalent position of the Company is not the same person as, or the spouse of, the Chairman (Director), Supervisor, or employee of other companies or institutions. (8) Directors, supervisors, managerial officers, or shareholders holding 5% or more of specific companies or institutions that do not have financial or business transactions with the Company. (9) Not providing any auditing services for the Company or its affiliates, nor are professionals providing business, legal, financial, accounting, or other related services, owners of companies or institutions, sole proprietors, partners, directors, supervisors, managerial officers, or their spouses, who have received remuneration in the past two years. (10) Not a spouse or a relative within the second degree of kinship with any Director.	2

2. Operations of the Remuneration Committee

- (1) There are 4 members on the Remuneration Committee of the Company.
- (2) The term of office for the committees are from June 16, 2023 to June 15, 2026. The Remuneration Committee has held 2 meetings. The qualifications and the attendance of the committee members are shown as follow:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	JJ Lin	2	0	100%	Renewal of office
Members	Hsin-Hsin Lee	1	1	50%	Renewal of office
Members	Chang-Chou Li	2	0	100%	Renewal of office
Members	Jim Lai	2	0	100%	Renewal of office

Other mentionable items:

- I. If the Board of Directors does not or amend recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the Company's actions in response to the opinions of the Remuneration shall be stated (also, where the remuneration approved by the Board of Directors is superior to that recommended by the Remuneration Committee, the discrepancies and reasons shall be stated): None.
- II. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated

Remuneration Committee Date / Session	Content of Motion and Follow-up Actions
2024.03.12 6th Board 3th Meeting	<p>1. Discussion on the scope of the applicable managers of the Company's compensation preliminary review for 2024.</p> <p>2. Discussion on the Company's managers compensation adjustment of 2024.</p> <p>Audit Committee's resolution: All members of the Audit Committee approved the resolution.</p> <p>The Company's response to the Audit Committee's resolution: All motions were passed without objection by the Directors present and upon the recommendation of the Remuneration Committee, unless the stackholders recused themselves from discussion and voting.</p>
2024.11.05 6th Board 4nd Meeting	<p>1. Adoption of the Company's awarding principles of year-end bonus and the manage's' compensation for 2024</p> <p>2. Adoption of the manager's salary and compensation items to be implemented in 2025</p> <p>Audit Committee's Resolution: All members of the Audit Committee approved the resolution.</p> <p>The Company's response to the Audit Committee's resolution: All motions were passed without objection by the Directors present and upon the recommendation of the Remuneration Committee, unless the stackholders recused themselves from discussion and voting.</p>

Note:

- (1) Where members of the Remuneration Committee resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated using the number of Remuneration Committee meetings convened and actual number of meetings attended during the term of service.
- (2) When an election is held for the Remuneration Committee before end of the year, members of both the new and old committee shall be listed in separate columns and noted as new, old or re-elected members, along with the elected date, in the "Remark(s)" column. The actual attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(V) Promotion of Sustainable Development, Status, and Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Project	Implementation Status		Abstract Illustration	Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No		
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit for promoting sustainable development, with authorization from the Board of Directors for senior management to handle it, and oversight by the Board of Directors?		V	<p>1. Sustainability Committee Structure and Responsibilities: To implement the principles of sustainable operation, the Company has established a Sustainability Committee aimed at strengthening its management framework across the three key areas of environmental protection, social responsibility, and corporate governance, thereby working toward the achievement of its sustainability goals.</p> <p>2. Sustainability Committee: The Sustainability Committee is a functional committee under the Board of Directors, consisting of three members, including the Chairman, the CEO, and the Head of the Management Department. The committee is responsible for reviewing and setting sustainability-related objectives and annual work plans, as well as overseeing the progress, outcomes, and related matters. The committee holds at least one meeting per year to report its findings and progress to the Board of Directors. The Committee is composed of at least three members appointed by the Board of Directors, with James He, Chairman of the Board, serving as the Chairperson. Under the Committee, functional task forces and a Sustainability Office have been established. These are led by Bob Chen, Chief Sustainability Officer, and Steffi Huang, Chief Financial Officer, respectively, to ensure the effective promotion and implementation of the Company's sustainability initiatives.</p> <p>3. Sustainability Office: The Sustainability Office supports the Committee in promoting various initiatives and related matters. It is responsible for integrating, compiling, and tracking the operational status of each functional task force, as well as executing projects authorized by the Committee.</p> <p>4. Functional Task Forces: Four issue-specific task forces have been established under the Committee: Environmental Protection, Social Responsibility/Public Welfare, Sustainable Procurement, and Corporate Governance. Each task force is led by the responsible departments according to their respective functions and is tasked with advancing the Company's annual sustainability goals and related initiatives. These task forces are responsible for monitoring the execution progress and effectiveness of work plans in areas such as environmental protection,</p>	No significant discrepancy

Project	Implementation Status			Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies						
	Yes	No	Abstract Illustration							
			sustainable procurement, and corporate governance, as well as understanding and responding to stakeholder communication and feedback.							
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?		V	<div>The Company conducts risk assessments on key issues in accordance with the principle of materiality in sustainable development. Based on the identified risks, the Company has established corresponding risk management policies as follows:</div> <table><tr><th>Material Topics</th><th>Risk Assessment Project</th><th>Risk Management Policy</th></tr><tr><td>Environment</td><td>GHG emissions</td><td>In alignment with the requirements of the Kyoto Protocol and the Paris Agreement, we have established science-based emission reduction targets and are committed to achieving carbon neutrality by 2030. Starting in 2023, the Company adopted the ISO 14064-1 standard for greenhouse gas (GHG) inventory and has designated 2022 as the base year for calculating GHG emissions. In addition to total emissions, the Company also calculates GHG emission intensity, using floor area as the denominator to determine the intensity ratio. This metric provides a standardized way to evaluate emissions relative to operational scale and supports our efforts to monitor and improve carbon efficiency over time.</td></tr></table>	Material Topics	Risk Assessment Project	Risk Management Policy	Environment	GHG emissions	In alignment with the requirements of the Kyoto Protocol and the Paris Agreement, we have established science-based emission reduction targets and are committed to achieving carbon neutrality by 2030. Starting in 2023, the Company adopted the ISO 14064-1 standard for greenhouse gas (GHG) inventory and has designated 2022 as the base year for calculating GHG emissions. In addition to total emissions, the Company also calculates GHG emission intensity, using floor area as the denominator to determine the intensity ratio. This metric provides a standardized way to evaluate emissions relative to operational scale and supports our efforts to monitor and improve carbon efficiency over time.	No significant discrepancy
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Project	Implementation Status					Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration			
					operates in accordance with the PDCA (Plan-Do-Check-Act) management cycle to build a structured information and communication security risk management framework, and adopts Confidentiality, Integrity, and Availability as the core principles of its information security management. These principles ensure the effective operation and long-term stability of the Company’s information systems, thereby supporting the Company’s sustainable development goals. The Company implements comprehensive information security management through three key areas: network security, device security, and application security. These efforts are further supported by regular cybersecurity awareness campaigns, educational seminars, and social engineering drills, all aimed at continuously strengthening the resilience and recovery capabilities of the Company’s information systems.	
III. Environmental issues	V		The company specializes in integrated circuit design. While all our products are manufactured through outsourcing, we enforce strict compliance with government environmental management regulations during the production process. We are dedicated to minimizing the impact on natural resources and reducing environmental pollution. Additionally, we are implementing action plans to address climate change, which include green supply chain management, raw material and waste management, reduction and recycling of product packaging, decreasing carbon dioxide levels in office environments, and enhancing energy efficiency. In response to climate change, the Company has assessed potential impacts on supply chain,			No significant discrepancy
(I) Does the Company establish proper environmental management systems based on the characteristics of their industries?						
(II) Is the Company committed to improving the energy efficiency and utilizing renewable materials with low environmental impact?						
(III) Does the Company evaluate the potential risks and						

Project	Implementation Status			Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
opportunities in climate change with regard to the present and future of its business, and take appropriate action?			<p>energy costs, and operational stability, leading to evaluations and preliminary actions regarding the following risks and opportunities:</p> <p>1. Physical Risks: Extreme weather events may disrupt operations at outsourced sites, including wafer foundries and packaging and testing facilities. The Company has implemented a diversified supply strategy and established delivery date control mechanisms to mitigate the risk of production interruptions.</p> <p>2. Transformation Risks: Increasingly stringent domestic and international carbon emission regulations, such as carbon border taxes, require proactive measures. The Company promotes greenhouse gas inventories and energy management initiatives while supporting supply chain compliance to minimize potential future compliance costs.</p> <p>3. Opportunities: The Company is committed to green design principles and is developing products characterized by high energy efficiency and low power consumption to meet growing market demands for environmental protection and sustainability, thereby enhancing brand value and customer loyalty.</p> <p>Moving forward, the Company will adhere to international standards, including the TCFD, to fortify risk management frameworks and will continually refine carbon reduction and sustainability strategies in alignment with actual operational conditions.</p>	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management?	V		<p>The company began greenhouse gas inventory-related operations at the board of directors meeting in May of the 2022.</p> <p>In the 2023 of the company, the emission factors from the IPCC Fifth Assessment Report (2021) were used to calculate the carbon dioxide equivalent emissions.</p> <p>The total greenhouse gas emissions of the photovoltaic company in the 2024 amounted to 119.7524 tons of CO₂e.</p>	No significant discrepancy

Project	Implementation Status						Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies															
	Yes	No	Abstract Illustration																			
			<table><tr><td>Proportions of Emissions by Scope</td><td>Scope 1</td><td>Scope 2</td><td>Scope 3</td><td>Total</td></tr><tr><td>Greenhouse Gas Emissions (tCO₂e/per year)</td><td>0</td><td>119.5336</td><td>0.2118</td><td>119.7524</td></tr><tr><td>Percentage of Total Emissions</td><td>0%</td><td>99.82%</td><td>0.18%</td><td>100.00%</td></tr></table>	Proportions of Emissions by Scope	Scope 1	Scope 2	Scope 3	Total	Greenhouse Gas Emissions (tCO ₂ e/per year)	0	119.5336	0.2118	119.7524	Percentage of Total Emissions	0%	99.82%	0.18%	100.00%				
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			<table><tr><td>Proportions of Emissions by Scope</td><td>Scope 1</td><td>Scope 2</td><td>Scope 3</td><td>Total</td></tr><tr><td>Greenhouse Gas Emissions (tCO₂e/per year)</td><td>4.9868</td><td>109.1356</td><td>0.5768</td><td>114.6992</td></tr><tr><td>Percentage of Total Emissions</td><td>4.35%</td><td>95.15 %</td><td>0.50%</td><td>100.00 %</td></tr></table>	Proportions of Emissions by Scope	Scope 1	Scope 2	Scope 3	Total	Greenhouse Gas Emissions (tCO ₂ e/per year)	4.9868	109.1356	0.5768	114.6992	Percentage of Total Emissions	4.35%	95.15 %	0.50%	100.00 %				
Proportions of Emissions by Scope	Scope 1	Scope 2	Scope 3	Total																		
Greenhouse Gas Emissions (tCO ₂ e/per year)	4.9868	109.1356	0.5768	114.6992																		
Percentage of Total Emissions	4.35%	95.15 %	0.50%	100.00 %																		
IV. Social issues	V						No significant discrepancy															
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?			(I) The Company is committed to fostering a harmonious work environment and fulfilling its corporate social responsibilities. We support and adhere to the principles set forth in international human rights conventions, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work. In alignment with these principles, and in compliance with the Labor Standards Act and related labor laws, the Company has established relevant policies and procedures to safeguard the fundamental human rights of all employees and to uphold social welfare.																			
(II) Does the Company establish and implement reasonable employee benefits measures (including remuneration, leave and other benefits, etc.) and reflect the corporate business performance or achievements appropriately in the employee remuneration?			(II) The Company has formulated an employee handbook stating relevant employee benefits.																			

