

Stock Code: 8072

AV TECH CORPORATION

2024 Annual Report

MEETING TIME: June 18, 2025

PLACE: 4F, E Building, No. 19-11, San Chung Rd.

NanKang Dist., Taipei City, Taiwan

(Nangang Soft Sports Center Conference Room)

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Letter to the Shareholders

A. Consolidated Financial Statements in 2024

1. Consolidated Business Performance

The consolidated net revenue for 2024 is NT\$ 938,840 thousand (YoY -19%). The consolidated gross profit margin is 17%. The consolidated operating net profit is NT\$ 9,145 thousand. Operating outside income is NT\$ 126,819 thousand. After deducting the net profit attributable to the owner is NT\$ 100,178 thousand. The EPS is NT\$ 1.25.

2. Consolidated Financial Income, Expenses and Profitability Analysis

Item		2023	2024
Financial Structure	Debt Ratio (%)	7	9
	Long-term Capital to Fixed Property (%)	330	343
Solvency	Current Ratio (%)	1,045	766
	Quick Ratio (%)	966	708
	Return on Assets (%)	2.74	4.32
Profitability	Return on Equity (%)	2.94	4.72
	Net Profit Margin (%)	5.94	11.77
	EPS (元)	0.73	1.25

Explanation of Financial Structure:

In 2024, the overall ratio increased slightly compared to the previous year, indicating a modest rise in corporate liabilities. However, there is sufficient long-term capital to support fixed assets, and the company remains within a low-risk range.

Explanation of Solvency:

In 2024, although both the current ratio and quick ratio declined, they remained above 200%, indicating that short-term solvency is still strong and liquidity remains sound. The return on assets increased compared to 2023, reflecting efficient overall asset utilization by the company.

Explanation of Profitability:

In 2024, profitability indicators improved compared to 2023, primarily due to the growth in net income.

B. Business Outlook and R&D Strategies & Competition

1. Outlook, Strategies, and Competition for the Semiconductor Distribution Business Unit

1.1 Market Overview:

- The DDR5 DIMM module market shows increasing growth momentum.
- The automotive electronics market is recovering, with rising demand for smart cockpits and surround-view systems.
- AI applications are expanding, driving growth in servers, high-performance computing, AR/VR, and smart industrial equipment.
- The communications market remains weak. Price reductions in Wi-Fi 6E and the shrinking OTT box

market are expected to impact future sales.

- The Electronics Manufacturing Services (EMS) industry maintains a smooth overall supply chain, but gross margins remain low.

1.2 Market Competition and Strategies:

- Rapid development in AI applications, industrial control, and intelligent in-vehicle systems is driving customer expansion and enhanced project cooperation.
- EMS clients typically offer low gross margins and have long payment cycles; therefore, the focus remains on servicing existing customers rather than acquiring new ones to reduce reliance on low-margin industries.
- As demand in the communications market weakens, market trends are continuously reviewed to optimize resource allocation.

2. Outlook, Strategies, and Competition for the Security Surveillance Products Business Unit

2.1 Market Trends:

- Demand for non-China brands is rising, driven by ongoing resistance to Chinese products amid U.S.-China tensions, boosting performance in non-China markets.
- Expansion of AI applications such as behavioral recognition and anomaly detection enhances product differentiation and value.
- Oversupply in the Chinese market is leading to global dumping, with noticeable price declines in analog and low-end IP products, affecting overall sales.
- Standardized mass-market products yield low margins; the project-based market remains the key profit driver.

2.2 Product Development:

- Strengthening Taiwan-made chip solutions through in-house development of network camera product lines to leverage political benefits in select markets.
- Development of AI IVS, FOS, RAID, cybersecurity-certified products to target project-based markets and boost profitability.
- Promotion of distinctive products including POS systems, 2FA DVR/NVR, and HDMI cameras to enhance brand visibility and customer loyalty.
- Expansion of high-end IP and peripheral product lines through integration of customer needs, introducing multi-lens IP cameras, POE switches, and IP speakers.

2.3 Operations and Sales Strategies:

- Focus marketing efforts on regions benefiting from political tailwinds, including North America, Taiwan, Japan, and Europe.
- Expand R&D and resource integration to increase high-end product portfolio and improve profitability.
- Leverage the "Made in Taiwan" advantage to promote distribution strategies and pursue project collaborations.