Project	Implementation Status			Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?			<p>The employee remuneration is paid by resolution of the Board of Directors.</p> <p>The Company offers a variety of employee benefits, including: in addition to the annual leave mandated by the Labor Standards Act, an extra 7 days of flexible leave each year; annual health checkups; family group insurance; public accident insurance; birthday bonuses; maternity subsidies; wedding and funeral allowances; holiday bonuses; and travel subsidies for employees.</p> <p>(III) Employees are the Company's most valuable asset, and fostering a friendly and safe workplace environment is one of our top priorities. In 2024, the Company recorded zero fire incidents and zero fatalities or injuries.</p> <p>Across all operational sites in the United States and China, there were:</p> <ul style="list-style-type: none"> • No disabling injuries • No occupational fatalities • No severe disabling injuries • A Total Recordable Incident Rate (TRIR) of 0 • A Lost Time Injury Rate (LTIR) of 0 <p>1. Employee Occupational Safety, Health Protection, and Fire Prevention Measures: The Company sends personnel annually to participate in fire safety seminars organized by the science park and conducts unscheduled fire drills to strengthen employee awareness of evacuation procedures and emergency response capabilities. Fire safety equipment is inspected annually by certified third-party contractors, and nightly security patrols are conducted by designated personnel.</p> <p>2. Workplace Hygiene and Maintenance: Cleaning staff are assigned to maintain the workplace environment daily. In addition, deep cleaning of carpets and air conditioning systems is conducted twice a year to ensure a clean and healthy office environment.</p> <p>3. Employee Health and Emergency Support: The Company provides annual health checkups and subsidies for all employees. An emergency reporting station is available in the office, and the building is equipped with</p>	
(IV) Does the Company provide its employees with career development and training sessions?				
(V) Does the Company comply with relevant laws and international standards when it comes to the products and services of customer's health and safety, customer privacy, marketing and labeling, and establish related policies and grievance procedures regarding protection of consumer rights and interests?				
(VI) Does the Company establish a supplier management policy that requires suppliers to comply with the relevant standards on issues such as environmental protection, occupational safety and health, or labor rights?				

Project	Implementation Status			Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
			<p>Automated External Defibrillators (AEDs) to ensure effective response in the event of a medical emergency.</p> <p>(IV) The Company arranges on-the-job training based on employees' and job's needs from time to time.</p> <p>(V) 1. The Company places great importance on customer feedback. In addition to individual visits, the Company provides a product contact point and email address on its official website. Furthermore, a dedicated Stakeholder Section is available to offer customers a channel for inquiries, complaints, or suggestions.</p> <p>2. The Company has established a customer complaint handling procedure and built a customer-oriented quality management system to evaluate customer satisfaction with its products and services. These efforts support the goal of sustainable business operations. Furthermore, all marketing and labeling of the Company's products and services comply with relevant laws and international standards.</p> <p>(VI) The Company has established a Supplier Management Policy, under which supplier qualifications and relevant information are assessed before entering into any cooperation agreements. Suppliers are subject to regular evaluations, with key indicators including service attitude, professional capability, product quality, and pricing. Through a structured supplier evaluation mechanism, the Company promotes compliance with standards in labor and human rights, occupational health and safety, environmental protection, business ethics, and management systems. Suppliers are categorized based on their evaluation results, and corresponding procurement measures are implemented accordingly. Annual evaluations and follow-ups on corrective actions are conducted to address any deficiencies. These practices help reduce operational risks and uphold the Company's commitment to sustainable business operations.</p>	
V. Does the Company refer to internationally-used standards or guidelines for the preparation of reports such as sustainable development reports to		V	The Company discloses its sustainability performance in alignment with three major corporate sustainability reporting frameworks: GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), and TCFD (Task Force on Climate-related	No significant discrepancy

Project	Implementation Status			Discrepancies and Reasons for Non-Compliance with Corporate Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Abstract Illustration	
disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?			<p>Financial Disclosures).</p> <p>GRI is used to report the Company's social and environmental impacts, offering transparency on how operations affect stakeholders and the planet.</p> <p>SASB is adopted to address investor concerns by disclosing sustainability issues that are financially material and relevant to the Company's industry.</p> <p>TCFD is implemented to provide financial disclosures related to climate change risks and opportunities, supporting the Company's efforts in climate resilience and long-term risk management.</p>	
<p>VI. Where the Company has formulated its own corporate social responsibilities principles according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please state the discrepancies between its implementation and the principles formulated: The Company has established the Corporate Sustainable Development Best Practice Principles. The Company has performed its sustainable development in accordance with the meaning and relevant provisions of the Principles, and there is no discrepancy.</p>				
<p>VII. For a better understanding of the implementation of sustainable development of SOI, please refer to the following link: https://www.soinc.com.tw/csr</p>				

(VI) Climate-Related Information

Item	Implementation Status																									
I. Supervision and Governance of Climate-Related Risks and Opportunities by the Board of Directors and Management	<p>1. The Company adopts the framework of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to conduct climate risk identification, financial impact analysis, and quantification of climate-related financial effects. Through this process, the Company discloses the potential impacts of climate change on PixArt Imaging Inc. as well as the corresponding mitigation and adaptation measures.</p> <p>2. In managing climate-related risks, the Company has designated the Board of Directors as the highest governance body responsible for oversight. The ESG Committee, composed of senior executives, holds management responsibility for climate-related risks and opportunities. Execution is carried out through the ESG Working Group, which performs assessments of risks and potential financial impacts. The Company also conducts regular reviews of implementation progress to ensure effective risk control and to identify and seize emerging opportunities.</p> <p>3. By adopting the TCFD climate risk assessment framework, the Company has developed risk response and emergency management measures to address the potential impacts of climate change. In addition to mitigation strategies, the Company is proactively formulating climate strategies and targets. As a result of this assessment, the Company has identified five key climate-related risks and one opportunity, along with their short-, medium-, and long-term impacts on PixArt’s operations and financial performance. A summary is provided below:</p> <table><tr><th>Types of Risks</th><th>Risk Titles</th><th>Impacts</th><th>Strategies and Measures</th><th>Timeframe</th></tr><tr><td>Physical Risks</td><td>Extreme Weather Events – Typhoons</td><td>Flooding causes operational interruptions.</td><td>Plan for shipment support by distributors to ensure continuous operations.</td><td>Short-term</td></tr><tr><td>Physical Risks</td><td>Extreme Weather Events – Droughts</td><td>Drought leads to water supply suspension and rising water costs, which impact facility water usage and increase operational costs.</td><td>Implement water-saving measures to continuously improve water resource efficiency and reduce water intensity.</td><td>Short-term</td></tr><tr><td>Transition Risks</td><td>Early Application for Carbon Credits in Response to National Net-Zero Emissions Policy</td><td>Carbon emissions have not yet reached the threshold for government-imposed carbon fees, but increasingly stringent regulations may lead to additional costs.</td><td>Enhance energy efficiency through energy-saving initiatives and adopt renewable energy in advance.</td><td>Long-term</td></tr><tr><td>Transition Risks</td><td>Third-Party Verification of Greenhouse Gas Emissions</td><td>Complying with the Financial Supervisory Commission’s “Sustainable Development Roadmap for TWSE/TPEx-Listed Companies” by conducting third-party</td><td>Increase the credibility of information disclosure to accelerate low-carbon transition and more effectively manage greenhouse gas emissions.</td><td>Medium-term</td></tr></table>	Types of Risks	Risk Titles	Impacts	Strategies and Measures	Timeframe	Physical Risks	Extreme Weather Events – Typhoons	Flooding causes operational interruptions.	Plan for shipment support by distributors to ensure continuous operations.	Short-term	Physical Risks	Extreme Weather Events – Droughts	Drought leads to water supply suspension and rising water costs, which impact facility water usage and increase operational costs.	Implement water-saving measures to continuously improve water resource efficiency and reduce water intensity.	Short-term	Transition Risks	Early Application for Carbon Credits in Response to National Net-Zero Emissions Policy	Carbon emissions have not yet reached the threshold for government-imposed carbon fees, but increasingly stringent regulations may lead to additional costs.	Enhance energy efficiency through energy-saving initiatives and adopt renewable energy in advance.	Long-term	Transition Risks	Third-Party Verification of Greenhouse Gas Emissions	Complying with the Financial Supervisory Commission’s “Sustainable Development Roadmap for TWSE/TPEx-Listed Companies” by conducting third-party	Increase the credibility of information disclosure to accelerate low-carbon transition and more effectively manage greenhouse gas emissions.	Medium-term
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II. The impact of identified climate-related risks and opportunities on the Company's business, strategies, and finances in the short-term, mid-term, and long-term.																										
III. The financial impact of extreme weather events and transitional actions.																										
IV. The integration of climate risk identification, assessment, and management processes into the overall risk management system.																										

			verification will slightly increase costs.		
	Transition Risks	Assisting Supply Chain with Inventory and Reduction of Emissions	Meeting international ESG value chain management requirements will raise operational expenses.	Prioritize outreach to suppliers with high carbon emission impact and relevance.	Long-term
	Opportunity	Continuously Implementing Energy-Saving and Carbon Reduction Programs and Receiving Government Energy Efficiency Awards	Applying for the Department of Commerce's subsidy program for energy-saving equipment to improve energy efficiency and reduce operating costs.	Implement an energy audit system to continuously improve energy-saving performance.	Medium-term
	<p>4. The company has identified two high-risk factors—"Increased Costs from Greenhouse Gas Emissions" and "Impact of Extreme Weather Events on Business Continuity"—and has introduced two corresponding mitigation strategies: "Energy Conservation for Utilities" and "Distributor Support for Shipments to Ensure Business Continuity," respectively, to reduce related risks.</p> <p>In light of rising electricity prices, which are expected to increase operational costs, and taking into account benchmark enterprises' climate risk disclosure cases as well as the urgency and clarity of relevant policies, the company has prioritized a financial impact assessment on the risk of "increased greenhouse gas emission costs." Referring to the Science Based Targets initiative (SBTi) and the 1.5°C warming scenario of the Paris Agreement, the assessment found that the cost increase from energy-saving measures accounts for less than 1% of annual revenue. However, since current government policies have not yet had a direct impact on the company, the aforementioned financial impact remains a preliminary assumption. The assessment results will be updated annually in a rolling manner to reflect changes in climate-related policies, regulations, and the development of low-carbon technologies.</p>				
V.	When resilience to climate change is evaluated through scenarios analysis, the scenario, parameters, assumptions, analysis factors, and the main financial impacts shall be described.		<p>1. Air Conditioning Equipment: Responsibility-based zone management is implemented, with air conditioning temperatures set between 24°C and 26°C, and not lower than 24°C (except for special requirements in laboratories or production).</p> <p>2. Power System: Regular reviews of optimal contract capacity are conducted to reduce basic electricity charges.</p> <p>A preliminary assessment indicates that short-term cost increases account for less than 1% of annual revenue. As current government policies have not yet impacted the company, the aforementioned financial impact remains a preliminary assumption and will be adjusted in response to future climate-related policies.</p>		
VI.	To address the transformation plan for managing climate-related risks, and provide an explanation of the plan's contents, as well as the indicators		Since 2024, the company has implemented a paperless online approval system, significantly reducing paper consumption. The total greenhouse gas emissions		

and objectives utilized to identify and manage both physical and transformation risks.	from paper usage in 2024 amounted to 0.183 metric tons of CO2e, compared to 0.541 metric tons of CO2e in 2023. This represents a reduction of 0.358 metric tons of CO2e, or a 66% decrease year over year. In line with the energy regulations requiring an annual electricity savings rate of at least 1%, the company is steadily progressing toward carbon neutrality.															
VII. Using internal carbon pricing as a planning tool, the basis for price setting shall be explained.	Not applicable.															
VIII. Setting climate-related goals requires an explanation of the activities covered, the scope of greenhouse gas emissions, the planning schedule, and annual progress. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these goals, the source and quantity of the carbon offset credits or the quantity of RECs shall be explained.	<p>As a company with a paid-in capital of less than NT\$5 billion, we are complying with the Financial Supervisory Commission’s “Sustainable Development Roadmap for TWSE/TPEX-Listed Companies” by disclosing greenhouse gas inventory and assurance information in phases. According to the roadmap, the individual entity (i.e., the parent company) is required to complete its greenhouse gas inventory by 2026 and verification by 2028 . Subsidiaries included in the consolidated financial statements are required to complete their inventory by 2027 and verification by 2029.</p> <p>The company has completed a self-conducted greenhouse gas inventory. The greenhouse gas emissions for the year 2024 , measured in metric tons of CO2e, are as follows:(Scope of data – Parent Company)</p> <table><tr><th>Scope</th><th>Definition</th><th>Description of Content</th><th>metric tons of CO2e</th></tr><tr><td>Scope 1</td><td>Direct Greenhouse Gas Emissions</td><td>Refers to emission sources owned or controlled by the company.</td><td>0</td></tr><tr><td>Scope 2</td><td>Energy Indirect Emissions</td><td>Refers to purchased electricity used by the company.</td><td>119.5336</td></tr></table>				Scope	Definition	Description of Content	metric tons of CO2e	Scope 1	Direct Greenhouse Gas Emissions	Refers to emission sources owned or controlled by the company.	0	Scope 2	Energy Indirect Emissions	Refers to purchased electricity used by the company.	119.5336
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Scope 1	Direct Greenhouse Gas Emissions	Refers to emission sources owned or controlled by the company.	0													
Scope 2	Energy Indirect Emissions	Refers to purchased electricity used by the company.	119.5336													
IX. Inventory and assurance of GHG emissions, reduction targets, strategies, and action plans.	The company initiated the implementation of ISO 14064-1:2018 consultancy services in February 2024 and successfully passed third-party verification by DQS in April 2024.															

(VII) The Company's Compliance with Ethical Corporate Management Practices, and Discrepancies and Reasons for Non-Compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the Company establish its ethical management policy approved by the Board of Directors, clarify it in its regulations and external documents and the commit to the Board of Directors and senior management to active implementation?</p> <p>(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include preventive measures against the behaviors as stipulated in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(III) Has the Company in the prevention programs for unethical conduct clearly prescribed the operation procedures, conduct guidelines and disciplinary and appeal system for violations of the ethical corporate management rules and implemented them, and conducted review and amendment on the aforementioned programs on a regular basis?</p>	V		<p>(I) The Company values and embraces the highest standards of conduct, honesty and integrity. Therefore, all managers and employees are required to comply with this code of conduct when they are involved in any activity.</p> <p>(II) The Company has established the Procedures for Ethical Management and Guidelines for Conduct and Employee Handbooks, which specifies the matters that the Company's personnel should pay attention to the implementation of their duties, and has established regulations governing employee rewards and punishments. The Company has established the Procedures for Ethical Management and Guidelines for Conduct and Employee Handbooks. When employees are committed to unethical conduct, they will be punished.</p> <p>(III) The Company strictly prohibits managers and all employees from engaging in any bribery and illegal activities. If there is any violation, they will be punished or transferred to the judicial authorities according to the actual situation.</p>	None
<p>II. Fulfill operations integrity policy</p> <p>(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business</p>	V		<p>(I) Before the transaction, the Company would conduct credit check operations on the counterparty in accordance with the relevant internal control</p>	None

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
<p>contracts?</p> <p>(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p> <p>(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(IV) Has the Company established an effective accounting system, internal control system to put ethical corporate management into practice. The internal auditors shall draw up the relevant audit plan to audit the compliance of the prevention programs for unethical conduct according to the risk valuation results of the unethical conduct, or audited by CPAs?</p> <p>(V) Does the Company regularly hold internal and external educational training on operational integrity?</p>			<p>procedures, trying to understand, by all means, whether they have had dishonest trading behavior.</p> <p>(II) The Company has adopted the "Corporate Ethics for Ethical Management and Guidelines for Conduct" by the resolution of Board of Directors approved, and has set up a dedicated unit for corporate integrity management.</p> <p>(III) In order to establish a corporate culture and sound development of integrity management, the Company implements a policy to prevent corporate conflicts of interest, and provides appropriate accompanying channels for all colleagues to explain whether they have potential conflicts of interest with the Company.</p> <p>(IV) To implement ethical corporate management, the Company has established effective systems for both accounting and internal control. Internal auditors also checked the compliance status according to the audit plan.</p> <p>(V) Through different channels, the Company has advocated its integrity management philosophy and norms to employees and clearly understands the Company's integrity management philosophy and standards.</p>	
<p>III. Operation of the whistleblowing channel</p> <p>(I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel?</p>	V		<p>(I) The Company's Board of Directors has approved the "Procedures for Ethical Management and Guidelines for Conduct" to clearly stipulate the reward and punishment, complaint and disciplinary actions.</p>	None

Evaluation Item	State of Operations			Discrepancies and Reasons for Non-Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?			(II) The Company has established the standard operating procedures for investigating the case being exposed by the whistle-blower.	
(III) Does the Company take measures to protect the whistleblower from improper disposal due to the report?			(III) The Company has not taken protection measures to protect the whistleblowers from inappropriate disciplinary actions.	
IV. Enhancing Information Disclosure Does the Company disclose the ethical corporate management policies and the results of its implementation on the Company website and MOPS?	V		The Company has established a website to disclose information on the Company and has dedicated personnel to update information. At present, it regularly and irregularly reports various financial and business information on the Market Observation Post System.	None
V. If the Company has established the corporate social responsibility principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation: On March 8, 2017, the Company passed the "Corporate Ethics for Ethical Management and Guidelines for Conduct" by the Board of Directors, and no significant difference has been noted.				
VI. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: (such as the Company's amendment to its ethical corporate management best practice principles): The company always pays attention to the relevant integrity management principles at home and abroad, reviews the relevant rules and regulations of the company, and urges all employees to abide by them.				

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

1. Continuing Education of Directors in 2024:

Title	Name	Date of Appointment	Continuing Education Date		Organizer	Course Name	Training Hours
			From	To			
Chairman of the Board	James He	2023/06/16	2024/09/06	2024/09/06	CCGA	Strategic Considerations for Corporate Group Restructuring	3.0
			2024/11/15	2024/11/15	CCGA	Comprehensive Intellectual Property Protection Strategy – A New Approach to IP Compliance Management with AI	3.0
Directors	Sen-Chou Lo	2023/06/16	2024/10/25	2024/10/25	CCGA	Legal Due Diligence and Introduction to Commercial Contracts in Mergers and Acquisitions	3.0
			2024/11/13	2024/11/13	CCGA	Practical Issues of Irregular Transactions that Directors and Supervisors Should Be Aware Of	3.0
Directors	Sophie Cheng	2023/06/16	2024/08/08	2024/08/08	SFI	New Perspectives on the Semiconductor Industry Revolution Behind Artificial Intelligence	3.0
			2024/09/19	2024/09/19	SFI	Development Trends in Silicon Photonics and Co-Packaged Optics	3.0
Independent Director	Hsin-Hsin Lee	2023/06/16	2024/03/27	2024/03/27	CCGA	Corporate Governance and Securities Regulations	3.0
			2024/10/25	2024/10/25	CBOSDA	Labor Disputes in the Workplace: Resolution Mechanisms and Case Studies	3.0
Independent Director	Chang-Chou Li	2023/06/16	2024/05/10	2024/05/10	IIRC	Legal Responsibilities of Directors under ESG	3.0
			2024/05/13	2024/05/13	TIOD	Corporate Prevention of Sexual Harassment and Case Analysis	3.0
			2024/09/20	2024/09/20	IIRC	International Anti-Corruption Practices and Whistleblower Protection	3.0
			2024/10/15	2024/10/15	CCGA	Global Future Risks and Opportunities for Sustainable Transformation	1.5
			2024/10/15	2024/10/15	CCGA	Global Economic Outlook and Industry Forecast	1.5
			2024/12/27	2024/12/27	IIRC	Cybersecurity Challenges and Future Trends in the Insurance Industry	3.0
Independent Director	JJ Lin	2023/06/16	2024/03/26	2024/03/26	CCGA	Code of Ethical Conduct and How to Avoid Crossing the Red Line of Director and Supervisor Responsibilities	3.0
			2024/08/08	2024/08/08	CCGA	Corporate Sustainability and Resilience Management	3.0
Independent Director	Jim Lai	2023/06/16	2024/08/06	2024/08/06	CCGA	Updates on International Tax Trends and Brief Analysis of the U.S.-Taiwan Tax Relief Act	3.0
			2024/08/06	2024/08/06	CCGA	ESG Corporate Actions and Emerging Opportunities in the Energy Sector	3.0

2. Continuing Education of Managers and Chief Corporate Governance Officer in 2024:

Title	Name	Continuing Education Date		Organizer	Course Name	Training Hours
		From	To			
President	James He	2024/09/06	2024/09/06	CCGA	Strategic Considerations for Corporate Group Restructuring	3.0
		2024/11/15	2024/11/15	CCGA	Comprehensive Intellectual Property Protection Strategy – A New Approach to IP Compliance Management with AI	3.0

Title	Name	Continuing Education Date		Organizer	Course Name	Training Hours
		From	To			
Vice President and Chief Financial Officer	Steffi Huang	2024/05/17	2024/05/17	CCGA	Board-Level Cybersecurity Governance and Oversight Strategies	3.0
		2024/06/21	2024/06/21	CCGA	Legal and Regulatory Framework of Sustainability Reporting	3.0
		2024/07/26	2024/07/26	CCGA	Starting from TIPS: How Enterprises Can Build Intellectual Property Risk Prevention and Control Systems	3.0
		2024/08/02	2024/08/02	CCGA	Practical Compliance Work for Corporate Governance Officers	3.0
Chief internal auditor	Joyce Lin	2024/08/28	2024/08/28	ARDF	Latest Regulatory Overview on "Annual Reports / Sustainability Information / Financial Reporting" and Practical Internal Control Management	6.0
		2024/09/23	2024/09/23	IIA	"Sustainability Information Disclosure Policy Analysis" and Key Discussions on Internal Control and Internal Audit	6.0

(IX) Status of Internal Control System:

1. Declaration of Internal Control:

Please refer to the Market Observation Post System (MOPS) at <https://mops.twse.com.tw> > "Single Company" > "Corporate Governance" > "Company Regulations" > "Internal Control/Internal Control Statement Announcements." Enter the year and the company code (3530) to search for the internal control statement announcement.

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) Material resolutions of a shareholders meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

1. Major Resolutions of the 2024 Regular Shareholders' Meeting:

Date	Major Resolutions	Implementation Status
2024.06.18	1. Approval of the Company's 2023 Business Reports and Financial Statements.	It has been approved by the Regular Shareholders' Meeting and announced
	2. Approval of the Company's 2023 Deficit Compensation Statement.	Executed in accordance with the resolution of the shareholders' meeting.