AVTECH Corporation
General Manager: Chun-Ping Chen

II Directors, Supervisors and Management Team

1.Directors

2024 / 04 / 23 Unit: Shares

2021/01/20																				Unit: Shares		
Title (Note1)	Name	Nationality	Gender	Age		Elected Date	Term (Years)	First Elected Date (Note2)	Shares held when elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Main Working (Education) Experience (Note3)	Concurrent Positions in the Company and Other Companies	Managerial officers, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			
				51 ~ 60	Over 60				Number	%	Number	%	Number	%	Number	%			Title	Name	Relation	
Chairman	Rep. of Chun-Yi Investment Co., LTD: Shih-Chung Chen	Republic of China	Male		V	2024.06.19	3	2000.5.22	22,215,044	27.77%	22,215,044	27.77%	-	-	-	-	Master of Mechanical and Materials Engineering, Tatung University Chairman of AVTECH Corporation	Director of Chun-Yi Investment Co., LTD Director of Chieftron International Inc.	-	-	-	
Director	Chun-Ju Huang	Republic of China	Male		V	2024.06.19	3	2000.5.22	8,842,984	11.05%	8,842,984	11.05%	7,385,781	9.2%	-	-	Bachelor of Chemistry, Chinese Culture University Founder of AVTECH Corporation	Director of Chun-Yi Investment Co., LTD Director of Chiao-Tai Investment Co., LTD Director of Chiao-Sheng Investment Co., LTD Director of Ju-Lin Investment Co., LTD	-	-	-	
Independent Director	Chih-Ming Wang	Republic of China	Male	V		2024.06.19	3	2009.6.16	-	-	-	-	-	-	-	-	MBA, Chinese Culture University Independent Director of AVTECH Corporation	-	-	-	-	
Independent Director	Chin-Ling Chung	Republic of China	Female	V		2024.06.19	3	2021.08.25	-	-	-	-	-	-	-	-	Master of Accounting, Chung Yuan Christian University VP of HRM, Visual Photonics Epitaxy Co., Ltd	-	-	-	-	
Independent Director	Yong-Sheng Chen	Republic of China	Male	V		2024.06.19	3	2024.06.19	-	-	-	-	-	-	-	-	Provost and Professor of InformationEngineering Department, National Yang Ming Chiao Tung University	-				
Independent Director	Guan-Hao Su	Republic of China	Male	V		2024.06.19	3	2024.06.19	-	-	-	-	-	-	-	-	CEO of Fuwei Global Co., Ltd.	-				

Note1: The institutional shareholders are listed below:

Name of Institutional Shareholder	Name of Major Shareholders
Chun-Yi Investment Co., LTD	Chun-Ju Huang(54.53%), Yi-Lin Chen (29.01%), Tzu-Jung Huang(13.56%)

Note2: The current directors and independent directors have continuously served as the directors of the Company since their first appointment without any interruption.

Note3: The current directors and independent directors are not employed by the Company's CPA firm or related companies.

1.1. Professional knowledge and independence check matrix of directors

1.1.1 Professional knowledge of directors

Name \ Item	Professional Knowledge and Experience	Independence Attribute	Concurrent independent director position in other publicly traded companies
Rep. of Chun-Yi Investment Co., LTD: Shih-Chung Chen	Master of Mechanical and Materials Engineering, Tatung University Chairman of AVTECH Corporation	No occurrences listed in Corporate Law, Article 30	-
Director / Chun-Ju Huang	Bachelor of Chemistry, Chinese Culture University Founder of AVTECH Corporation	No occurrences listed in Corporate Law, Article 30	-
Independent Director / Chih-Ming Wang	MBA, Chinese Culture University Independent Director of AVTECH Corporation	Comply with the conditions in (1)	-
Independent Director / Chin-Ling Chung	Master of Accounting, Chung Yuan Christian University VP of HRM, Visual Photonics Epitaxy Co., Ltd	Comply with the conditions in (1)	-
Independent Director/ Yong-Sheng Chen	Provost and Professor of Information Engineering Department, National Yang Ming Chiao Tung University	Comply with the conditions in (1)	-
Independent Director/ Guan-Hao Su	CEO of Fuwei Global Co., Ltd.	Comply with the conditions in (1)	-

During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:

- (1) An employee of the Company or any of its affiliates
- (2) A director or supervisor of the Company or its affiliates except for the independent directors of the Company or its parent company who have direct or indirect shareholding of more than 5% of a subsidiary
- (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings..
- (4) A spouse or relative within the second degree of kinship or lineal relative within the third degree of kinship of any of the persons listed in (1) ~ (3).
- (5) A director, supervisor, or 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 Article 27, paragraph 1 or 2 of the Company Act. (except for the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. (except for the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (except for the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (Except for the company or institution that holds 20% or more and no more than 50% of the total number of issued shares of the Company, and the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)

- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) A spouse or relative in the second degree of kinship with other directors
- (11) Any matters stated in Article 30 of Company Act.
- (12) Elected by role of Government, corporate person or its representative regulated in Article 27 of Company Act.

1.2 The diversity and independence of the Board directors

a) The diversity and independence of the Board directors

According to the Company's "Corporate Governance Best Practice Principles", Article 21, the members of the Board of Directors should be diversified and possess the below skills:

- Operational judgement skills.
- Accounting and financial analysis skills.
- Operational management skills.
- Crisis management skills.
- Industry knowledge.
- Global market view.
- Leadership skills.
- Decision making skills.

Name	Nationality	Gender	Age			Serves as an Independent Director	Employee	Core Expertise										Industry Knowledge				Professional Competency					
								Operational Judgement	Accounting and Financial Analysis	Operational Management	Crisis Management	Industry Knowledge	Global Market View	Leadership	Decision Making	Financial Holding, Banking, Insurance	Information, Telecommunication, Media	Manufacture, Investment, Others	Layer, Accountant, Lecturer	Business Management	R&D and Production	Finance and Accounting	Law Affairs	Sales and Marketing			
			40 ~ 50	51 ~ 60	61 ~ 70	Less than 3 terms	3 ~ 9 terms																				
Rep. of Chun-Yi Investment Co., LTD: Shih-Chung Chen	Republic of China	Male			V			V	V	V	V	V	V	V	V			V		V				V			
Chun-Ju Huang	Republic of China	Male			V			V	V	V	V	V	V	V	V			V		V				V			
Cheng-Mou Wu	Republic of China	Male			V			V	V	V	V	V	V	V	V			V		V			V	V			
Chih-Ming Wang	Republic of China	Male		V			V	V	V	V	V	V	V	V	V			V	V	V		V					
Chin-Ling Chung	Republic of China	Female		V		V		V	V	V	V	V	V	V	V			V	V	V		V					
Yong-Sheng Chen	Republic of China	Male		V		V		V	V	V	V	V	V	V	V				V	V		V					
Guan-Hao Su	Republic of China	Male	V			V		V	V	V	V	V	V	V	V		V	V		V		V			V		

b) The diversity and independence of the Board directors

There are currently 7 members of the Board of Directors including 4 independent directors. The percentage of the independent directors in the Board of Directors is 57%. The independent directors of AVTECH Corporation are all in compliance with the regulations established by Securities and Futures Bureau of Financial Supervisory Commission R.O.C. (Taiwan). The qualifications of independent directors are shown as follows:

Independent director qualifications	Name of Independent Director			
	Chih-Ming Wang	Chin-Ling Chung	Yong-Sheng Chen	Guan-Hao Su
I. None of the following circumstances applies:				
1. The independent director meet or met any of the requirements specified in Article 30 of the Company Act.	None	None	None	None
2. The independent director was, as a government agency or a juristic person or a representative of any of them, elected pursuant to Article 27 of the Company Act.	None	None	None	None
II. The independent director was or is not any of the following during the two years before being elected:				
1. An employee of the Company or any of its affiliates.	None	None	None	None
2. A director or supervisor of the Company or any of its affiliates.	None	None	None	None
3. A natural-person shareholder who held or holds shares, together with those held by his/her spouse, minor children, or held by the person in others' names, in an aggregate amount of one percent or more of the total issued shares of the Company or was or is ranked as one of the top-ten shareholders.	None	None	None	None
4. A spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of a managerial officer under Item 1 or any of the persons under Items 2 and 3.	None	None	None	None
5. A director, supervisor or employee of any corporate shareholder that directly holds at least 5% of the total shares issued by the Company, or that is ranked as one of the top-five shareholders of the Company, or that has appointed a representative as a director or supervisor of the Company pursuant to Article 27, Paragraph 1 or 2 of the Company Act.	None	None	None	None
6. If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.	None	None	None	None
7. If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director, supervisor, or employee of that other company or institution.	None	None	None	None
8. A director, supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution with any of the following (1)~(4) conditions that has a financial or business relationship with the Company.				
(1) It holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company.	None	None	None	None