2. Major Resolutions of the Board Meetings:

Date	Major Resolutions
2024.03.12	1. Discussion on the Company's 2023 Business Reports and Financial Statements. 2. Discussion on the Company's 2023 Deficit Compensation Statement. 3. Discussion on the Statement on Internal Control Systems for the Year 2023. 4. Discussion on the relevant affairs of the 2024 general shareholders' meeting.
2024.05.02	Discuss Consolidated Financial Statements for the first quarter of 2024 of the Company.
2024.08.02	Discussion on the Consolidated Financial Statements for the second quarter of 2024 of the Company.

Date	Major Resolutions
2024.11.05	1. Discuss Consolidated Financial Statements for the third of 2024 of the Company. 2. Proposal on the formulation the 2025 Annual Audit Plan.
2025.03.11	1. Discussion on the Company's 2024 Business Reports and Financial Statements. 2. Discussion on the Company's 2024 Deficit Compensation Statement. 3. Proposal for the appointment of the Company's General Manager. 4. Discussion on the Statement on Internal Control Systems for the Year 2024. 5. Discussion on the relevant affairs of the 2025 general shareholders' meeting.

- (XI) 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, the main content: None.

IV. Information on CPA Professional Fees:

Amount Unit: NT\$1,000

Accounting Firm	Name of CPAs	Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Deloitte & Touche	Ming-Hui Chen	2024	2,620	180	2,800	Other main tax declaration certification
	Tung-Hui Yeh					

- (I) When the Company changes its accounting firm 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 reduction in the amount of audit fees, reduction percentage, and reasons therefore shall be disclosed: None.
- (II) 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 reasons therefore shall be disclosed: None.

V. Information on Replacement of CPAs: None.

VI. The State of the Company's Chairperson, President, or any Manager in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm: None.

VII. The State of Any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More Than 10 Percent During The Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

(I) Change of Equity

Unit: shares

Title	Name	2024		Ending on April 28, 2025	
		Addition (reduction) of shares held	Addition (reduction) of shares pledged	Addition (reduction) of shares held	Addition (reduction) of shares pledged
Chairman of the Board	Heritage Bay Limited	—	—	—	—
	Representative: James He	—	—	—	—
Directors	Heritage Bay Limited	—	—	—	—
	Representative: Sophie Cheng	—	—	—	—
Directors	Sen-Chou Lo	—	—	—	—
Independent Director	Hsin-Hsin Lee	—	—	—	—
Independent Director	JJ Lin	—	—	—	—
Independent Director	Jim Lai	—	—	—	—
Independent Director	Chang-Chou Li	—	—	—	—
President (Note 1)	Bob Chen	—	—	—	—
Vice President, R&D Center	Denis Luo	—	—	—	—
VP of R&D and Chief Technology Officer	Ming Li	—	—	—	—
Vice President and Financial Officer	Steffi Huang	—	—	—	—
Vice President, Market Development Division(Note 2)	Peter Zung	(57,000)	—	—	—
Director	Henry Chien	—	—	—	—

Note 1 : Assumed office on March 11, 2025.

Note 2 : Resigned on April 1, 2025.

(II) Stock Trade with Related Party: None.

(III) Stock Pledge with Related Party: None.

VIII. Relationship Information, if Among the Company's 10 Largest Shareholders Any One is A Related Party or A Relative Within the Second Degree of Kinship of Another

April 20, 2025; Unit: shares; %

Name	Shareholding by himself		Spouse & Minor Shareholding		Shareholding under the Title of Third Party		The names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second generation		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Company Name	Relation	
Heritage Bay Limited	17,691,413	22.84%	-	-	-	-	-	-	-
Representative: James He	150,000	0.19%	-	-	-	-	-	-	-
Heritage Bay Limited	17,691,413	22.84%	-	-	-	-	-	-	-
Representative: Sophie Cheng	-	-	-	-	-	-	-	-	-
Egis Technology Inc.	12,319,418	15.90%	-	-	-	-	-	-	-
Full Guest Investments Limited	4,875,458	6.21%	-	-	-	-	-	-	-
Representative: Charles Lu	59	-	-	-	-	-	-	-	-
Denis Luo	4,583,587	5.84%	-	-	-	-	-	-	-
Triumph Partners Limited	2,333,000	2.97%	-	-	-	-	-	-	-
Representative: Lin Hung	-	-	-	-	-	-	-	-	-
Peter Zung	1,123,000	1.45%	-	-	-	-	-	-	-
Wang Tsung-Jen	518,000	0.67%	-	-	-	-	-	-	-
Chen Hung Lin	460,000	0.59%	-	-	-	-	-	-	-
Lu Shu Ying	416,000	0.54%	-	-	-	-	-	-	-
Ming Li	396,000	0.51%	-	-	-	-	-	-	-

IX. The Number of Shares Held by the Company, by the Directors, Supervisors and Managers of the Company, and by any Entities either Directly or Indirectly Controlled by the Company in the Same Investee Enterprise, and the Calculation of the Consolidated Shareholding Ratio of the above Categories: None.

Chapter 3. Capital Overview

I. Capital and Shares

(I) Source of Capital:

1. Formation of capital

April 20, 2025; Unit: Share; NT\$

Year/Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2020.03	10	100,000,000	1,000,000,000	78,080,900	780,809,000	Employee subscription warrants conversion	—	Note 1
2020.05	10	100,000,000	1,000,000,000	78,105,900	781,059,000	Employee subscription warrants conversion	—	Note 2
2021.05	10	100,000,000	1,000,000,000	78,110,900	781,109,000	Employee subscription warrants conversion	—	Note 3
2021.11	10	100,000,000	1,000,000,000	78,150,900	781,509,000	Employee subscription warrants conversion	—	Note 4
202.03	10	100,000,000	1,000,000,000	78,152,900	781,529,000	Employee subscription warrants conversion	—	Note 5
2022.07	10	100,000,000	1,000,000,000	78,168,900	781,689,000	Employee subscription warrants conversion	—	Note 6
2022.11	10	100,000,000	1,000,000,000	78,218,900	782,189,000	Employee subscription warrants conversion	—	Note 7
2023.03	10	100,000,000	1,000,000,000	78,455,900	784,559,000	Employee subscription warrants conversion	—	Note 8
2024.10	10	100,000,000	1,000,000,000	77,455,900	774,559,000	Cancel treasury shares	—	Note 9
2024.11	10	100,000,000	1,000,000,000	77,475,900	774,759,000	Employee subscription warrants conversion	—	Note 10

Note 1. Approved by the Zhu Shang Zi Letter No. 1090008351 issued on March 26, 2020.

Note 2. Approved by the Zhu Shang Zi Letter No. 1090013430 issued on May 14, 2020.

Note 3. Approved by letter Zhu-Shang-Zi No. 1100013586 issued on May 13, 2021.

Note 4. Approved by letter Zhu-Shang-Zi No. 1100033310 issued on November 12, 2021.

Note 5. Approved by letter Zhu-Shang-Zi No. 1110008986 issued on March 24, 2022.

Note 6. Approved by letter Zhu-Shang-Zi No. 1110020211 issued on July 1, 2022.

Note 7. Approved by letter Zhu-Shang-Zi No. 1110036346 issued on November 11, 2022.

Note 8. Approved by letter Zhu-Shang-Zi No. 1120009184 issued on March 24, 2023.

Note 9. Approved by letter Zhu-Shang-Zi No. 1130032768 issued on October 18, 2024.

Note 10. Approved by letter Zhu-Shang-Zi No. 1130036083 issued on November 12, 2024.

2. Type of Stock

April 20, 2025; Unit: shares

Type of Stock	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered common stock	77,475,900	22,524,100	100,000,000	Note 1

Note 1. 6,000,000 shares of the authorized capital was reserved for the issuance of employee stock option certificates.

3. Relevant information on the shelf registration: None.

(II) Major Shareholders

April 20, 2025; Unit: shares

Major shareholder	Shareholding (shares)	Shareholding ratio
Heritage Bay Limited	17,691,413	22.84%
Egis Technology Inc.	12,319,418	15.90%
Full Guest Investments Limited	4,875,458	6.29%
Denis Luo	4,583,587	5.92%
Triumph Partners Limited	2,333,000	3.01%
Peter Zung	1,123,000	1.45%
Wang Tsung-Jen	518,000	0.67%
Chen Hung Lin	460,000	0.59%
Lu Shu Ying	416,000	0.54%
Ming Li	396,000	0.51%

(III) Dividend policy of the Company and its implementation status

1. Dividend policy

Dividend and dividend distribution policy, the distribution of earnings can be obtained by means of stock dividends or cash dividends. Considering the Company is at its operating growth stage and taking into account the interests of the Company's shareholders and long-term and short-term capital and business planning, when distributing distributable earnings, shareholders' dividends shall be no more than 90% of the accumulated distributable earnings, and the cash dividends shall be no less than 10% of the distributed dividends.

2. Execution status: The Company's Board of Directors resolved not to distribute shareholder dividend on March 11, 2025

(IV) Effects upon the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting: None.

(V) Remuneration to employees and Supervisors

1. The percentages or ranges of employee and Director compensation is as set forth in the Company's Articles of Incorporation.

According to the Company's Articles of Incorporation, if there is any profit for a specific fiscal year, the Company shall allocate no less than 0.005% and no more than 25% of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to directors.

2. The basis for estimating the amount of employee and director remuneration for this period, the calculation basis for the number of stock dividends distributed, and the accounting treatment when the actual distribution amount differs from the estimated amount: As there was no profit in 2024, no estimated remuneration was accrued for employees and directors.

3. Information on the proposed remuneration to employee and Director approved by the Board of Directors:

(1) If the employee's remuneration and Director's remuneration distributed in cash or stock differs from the annual estimated amount of the recognized expenses, the difference, cause and treatment shall be disclosed: Not applicable

(2) The amount of any employee remuneration 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 remuneration: The company does not plan to distribute employee compensation in stock this year, so it is not applicable.

4. The actual distribution remuneration of employees and Directors for the previous fiscal year (including the distributed number, amount and shares price), and where is any discrepancy between the actual distribution and the recognized remunerations for employees and Directors, the discrepancy, cause, and how it is treated shall be stated:

As there was no profit in 2023, no distribution of remuneration was made to employees and directors.

(VI) The State of the Company's Repurchases of its Own Shares: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depository Receipts: None.

V. Employee Share Subscription Warrants:

(I) The Status of Employee Stock Options

March 31, 2025

Type of Employee Stock Options		The Company's first employee stock options in 2021
Date of Effective Registration and Number of Options		July 22, 2021/5,000 units
Issuance Date		March 24, 2022
Number of Options Granted		3,500 units
Number Of Units Still Available For Issuance		(Note 2)
Ratio of the number of shares available to subscribe to the total number of shares issued (Note 3)		4.52%
Option Duration		10 years
Type of shares underlying the options		Issue of new shares
Period and ratio in which subscription is restricted		2 years completion: 50%, 3 years completion: 75%, 4 years completion: 100%
Shares exercised		-
Value of Shares Exercised		-
Shares Unsubscribed		3,480,000 shares
Exercise Price Per Share	Original Price	NT\$ 103.5
	After adjustment	NT\$ 99.6
Percentage of Shares Unexercisable to Outstanding Common Shares (%) (Note 2)		4.50
Impact to Shareholders' Equity		The Company attracts and retains the professional talents required by the Company, and enhances the Company's coherence and sense of belonging among employees, jointly creating the interests of the Company and shareholders, and has a positive impact on shareholders' equity.

Note 1. Adopted with approval at the same time when the Company went public.

Note 2. The remaining 1,500 units have exceeded the issuance period and can no longer be issued.

Note 3. Calculated based on the number of 77,475,900 issued shares.

- (II) The manager who obtained the employee stock option and the name, of the top ten employees who have obtained the stock option and amount of NT\$30 million or more.

1. List of Managers and Top 10 Employees Participating in Employee Stock Option Plan:

March 31, 2025; Unit: shares; NT\$

	Title	Name	Number of Options Shares	% of shares exercisable to outstanding Common Shares	Options Exercised				Options Unexercised			
					Number of shares subscribed	Subscription price	Total value of shares subscribed	% of shares subscribed to outstanding common shares	Number of shares subscribed	Subscription price	Total value of shares subscribed	% of shares subscribed to outstanding common shares
Managers	Chairman	James He	830,000	1.06%	0	0	0	0%	830,000	103.50	85,905,000	1.06%
	President	Bob Chen (Note 1)										
	Chief Technology Officer	Ming Li										
	Vice President	Denis Luo										
	Vice President and Financial Officer	Steffi Huang										
	Director	Henry Chien										

Note 1: Appointed as the General Manager of the Company starting from March 11, 2025.

2. The manager who obtained the employee stock option and the name, of the top ten employees who have obtained the stock option and amount of NT\$30 million or more: None.

(III) Restricted employee shares: None.

VI. Status of Issuance of New Share in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VII. The State of Implementation of the Company's Capital Allocation Plans: Not Applicable.

Chapter 4. Operations Highlights

I. Business Activities

(I) Business Scope

1. The Company's Major lines of Business
 - A. CC01080 Electronic Components Manufacturing Industry
 - B. F401010 International Trade
 - C. I501010 Product Designing
2. Proportion of each business

Unit: NT\$ thousand

Product \ Year	2023		2024	
	Amount	%	Amount	%
CMOS Image Sensor	1,644,786	98.88	1,696,261	97.99
Others	18,713	1.12	34,770	2.01
Total	1,663,499	100.00	1,731,031	100.00

3. Products (services) currently offered by the Company

The Company is a professional integrated circuit (IC) design firm primarily engaged in the design and sale of CMOS Image Sensor (CIS) products. Currently, our products are mainly applied in security surveillance, automotive imaging systems, consumer imaging devices, and biomedical sensor applications for the medical market. We are also actively developing a diverse range of CIS-related applications, such as near-infrared sensing and industrial inspection technologies.

4. New product development plan

The Company's core technology lies in the development of CMOS image sensor-related circuitry, including analog, digital, and mixed-signal design. Another key success factor is our capability in customized technology solutions. From circuit design and process technology to optical simulation, we provide clients with optimal solutions tailored to their specific requirements. This includes offering dedicated design and fabrication processes that, when combined with the advanced process technologies of our wafer foundry partners, enable the development of specialized CMOS image sensors for unique applications. The Company delivers comprehensive technical capabilities by integrating the technological resources of major wafer foundries to meet customer needs. Our future technology roadmap includes:

- (1) High performance CMOS image sensor.
- (2) High resolution CMOS image sensor.
- (3) Global shutter CMOS image sensor.
- (4) Low power CMOS image sensor.

- (5) Design and development of sensors for special applications.

(II) Industry Overview

1. Industry Status and Trends

A. Overview of the semiconductor market

Semiconductor products are generally classified into four major categories: Integrated Circuits (ICs), Discrete Devices, Sensors, and Optoelectronics. Driven by the rapid development of artificial intelligence (AI) applications, the global semiconductor market has experienced notable growth, particularly in advanced process nodes, fueled by increasing demand for high-performance computing (HPC) chips and high-bandwidth memory. However, the semiconductor market in 2025 is expected to face continued challenges due to ongoing U.S.-China trade tensions, new global tariff policies, and geopolitical uncertainties. In particular, mature process nodes are under pressure from declining prices and continued capacity expansion.

B. Overview of the IC design industry

Taiwan has become a global leader in the IC design industry, thanks to its strong industry clustering advantages and extensive experience. The number of IC design companies in Taiwan has grown steadily, making it the third-largest IC design region in the world, following only the United States and China. The robust development of Taiwan's IC design sector is mainly attributed to two key factors. First, Taiwan boasts a highly integrated and comprehensive semiconductor supply chain with substantial industry scale, allowing IC design companies to easily access external resources such as wafer foundry capacity and packaging and testing services. Second, Taiwan's proximity to downstream IT industries further strengthens the development of its IC design sector, giving local firms a competitive edge over many international counterparts. As a result, Taiwan has consistently maintained its position as the world's second-largest region by IC design output value, second only to the United States.

C. Overview of CMOS Image Sensor Market

CMOS (Complementary Metal-Oxide-Semiconductor) is a basic component of the integrated circuits, which is by NMOS (n-type MOSFET) and PMOS (p-type MOSFET) on the silicon wafer. NMOS and PMOS have complementary physical properties, so they are called CMOS, which can be used to produce static random access memory (SRAM), MCU, microprocessors, digital electronic systems, and optical instruments .

Complementary Metal-Oxide-Semiconductor (CMOS) technology offers the advantage of consuming power only when transistors switch on or off, making it highly energy-efficient with minimal heat generation. It is also the most fundamental and widely used semiconductor component in manufacturing processes. Driven by demand from applications such as smartphones, medical imaging, and advanced driver-assistance systems (ADAS), the CMOS Image Sensor (CIS) industry is expected to maintain a compound annual growth rate (CAGR) of 4.7% from 2023 to 2029, according to research by Yole Intelligence.

D. Overview of the biochip market

Biochip refers to different chemical materials such as glass, plastic, silicon conductor, etc. that use the modern electrical, mechanical and optical

techniques to allow the biomolecules to be immobilized on the surface. and the biological experiments that previously needed to be performed in an entire laboratory can be performed on a single wafer now. The experimental method can greatly reduce the use of samples and experimental consumables, and the accuracy of the experimental results is very good, so it can quickly generate a large amount of reliable data. Currently, the test methods have become mainstream for biomedical research.

The development of biochips began in the late 1980s, when scientists from many universities, research institutes, and companies in Europe and the United States devoted themselves to the development of related technologies. Biochips, as the name implies, have many similarities with computer chips, as they are miniaturized chips that can be synchronized and paralleled to perform a large number of analytical studies in a very short time, and many biochips are manufactured by the technologies used by computer chips.

For example, in the past, only one gene or a few genes could be detected at a time when scientists studied gene expression. If multiple genes or proteins need to be studied, the experimental procedure is time-consuming and requires a lot of human resources. With the invention of biochips, scientists can simultaneously detect tens of thousands of genes or proteins, so biochips have become a tool for genomics and proteomics research.

Biological detection chips are a very hot field of research and development at present, there are three main products: (1) DNA Microarrays, (2) Lab on a Chip, (LOAC), and (3) Protein Microarrays. In recent years, by the technology improvement and the cost reduction, the micro reaction space can be designed on the biochips to purify cells and other biochemical molecular, so the biochips have great potential.

With the growing demand for DNA sequencing, the high cost and time-consuming problems generated by the use of Sanger Method decoding limited research and development of DNA sequencing, so new sequencing techniques are being researched and developed. With the improvement of molecular biotechnology, a more efficient sequencing method has been developed, namely Next Generation Sequencing (NGS). In the Sanger sequencing method, the DNA in the target is amplified, and long fragments (about one thousand nucleobase pairs) are read. But the Next Generation DNA Sequencing (NGS) is to completely fragment the DNA (about 300-800 nucleobase pairs) and do the sequencing, and NGS becomes the major technology in DNA sequencing.

At present, Illumina and Thermo Fisher own the major market share in the global Next Generation DNA Sequencing market and followed by other manufacturers such as Roche and PacBio. Among them, Illumina had 71% of the overall market in 2014 as Illumina's sequencing technology was the most mature in the industry. The Ion Torrent technology platform's products, launched by Thermo Fisher after it acquired Life Technologies, had a 20% market share, followed by Roche's 5%, PacBio's 3%, and other suppliers account for 1%.

The new generation DNA sequencing drastically reduces DNA sequencing cost. The HiSeq X Ten sequencing device introduced by Illumina in early 2014, can resequence individual genome sequences at a cost of US\$1,000 within a day. The next generation of equipment is expected to reduce the cost to around US\$900. Research institutes, pharmaceutical companies, and testing service companies have been investing in related equipment purchases, allowing the

next-generation DNA sequencing market to grow rapidly.

Another market driver is the FDA's regulations for new drug development to be accompanied by the development of companion diagnostic reagents. Through the sequencing of DNA maps, it attempts to identify more relevant genes and improve the efficiency of new drug development and effective drug usage. Due to the development of next-generation DNA sequencing, non-intrusive prenatal fetal genomic detection has also developed rapidly. In the past, amniocentesis was required to obtain a prenatal examination of suspension cells. But by capturing fetal free cells or free DNA in the blood of pregnant women, the whole genome of the fetus can be obtained by DNA sequencing and analysis. The result can be obtained around the 10th week of pregnancy instead of previous 16th week, significantly reducing the risks that may occur. Additionally, another expected popular application is the cancer detection. Due to the complexity of cancer detection targets, multiple genetic locations need to be analyzed, and new genetic variants will appear between treatments. The next generation of DNA sequencing combined with liquid slicing technique can meet such continuous and extensive diagnostic and monitoring needs; however, because cancer diagnosis and treatment require long-term clinical verification, it is still mainly used in the patients failed with the first-line and second-line cancer drugs. However, the improved therapeutic benefits of this testing service still make the prospect of applying DNA sequencing services to cancer detection promising. This shows that, in the future, with a large number of applications of next generation DNA sequencing, there will be many changes in the clinic.

2. Correlations between upstream, midstream and downstream Industries

The Links between the Upstream, Midstream, and Downstream Segments of the Industry Supply Chain in Taiwan are as follows:

Structure	Steps	Contents
Upstream	IC design	Sensitive element design, analog circuit design, digital circuit design
Midstream	Mask and wafer manufacturing	Mask making: Metal splashing, photoresist coating, electron beam writing, chemical development, etching technology, photoresist removal Wafer fabrication: Oxidation, lithography, etching, ion implantation, vapor deposition, metal sputtering, wafer inspection
Downstream	Packaging and testing	Cutting, grinding, drilling, wiring, configuration, sealing, testing

3. Product Development Trends

The Area CMOS Image Sensor market is highly competitive. In addition to the good image quality, the price and customer service are key success factors. The main product development plans are recently, in the surveillance security systems, digital IP cameras and ccHDTV are moving toward higher resolutions. The mainstream products are moving from 720P (HD) towards 1080P (FHD) and resolution of 4 million, 5 million, and 8 million pixels, driving the trend of HD surveillance in the future. Besides, in automotive electronics, the driving monitoring recorder, the whole vehicle landscape and driving safety assistance and smart cockpit platform are also moving towards higher resolution, and have gradually become the standard safety equipment in various types of automotive products, in order to provide a safer

driving environment for drivers.

The Company will also develop higher technology products such as higher wide dynamic range and noise resistance, high temperature range and BSI and near infrared sensing and other advanced processes used in related imaging products, in order to provide customers with more cost-effective products.

4. Competitions:

In recent years, competition in the Area CMOS Image Sensor market has intensified due to evolving smartphone specifications. Manufacturers have been actively pursuing differentiated features for image recognition, such as the integration of AI capabilities, development of higher-resolution pixels, full-color imaging under low-light conditions, and enhanced wide dynamic range (WDR) performance. These new areas of innovation have attracted major international players to invest heavily, and are expected to drive renewed growth in sensor demand while raising the bar for technical specifications.

In surveillance applications, the increasing adoption of cloud storage has driven more diversified product development in network cameras. In addition to featuring low-power AI detection modes, multi-camera system designs have also emerged as a new direction in product innovation. In 2025, SOI will continue to launch products with higher cost-performance ratios, including 1:1 format as well as 5-megapixel and 8-megapixel sensors optimized for low-power applications. The company is also investing in high-end solutions featuring a 1/1.8" optical format to meet market demand, aiming to foster deeper collaboration with clients through higher value-added products.