Independent director qualifications	Name of Independent Director			
	Chih-Ming Wang	Chin-Ling Chung	Yong-Sheng Chen	Guan-Hao Su
(2) It holds shares, together with those held by any of its directors, supervisors, and shareholders holding more than 10 percent of the total number of shares, in an aggregate total of 30 percent or more of the total number of issued shares of the Company, and there is a record of financial or business transactions between it and the Company. The shareholdings of any of the aforesaid persons include the shares held by the spouse or any minor child of the person or by the person under others' names.	None	None	None	None
(3) It and its group companies are the source of 30 percent or more of the operating revenue of the Company.	None	None	None	None
(4) It and its group companies are the source of 50 percent or more of the total volume or total purchase amount of principal raw materials (those that account for 30 percent or more of total procurement costs, and are indispensable and key raw materials in product manufacturing) or principal products (those accounting for 30 percent or more of total operating revenue) of the Company.	None	None	None	None
III. The number of other public companies where the member also serves as an independent director does not exceed three.	None	None	None	None
IV. The current independent director, upon nomination, has submitted a list of candidates for independent directorship in accordance with Article 5, Paragraph 3 of the "Regulations Governing the Appointment and Compliance Matters of Independent Directors of Publicly Issued Companies." After evaluation by the board of directors to ensure compliance with the qualifications required for independent directors, the list has been submitted to the shareholders' meeting for election. In handling the aforementioned matters, the qualification documents of the independent director candidates are submitted to the board of directors to confirm their compliance, thus implementing the responsibilities of corporate governance oversight. °	None	None	None	None

c) Board Diversity: Specific Management Objectives and Achievement Status

The composition of the Company's Board of Directors not only complies with applicable regulatory requirements, but also takes into consideration the internal and external business environment, emerging trends, and developmental needs. The Company continues to enhance the professional diversity of its board members to strengthen the board's functions. The specific management objectives for board diversity and their achievement status are as follows:

Diversity Management Objectives	Achievement Status
The Company emphasizes gender equality in the composition of its Board of Directors and aims to ensure appropriate representation of different genders. For example, having at least one-third of board seats held by either gender will be taken into consideration at an appropriate time, with a minimum requirement of at least one female director. If the proportion of female directors does not reach one-third by 2025 (Year 114 in the ROC calendar), the Company will disclose the reasons and corresponding improvement measures in its annual report.	<ul style="list-style-type: none"> As of now, the Board consists of six directors, with one female director, representing 16.6%. Although the female representation has not yet reached one-third, the minimum requirement of at least one female director has been met. Board member selection primarily considers candidates' professional background, experience, involvement in the company's future development, and potential contributions. Gender is not a restrictive factor; however, achieving one-third gender representation remains a long-term goal. If by 2025 (Year 114 in the ROC calendar) the one-third female representation is still not met, the Company will disclose the reasons and improvement plans in the annual report.

The number of independent directors shall not be less than one-third of the total number of board members and must meet the statutory qualifications and independence requirements.	The current Board consists of six directors, including four independent directors, accounting for 66.6% of the total. All independent directors meet the statutory qualifications and independence requirements.
Directors who concurrently serve as employees or managerial officers shall not exceed one-third of the total number of board seats in order to ensure effective oversight.	The current Board consists of six directors, with one director (16.6%) holding a managerial position, which complies with the requirement that such directors do not exceed one-third of the total number of board seats.
All newly appointed and reappointed directors must fulfill the required annual training hours to enhance the effectiveness of board operations, corporate governance, and risk management.	All newly appointed and reappointed directors have completed the required annual training of at least six hours as stipulated.