(III) Technology and R&D Overview

1. R&D expenditures during the most recent fiscal year

Unit: NT\$ thousand

Item \ Year	2023	2024	First Quarter of 2025
R&D Expenses	265,285	260,424	75,850
Operating revenues	1,663,499	1,731,031	346,515
%	15.95	15.04	21.89

2. Developed and on-going technologies or products

- (1) BSI products.
- (2) Near-infrared sensing enhancement technology.
- (3) Vehicle specification AEC-Q100 certification.
- (4) High dynamic range products used in automotive and security monitoring and identification markets.
- (5) Global shutter products.
- (6) A new generation of FSI high-performance/cost optimized products.
- (7) Design and process development of sensors for special applications.

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

1. Short-term marketing development plans

- (1) Expand the sales channels in existing markets and develop new potential

markets.

- (2) Actively develop domestic and overseas major customers to increase market share.
- (3) Enhance the services of existing customers to maintain long-term relationships.
2. Long-term marketing development plans
 - (1) Strengthen the analysis of market change (consumer and product trends) to provide the customer-oriented products to strengthen the customer relationship
 - (2) Enhance international marketing capabilities and strive to cooperate with world-class companies.
 - (3) Develop new markets and new applications for more business opportunities.

II. Market and Sales Overview

(I) Market Analysis

1. Sales by regions for major products and services

Unit: NT\$1000; %

Region \ Year	2023		2024	
	Amount	%	Amount	%
External sales	1,466,792	88.18	1,660,801	95.94
Domestic Sales	196,707	11.82	70,230	4.06
Total	1,663,499	100.00	1,731,031	100.00

2. Market share

Benefiting from the steady growth of the consumer network camera and surveillance markets, along with the Company's operations having returned to a stable track, the introduction of more new products in 2025 is expected to enhance our ability to provide customers with more comprehensive support in product planning and design. This, in turn, is anticipated to drive a significant increase in future market share.

3. Market supply and demand, and market growth in the future

The overall CMOS sensor industry continues to be driven primarily by the smartphone market, which remains its largest application segment. However, with growing demand in other areas such as automotive advanced driver-assistance systems (ADAS) and various machine vision applications, the image sensor market is exhibiting a more stable growth trend. According to market research data from Yole Intelligence, the total value of the image sensor market is expected to maintain a compound annual growth rate (CAGR) of 4.7% from 2025 to 2029. In the short term, the Company is also actively developing new processes and technologies to offer customers a wider and more advanced range of product options.

4. Competitive Niches

- (1) Excellent management and technical teams

The Company focuses on the design and development of CMOS Image Sensor and that R&D capacity and technical level have reached the same level as other world-wide leading CMOS manufacturers. The Company plans to provide the high quality and high performance products of Area CMOS Image Sensor for high-end surveillance and specific application sensors market.

(2) Stable partners

All the Taiwan CMOS Image Sensor companies are fabless IC design companies. Therefore, in addition to the technical level of the design end, the wafer process technology and the yield of packaging and testing are the key factors that affect the IC mass production schedule. The Company works closely with Powerchip and TSMC in the CMOS Image Sensor area to provide the best technical and mass production support. The Company maintains good relationships with the IC testing and packaging companies and thus has more protection in product yield and delivery.

(3) Mutual benefits from long-term customers

The Company's sales model relies on cooperation with semiconductor distributors and direct sales to downstream system integrator customers. In addition to expanding marketing channels in existing markets and actively seeking more business in potential markets, the Company provides technical service team to help customers quickly introduce design and stable production to establish stable cooperative relations with customers for direct sales of assembly and manufacturing.

(4) Fast access to the market

The Company maintains a stable cooperative relationship with the major security monitoring manufacturers. Through the cooperation with the world's major manufacturers, we can learn more about the market trends, and develop new products in advance to meet the needs of customers and the market. In recent years, we have cooperated with international top medical equipment companies to develop gene sequencing testing chips. With our professional research and development team and the best production support from wafer foundry, our products can be quickly put into mass production and shipment in the year of establishment, and shorten the time to market of products.

(5) Global manufacturing base

Taiwan is a heart area for the production of electronic products in communications, information and consumer electronics sectors, such as mobile phones, tablet devices, PC cameras, security surveillance, and other products with large shipments and high global market share. For the Company, the customer service, delivery and cost are more competitive than those of the foreign CMOS Image Sensor design companies or the international Integrated Device Manufactures (IDM), so it has a competitive niche due to the production base is nearby.

5. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures

(1) Favorable development

A. The demand for image sensors market continues to increase

With the development and advancement of technology, the popularity of smart living and the Internet of Things has enabled countries to continue to have more demands for various video devices. Mobile devices, tablet PCs, wearable product applications (such as Google Glass, VR, AR) and other mobile devices are driving the demands for image sensors. The market of dash cams, surveillance cameras, etc. are also growing because of consumers' awareness of security. At the same time, with the technology breakthrough in ADAS, car image, DNA sequencing, and other

application areas, the demand for image sensors will be expected to grow year by year.

- B. Domestic semiconductor foundry supply chain is complete, providing local IC design companies with full logistics support.

Taiwan is the heart of global wafer foundry, with high market share, high capacity utilization, and complete process technology and experience. Taiwan's semiconductor industry is unique in its vertical integration. The entire IC industry supply chain features a very fine vertical integration and well-organized structure, which makes the Company's products have certain advantages in terms of timekeeping and cost control.

- C. Rich industry experience

The Company is a CMOS image sensor IC design company. The R&D team has rich experience and can adjust the product portfolio in time according to market trends. The Company is also actively expanding its high resolution market to provide customers products with higher cost-performance ratio, and to continue to increase the use of existing products and extend existing technologies.

(2) Unfavorable factors and countermeasures

- A. Market competition

With technology development, CMOS image sensors are becoming more and more widely used (such as mobile phones, consumer electronics, etc.). As the market demand continues to expand, the number of manufacturers entering this sector is increasing.

Response measures:

- a. Based on the Company's technological advantages, the Company would actively develop diversified, high value-added niche products to enrich product portfolio, increase profit margins, and strengthen its market competitiveness.
 - b. Since 2016, the Company's security monitoring products have been listed among the world's major suppliers in the TSR market survey report by the authoritative CIS survey agency, and the performance and quality of our products have been widely accepted by the market.
 - c. In addition to enhancing product technologies, the Company also provides after-sales services to understand the customer's needs for the future.
- B. The products are mainly exported abroad and would be exposed to the risk of exchange rate fluctuations.

Most of the Company's products are exported to mainland China and are mainly denominated in US dollars. The main purchase item is wafer and wafer fabrication is also denominated in US dollars. Therefore, the foreign currency receivables and payables could be offset and FX risk is hedged, except foreign exchange gains and losses on foreign currency net assets. The fluctuation in exchange rates can, therefore, have a certain degree of impact on the Company.

Response measures:

- a. Taking advantage of the characteristic of natural hedging, the foreign

currency cash sales of foreign sales products should be used for domestic and foreign procurement and outsourcing processing to generate foreign currency payables. Therefore, it is only necessary to assess the future exchange rate fluctuations against the foreign currency net assets. If there is a need for hedging, it is necessary to use various financial instruments such as currency forward contracts as needed to avert exchange rate fluctuation risks.

- b. The Finance department can instantly understand the changes in exchange rates and stay in close contact with the foreign exchange departments of financial institutions to fully grasp the trend and changes in exchange rates to actively respond to the negative impact of exchange rate fluctuations.

(II) Important uses and production processes of major products

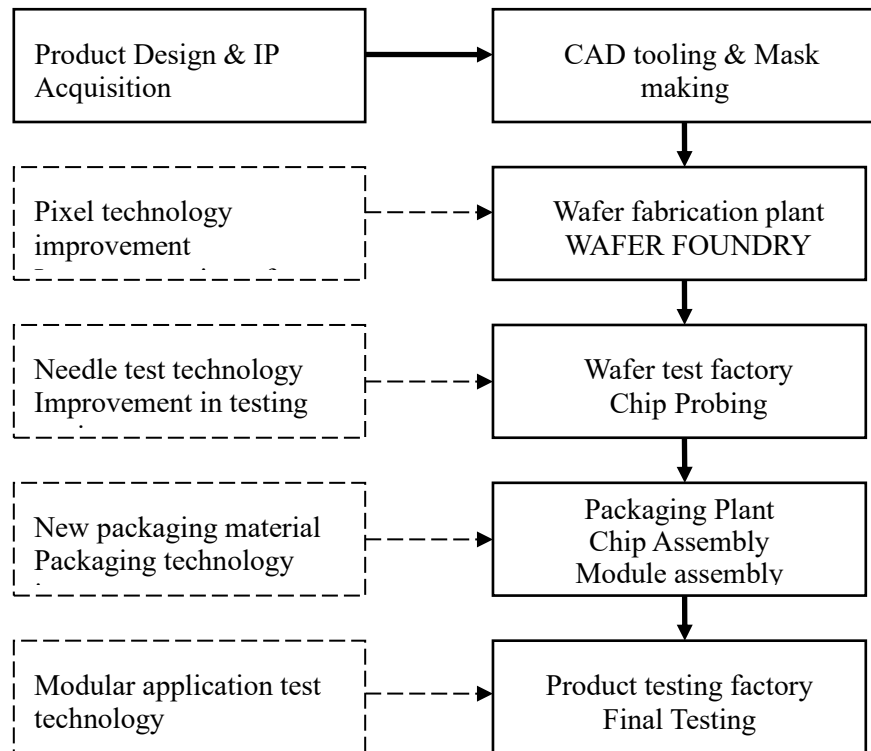
1. Major uses of the primary products

Main Product	Applications
CMOS Image Sensor	It is applied in monitoring and security equipment, driving video camera and circle-view application, gene sequencing detection chip and other imaging products

2. The production process of main products

(1) CMOS Image Sensors:

The Company is a IC design company. The overall manufacturing process includes product design, IP acquisition, wafers from wafer foundry, wafer testing, packaging, and product testing. In addition to product design and IP obtaining, we will outsource the production of wafer fabrication, wafer testing, product packaging, and product testing to dedicated OEMs. This not only reduces investment in production equipment but also increases production efficiency. Relevant engineering personnel can also focus more on the development and improvement of production technology to improve quality and yield rate.



(III) Supply Status of Main Materials

Name of raw materials	Main Suppliers	Supply Situation
Wafer	Powerchip Semiconductor Manufacturing Corp.	Good

The main raw material of the Company is wafer, and the main supplier is Powerchip Semiconductor Manufacturing Corp. The product quality has been stable, and the production capacity and delivery capacity are highly consistent. The cooperation with each other is good, and no shortage of supply conditions.

(IV) Name of customers who account for more than ten (10) percent of the total purchases (or sales) of goods and their dollar amount and proportion of purchase (or sales) of goods in any one of the most recent two fiscal years, and an explanation of the reason for changes in these figures:

1. Information on Major Suppliers in the Recent Two Years

Unit: NT\$1000; %

Item	2023				2024				The Current Fiscal Year up to March 31, 2025			
	Name	Amount	% of Total Purchasing	Relationship with the Issuer	Company Name	Amount	% of Total Purchasing	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Current Year up to the Previous Quarter (%)	Relationship with the Issuer
1	Supplier A	440,964	97.30	-	Supplier A	710,457	98.85	-	Supplier A	92,202	95.42	-
2	Others	12,234	2.70	-	Others	8,251	1.15	-	Others	4,424	4.58	-
	Net Purchases	453,198	100.00		Net Purchases	718,708	100.00		Net Purchases	96,626	100.00	

2. Information on Major Sales Customers in the Recent Two Years

Unit: NT\$1000; %

Item	2023				2024				The Current Fiscal Year up to March 31, 2025			
	Company Name	Amount	% of Total Sales	Relationship with the Issuer	Name	Amount	% of Total Sales	Relationship with the Issuer	Name	Amount	Percentage of Net Sales for the Current Year up to the Previous Quarter (%)	Relationship with the Issuer
1	Customer A	540,488	32.49	-	Customer A	649,919	37.55	-	Customer A	122,606	35.38	-
2	Customer B	447,376	26.89	-	Customer B	423,670	24.48	-	Customer B	52,047	15.02	-
3	Customer C	181,530	10.91	-	Others	657,442	37.97	-	Customer D	37,363	10.78	-
4	Others	494,105	29.71	-					Others	134,499	38.82	-
	Net sales	1,663,499	100.00		Net sales	1,731,031	100.00		Net sales	346,515	100.00	

III. Employee Information

April 28, 2025; Unit: people

Year		2023	2024	As of April 28, 2025
Number of employees	R&D	45	44	49
	Managerial, Sales & Marketing	14	15	14
	Manufacturing	—	—	—
	Total	59	59	63
Average Age		38.20 years old	40.17 years old	39.95 years old
Average years of services		7.66 years old	8.29 years	7.86 years
Percentage Distribution of Academic Qualifications	Ph.D	1.69%	1.69%	1.59%
	Master's degree	59.32%	61.02%	60.31%
	Beachelor's degree	38.98%	37.29%	38.10%
	Senior high school	—	—	—
	Below senior high school	—	—	—

IV. Environmental Protection Expenditures

The Company is a fabless IC Design house that outsources its production activities to qualified wafer foundry, testing and packaging partners. No environmental penalties were incurred in the past years and there are no foreseeable environmental contamination risks in the future.

V. Labor Relations

(I) Employee benefits, continuing education and training, and the state of the retirement system and the status of implementation of the labor management agreements

1. Employee benefits

- (1) The Company established the employee welfare committee in June 2004, and the welfare matters are supervised by the employees and the members of employee welfare committee.
- (2) The Company plans employee group welfare insurance to make up for the shortage of labor insurance. The employees themselves benefit from the benefits, and they also benefit the spouses and children of the employees, so that both the colleagues themselves and the families can receive the benefits.
- (3) The Company has set an annual health examination plan for on-duty employees, and provides all benefits in accordance with relevant regulations.

2. Employee continuing education and training

To enhance the quality of human resources and development advantages, the Company has established educational and training methods to encourage employees

to participate in various training courses and technical seminars to maintain the foundation of the Company's sustainable operation.

3. Retirement system and its implementation status

The retire system of employees of the Company shall be conducted in accordance with the provisions of the Labor Standards Act. The Labor Pension Supervisory Committee was established in June 2004, and the labor retirement reserve fund was set aside on a monthly basis in accordance with the law. In the name of the committee, it is deposited in the Supervisory Account of the Central Trust Bureau for its management and use. In accordance with the Labor Pension Act, starting from July 1, 2005, the Company would pay the labor retirement allowance monthly for the employees, choosing and applying the new system to the individual account of the Labor Insurance Bureau.

4. Agreements between the employer and employees

The harmonious labor relationship has always been one of the Company's directions. The Company has put great emphasis on employee welfare and provides excellent working environment. As of now, there is no loss arising from labor disputes, and the Company has smooth channels to maintain the employees' equity.

- (II) Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Labor Disputes, and Disclosing an Estimate of Possible Expenses that could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided: None.

VI. Information & Communication Security Management

- (I) Describe the information security risk management framework, information security policy, specific management policy and resource allocation for information security.

1. Information security risk management framework

At the Company, the unit in charge of information security is the MIS of the Operation Management Division, where the dedicated information personnel are appointed to formulate the Company's information security policy, plan and carry out information security activities, and promote and implement the information security policy.

2. Information security policy

- (1) To implement information security management, all employees are required to abide by the Company's information security policy. This is to ensure the confidentiality, integrity, and availability of the Company's information assets, thus achieve business sustainability.
- (2) The scope of the information security policy includes the following: device usage, media storage, access control, software usage, wireless network, account, password, and key, system development and maintenance, email and communication software, supplier and employee appointment, and information security incidents.

3. Specific management plans

- (1) Firewalls should be built at the portals of the Intranet and the external network to detect threats and effectively prevent illegal intrusion by hackers.
- (2) The use of the computer network is controlled by domain account and password.

- (3) The email server has built-in mechanisms such as anti-virus software and spam filters to prevent viruses or spam from entering an end user's computer.
- (4) The dedicated power sockets for computer servers should be used for computers only to avoid consuming the power of the uninterruptible power supply, affecting the normal operation of the computers due to a power failure.
- (5) Before logging in to the intranet remotely, employees should use a VPN to verify their identities. A complete entry and exit record of all remote logins is made for auditing purposes.
- (6) Operating systems and server software should be updated and patched in a timely and appropriate manner.
- (7) Anti-virus software should be installed and virus databases updated on a regular basis.
- (8) Before downloading a file through the Internet or using a USB flash drive, employees should scan for viruses immediately to make sure that the file or USB is safe and free of viruses.
- (9) Employees are updated with the knowledge of information security on a regular basis to increase their awareness of information security crises.
- (10) Software purchased and used should be legally authorized and in compliance with laws and regulations on intellectual property rights.

4. Resources Invested in Information Security Management

- (1) **Hardware Firewall:** On the network side, hardware firewalls from internationally certified major brands are used to segment the network into internal LAN, external network, and DMZ (demilitarized zone). The internal LAN further uses Layer 3 switches from internationally certified major brands, with VLAN-ACL configurations implemented to logically separate computers used by the management and R&D departments, thereby reducing the risk of sensitive data leakage.
- (2) **Virtual Private Network (VPN):** When employees are on business trips or working from home, they are required to connect to the internal company network through a VPN channel established by the IT department. The IT department also manages the VPN account credentials and their expiration. However, the current VPN equipment is outdated and does not support newer and more secure communication protocols, and the IT department will evaluate its replacement.
- (3) **Social Engineering Drills:** The company has purchased/subscribed to a dedicated social engineering drill platform. Starting from 2023, two to three social engineering drills are conducted each year, with a report issued after each drill.
- (4) **Vulnerability Scanning:** Starting in 2024, the company annually commissions reputable external cybersecurity vendors to perform server vulnerability scans, and scanning result reports are provided.
- (5) **Backup/Redundancy:** The company has a comprehensive backup/redundancy plan in place for core information systems. An annual "business continuity" drill is conducted, with a report issued after each exercise.
- (6) **Others:** All computer and server operating systems are regularly updated. Client-side operating systems are legally licensed and configured to execute

Windows Updates periodically. Server operating systems are evaluated and updated annually by the IT department to ensure that all company computers and servers are kept in a secure state.

- (II) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant information security incidents, including the losses, potential impacts, and response measures shall be stated. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important Contracts

As of April 20, 2025, important contracts of the Company are as follows:

Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
Technology Service	Nueva Imaging Inc.	2025.01.01~ 2025.12.31	Design services of CMOS Image Sensor	None
Technology Service	Silicon Optonics (Shanghai) Co, Ltd.	2025.01.01~ 2025.12.31	Line Design Services of CMOS Image Sensor	None

Chapter 5. Review of Financial Status, Operating Results, and Risk Management

I. Financial Position

Major reasons for material changes in assets, liabilities and shareholders' equity, as well as related effects in the most recent two fiscal years, and response measures in the future if such effects are significant.

(I) Analysis of changes in financial positions for the most recent two years:

Unit: NT\$1000; %

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	2,186,920	2,781,082	(594,162)	(21.36)
Property, plant and equipment	52,094	30,580	21,514	70.35
Intangible assets	210,534	200,468	10,066	5.02
Other assets	134,738	116,468	18,270	15.69
Total assets	2,584,286	3,128,598	(544,312)	(17.40)
Current Liability	265,732	546,191	(280,459)	(51.35)
Non-current liabilities	9,726	200,961	(191,235)	(95.16)
Total liabilities	275,458	747,152	(471,694)	(63.13)
Share capital	774,759	784,559	(9,800)	(1.25)
Capital surplus	1,146,572	1,209,326	(62,754)	(5.19)
Retained earnings	382,651	485,247	(102,596)	(21.14)
Other equity	4,846	(691)	5,537	(801.30)
Treasury stocks	0	(96,995)	96,995	(100.00)
Non-controlling interest	-	-	-	-
Total equity	2,308,828	2,381,446	(72,618)	(3.05)
Reasons for changes in the two periods:				
1. Decrease in Current Assets: Mainly due to the repayment of short- and long-term loans and the provision for inventory write-down losses.				
2. Increase in Property, Plant and Equipment: Primarily due to the addition of new photomasks for R&D purposes.				
3. Decrease in Current Liabilities: Mainly due to the repayment of short-term loans.				
4. Decrease in Non-current Liabilities: Mainly due to the repayment of long-term loans.				
5. Decrease in Treasury Stock: Primarily due to the cancellation of treasury shares.				

(II) Impact of changes in the financial status for the most recent two fiscal years: No significant impact.

(III) Future response plans: Not applicable.

II. Financial Performance

The main reasons for the material changes in operating revenues, operating profit and net profit before tax in the most recent two years, a sales volume forecast and the basis therefor, and the possible impact on the Company's financial operations, and response plans:

(I) Analysis of changes in operating results for the most recent two years:

Unit: NT\$1000; %

Item \ Year	2024	2023	Amount of increase/decrease	Change (%)
Sales revenue	1,731,031	1,663,499	67,532	4.06
Gross Profit	124,539	(43,527)	168,066	(386.12)
Operating profits	(193,043)	(371,452)	178,409	(48.03)
Non-operating revenue and expenses	91,801	23,140	68,661	296.72
Profit before income tax	(101,242)	(348,312)	247,070	(70.93)
Earnings from continuing operations	(102,780)	(286,716)	183,936	(64.15)
Income from discontinued operations	-	-	-	-
Net profit (loss) for the current period	(102,780)	(286,716)	183,936	(64.15)
Other comprehensive income (loss) (Income after tax)	5,721	(715)	6,436	(900.14)
Total comprehensive income	(97,059)	(287,431)	190,372	(66.23)
Net income attributable to shareholders of the parent	-	-	-	-
Net income attributable to non-controlling interest	-	-	-	-
Comprehensive income or loss attributable to the shareholders of the parent	-	-	-	-
Comprehensive income attributable to non-controlling interest	-	-	-	-
Earnings Per Share (NT\$)	(1.33)	(3.70)	2.37	(64.05)
Reasons for changes in the two periods:				
1. Increase in Gross Profit: Mainly due to a decrease in the provision for inventory obsolescence and write-down losses.				
2. Increase in Operating Profit: Primarily due to the increase in gross profit for the year 2024.				
3. Increase in Non-operating Expenses: Mainly due to an increase in interest income and exchange gains in the year 2024.				
4. Increase in Net Profit and Comprehensive Income for the Period: Mainly due to the increase in gross profit for the year 2024, reflecting an overall recovery in profitability.				

(II) Expected sales volume and its possible impact on the Company's future financial operations:

Expected sales volumes and revenue growth are of great help for future profitability.

(III) Future response plan: Actively develop new products and markets.

III. Cash flows

Analysis of cash flow changes during the most recent fiscal year, improvement plan for liquidity and provide a liquidity analysis for the coming year:

(I) Analysis of changes in cash flow for the most recent year is as follows:

Unit: NT\$1000; %

Item \ Year	2024	2023	Change (%)
Cash flow ratio	92.92	66.23	40.30
Cash flow adequacy ratio	65.22	45.99	41.81
Cash reinvestment ratio	12.17	15.61	(22.04)
Analysis of the changes in cash flow:			
Increase in Cash Flow Ratio: Mainly due to the repayment of short-term loans.			

(II) Improvement plan with insufficient cash: There are no concerns about liquidity and shortage of cash.

(III) Cash liquidity analysis for the coming fiscal year.

Unit: NT\$ thousand

Cash and cash equivalents at beginning of year A	Projected net cash flow from operating activities for the year B	Projected cash outflow for the year C	Expected cash surplus (inadequacy) amount A + B - C	Remedial measures for cash inadequacy	
				Investment plans	Financial plans
817,302	359,611	(89,576)	1,123,337	-	-
Analysis of the changes in cash flow:					
1. Operating Activities: Primarily due to operating profit and inventory reduction.					
2. Investing Activities: Capital expenditures incurred.					
3. Financing Activities: Decrease in long-term borrowings.					

IV. Major capital expenditure for the most recent year and its effect on financial position and operation of the Company: None.

V. Direct Investment Policy, Reasons for Profit or Loss, Correction Plan and Investment Plan for the Coming Year: None.

VI. Risk Analysis and Evaluation

(I) The impact of interest rate fluctuations, exchange rate fluctuations, and inflation on the Company's earnings and coping strategies

1. Interest rate:

The Company estimates that there is no NT dollar or foreign currency borrowing demand in the upcoming fiscal year, so there is no need to evade the risk of interest expenses arising from interest rate hikes. The Company has appropriate funding channels to meet the needs of business development and maintain good relationship with each correspondent bank. The Company will consider the available facilities from various sources of capital and their cost of capital, as well as making a comprehensive consideration for the business development plans, so as to raise the required funds. Therefore, the impact on the Company's profit and loss is not significant.

2. Foreign exchange rates:

As the Company's receivables and payables are mainly denominated in foreign currency (US dollars), the exchange rate risk caused by exchange rate fluctuations can be largely avoided. However, depending on the trend of the global economy as a whole, appropriate measures should be taken to avoid the risk of foreign currency fluctuations.

3. Inflation:

The impact of inflation does not currently have a significant impact on the Company's profits and business operations. If the Company's purchase cost is affected by inflation, the incremental cost can be marked up on the sales price, so inflation has no significant effect on the Company's profit and loss.

(II) High leverage/high risk investment, loans to third parties, endorsements and guarantees, and policies in derivatives transactions, reasons for profits/losses and coping strategies

The Company currently does not engage in high-risk, high-leveraged investments, lending or endorsement guarantees, and derivative transactions. The Company has established the "Procedures Governing the Acquisition and Disposal of Assets", "Procedures Governing Making of Endorsements and Guarantees" and "Procedures Governing Loaning of Funds to Other Parties" to regulate the transactions of high-risk, high-leveraged investments, loaning of funds to other parties, endorsements and guarantees, and derivatives trading in accordance with relevant laws and regulations.

(III) Future Development Plan and Expected R&D Expenditure

1. Future R&D plans

The Company's most important core technology is the development of CMOS image sensor related sensing circuits, analog, digital and mixed signals, from circuit design, process technology, to optical simulation, etc., providing customers with the best solution and exclusive design and process for customer needs. Developing CMOS image sensor for special applications in combination with high-precision processing technology in Taiwan's semiconductor industry; the future R&D plans include:

- (1) High-performance CMOS Image Sensor.
- (2) High-resolution CMOS Image Sensor.
- (3) Global Shutter CMOS Image Sensor.
- (4) Low Power Consumption CMOS Image Sensor.
- (5) Design and development of sensors for special applications.

2. Estimated R&D expenditure

The R&D expenses that the Company expects to invest in the future will be listed according to the Company's internal research plans, and depending on the research and development progress, the technology involved, and the staged results, the R&D expenses budget will be increased or decreased after discussion at the Company's internal supervisory meetings.

(IV) Potential Impact associated with Domestic or International Political/Regulatory Changes and the Response Measures

The Company's daily operations are handled in accordance with the relevant domestic and foreign laws and regulations, and at any time pay attention to the development trend of domestic and foreign policies and changes in regulations and collect relevant information to provide operational decision-making reference to adjust the Company's relevant operational strategies. As of now, the Company's financial operation has not been affected by important changes of domestic and foreign policies and laws.

(V) Potential Impact associated with Domestic or International Industry/Technology Evolution and the Response Measures

Through the close strategic cooperation with suppliers in the past, and the Company's own research and development capabilities, the Company can quickly grasp the industry dynamics and obtain market information ahead of its peers. Therefore, technological and industrial changes have a positive impact on the Company.

The Company's main products have been widely accepted by customers, and market demand continues to expand. The Company also actively enhances research and development capabilities and strengthens outsourcing capacity, and grasps industry dynamics and the market information, adopting a robust financial management strategy to maintain market competitiveness.

In the future, the Company will continue to pay attention to the situation of technological changes and evaluate its impact on the operations of the Company, and adjust the Company's business development and financial status accordingly.

(VI) Potential Impact on Crisis Management associated with Changes in Corporate Image and the Response Measures

Since its incorporation, the Company has been committed to maintaining its corporate image and complying with the laws and regulations, and there has not been enough to affect the corporate image so far. In the future, while pursuing revenue growth and maximizing shareholders' equity, the Company will also comply with the government regulations and fulfill corporate social responsibility to continuously maintain good corporate image of the Company.

(VII) Potential Impact associated with Mergers/Acquisitions and the Response Measures: Not Applicable.

(VIII) Potential Impact associated with Capacity Expansion and the Response Measures: Not Applicable.

(IX) Risks of purchasing and sales concentration and coping strategies

1. Procurement

The Company is a fabless professional IC design company, the main purchase project is wafer procurement. In the value chain of the semiconductor industry, IC design houses tend to maintain long-term cooperation with specific foundries in order to achieve reliable and stable production capacity, as well as factors such as process technology, yield, capacity and delivery. This is a common phenomenon among IC design houses. The Company has been in good relationship with Powerchip and A Supplier for many years. The relationship between the two parties is good. In the future, we will continue to cooperate on fields such as new product development and mass production in order to reduce the risk of concentrated purchase.

2. Turnover

The Company's main sales market and end-users are both in mainland China. Mainland China has a vast territory, and there are differences in business activities and trading habits. The Company evaluates the market characteristics and connections of dealers, and has the service experience of end-product applications. It can quickly serve end-customers and develop new markets. The Company fully grasps the operation of the dealers, and adopts the advance payment as the dealer's payment terms to increase the working capital turnover rate and reduce the overdue risk of accounts receivable in mainland China. The Company's technical support directly serves the end customers, keeps abreast of customer needs, and reduce the risk that sales of goods will be concentrated in the dealers. At the same time, with the introduction of future image sequencing wafers and other related image sensing chip products, the product sales and operation scale will be expanded, and the concentration of customers should be reduced in the future.

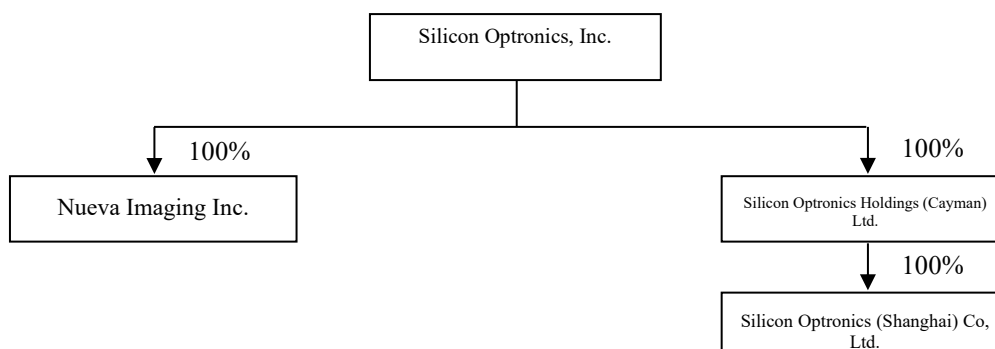
- (X) The impact and risk of the transfer of shares in huge volumes by Directors, Supervisors, or major shareholders on the Company, and the Coping Strategies: None.
- (XI) The impact and risk of change in management on the Company, and the measures to cope with: None.
- (XII) Risks Associated with Litigation
 - 1. Material litigious, non-litigious or administrative disputes that are currently still open: None.
 - 2. The Company's Directors, Supervisors, Presidents, substantive Directors, shareholders holding more than 10% of the shares and subordinate companies have decided to determine or are still in the system of material litigation, non-litigation or administrative litigation. The result may have a significant influence on shareholders' equity or securities prices: None.
- (XIII) Other material risks: None.

VII. Other important matters: None.

Chapter 6. Special Notes

I. Information Regarding Affiliated Companies

(I) Structure of affiliated enterprises



(II) Basic information of related companies:

Unit: US\$

Name	Date of Incorporation	Address	Actual Paid-in Capital	Main Business Projects
Nueva Imaging Inc.	2010.05.27	4030 Moorpark Ave Ste 248 San Jose, CA95117 U.S.A	600	R&D design of high-end CMOS Image Sensor products
Silicon Optronics Holdings (Cayman) Ltd.	2013.04.26	4F, Willow House, Cricket Square, P.O. Box 2582, Grand Cayman KY1-1103	177,550	Investment holding
Silicon Optronics (Shanghai) Co, Ltd.	2013.12.25	Room 603, Building 1, No. 2966 Jinke Road, Zhangjiang Hi-tech Park, Pudong New Area, Shanghai	175,000	Design development of integrated circuit and related electronic products and testing along with technical service consulting and transfer of research and development results

(III) Shareholders in common of companies presumed to have a relationship of control and subordination: Please refer to paragraph (II).

(IV) Industries covered by related companies: Please refer to paragraph (II).

(V) Information on Directors, Supervisors, Managerial Officers, and Managerial Officers

Name of Company	Title	Name or representative	Shareholding (shares)	Shareholding Ratio
Nueva Imaging Inc.	Chairman of the Board	Silicon Optronics, Inc. (Representative: James He)	6,000,000	100%
Silicon Optronics Holdings (Cayman) Ltd.	Chairman of the Board	Silicon Optronics, Inc. (Representative: James He)	170,000	100%
Silicon Optronics (Shanghai) Co, Ltd.	Executive Director Supervisors	Silicon Optronics, Inc. (Representative: Terry Li) Silicon Optronics, Inc. (Representative: Steffi Huang)	175,000	100%

(VI) Operating status of each related company:

December 31, 2024; Unit: NT\$ thousand

Name of Company	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profits	Current profit and loss (after income tax)	Earnings per share (NT\$) (After income tax)
Nueva Imaging Inc.	18	72,171	4,830	67,341	53,618	3,824	5,370	0.90
Silicon Optronics Holdings (Cayman) Ltd.	5,237	51,242	6,893	44,349	-	-	3,831	22.54
Silicon Optronics (Shanghai) Co, Ltd.	5,737	51,242	6,893	44,349	68,340	3,213	3,831	21.89

II. Private Placement of Securities of the Most Recent Year up to the Publication Date of the Annual Report: None.

III. Other Matters that Require Additional Description: None.

IV. Matters that Materially Affect Shareholders' Equity or the Price of the Company's Securities Specified in Subparagraph 2, Paragraph 2, Article 36 of Securities and Exchange Act, Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report:

Silicon Optronics, Inc.

Chairman : James He

President: Bob Chen