1.3. Management Team Information

2025/04/20 Unit: 1000 shares

Position	Nationality	Gender	Name	Inauguration Date	Shareholding		Currently holding shares of spouses and minor children		Shareholding by Nominee Arrangement		Main experience (education background)	Concurrent positions at other companies	Managers who are Spouses or Within Two Degrees of Kinship		
					Number	%	Number	%	Number	%			Title	Name	Relation
General Manager (doubled by Chairman)	Republic of China	Male	Shih-Chung Chen	2003.5.5	-	-	-	-	-	-	Master of Mechanical and Materials Engineering, Tatung University Chairman of AVTECH Corporation	Director of Chieftron International Inc.	-	-	-
General Manager and Spokesperson	Republic of China	Male	Chun-Ping Chen	2025.1.1	-	-	-	-	-	-	Institute of Bio-Mechatronics Engineering, National Taiwan University Deputy general manager of AVTECH	Deputy general manager of AVTECH			
R&D Manager	Republic of China	Male	Ming-Sheng Cheng	2022.10.11	-	-	-	-	-	-	Master of Computer Science and Engineering, National Yang Ming Chiao Tung University Assistant Manager of R&D Department, AVTECH Corporation		-	-	-
Manager of Finance doubling as Chief of Accounting Department	Republic of China	Female	Min-Hui Lin	2006.3.7	-	-	-	-	-	-	Bachelor of Accounting, Chinese Culture University Assistant Director of AVTECH Corporation	-	-	-	-
Audit	Republic	Female	Tung-	2010.4.28	-	-	-	-	-	-	Bachelor of Statistics,	-	-	-	-

Manager	of China		Hsia Chang							National Taipei University Section Manager of Accounting, AVTECH Corporation				
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Note1: General Manager Shih-Chung Chen has resigned on January 1, 2015, and Chun-Ping Chen will take over as the new General Manager.

2. Remuneration paid to Directors, Supervisors and management team in the most recent fiscal year (2024)

2.1 Remuneration of Directors and Independent Directors

Unit: NTD thousand

Title	Name	Compensation of Directors								Amt&Percent of A B, C and D to net profit after tax		Relevant remuneration of part-time personnel								Amt&Percent of A, B, C, D, E, F and G to net profit after tax		Is there any remuneration from other invested businesses apart from subsidiaries
		Remuneration A) Note1)		Retirement allowance (B)		Remuneration from distribution of earnings (C) (Note2)		Business execution expenses (D) (Note3)				money award and special expenses etc. (E) (Note4)		Retirement allowance (F) (Note5)		Employee profit sharing from earnings distribution (G) (Note6)						
		The Company	All companies within the consolidated financial statement	The Company	All companies within the consolidated financial statement	The Company	All companies within the consolidated financial statement	The Company	All companies within the consolidated financial statement	The Company	All companies within the consolidated financial statement	The Company	All companies within the consolidated financial statement	The Company	All companies within the consolidated financial statement	Cash dividends	Stock dividends	Cash dividends	Stock dividends	The Company	All companies within the consolidated financial statement	
Chairman	Rep. of Chun-Yi Investment Co., LTD: Shih-Chung Chen	-	-	-	-	200	200	100	100	300 0.3%	300 0.3%	1,200	1,200	-	-	1,000	0	1,000	0	2,500 2.5%	2,500 2.5%	None
Director	Chun-Ju Huang	-	-	-	-	200	200	100	100	300 0.3%	300 0.3%	-	-	-	-	-	-	-	-	300 0.3%	300 0.3%	None
Director	Cheng-Mou Wu	-	-	-	-	200	200	40	40	240 0.2%	240 0.2%	-	-	-	-	-	-	-	-	240 0.2%	240 0.2%	None
Independent Director	I-Chen Tsai	-	-	-	-	200	200	40	40	240 0.2%	240 0.2%	-	-	-	-	-	-	-	-	240 0.2%	240 0.2%	None
Independent Director	Chih-Ming Wang	-	-	-	-	200	200	100	100	300 0.3%	300 0.3%	-	-	-	-	-	-	-	-	300 0.3%	300 0.3%	None
Independent Director	Chia-Wei Lai	-	-	-	-	200	200	40	40	240 0.2%	240 0.2%	-	-	-	-	-	-	-	-	240 0.2%	240 0.2%	None
Independent Director	Chin-Ling Chung	-	-	-	-	200	200	100	100	300 0.3%	300 0.3%	-	-	-	-	-	-	-	-	300 0.3%	300 0.3%	None
Independent Director	Yong-Sheng Chen	-	-	-	-	-	-	60	60	60 0.1%	60 0.1%	-	-	-	-	-	-	-	-	60 0.1%	60 0.1%	None
Independent Director	Guan-Hao Su	-	-	-	-	-	-	60	60	60 0.1%	60 0.1%	-	-	-	-	-	-	-	-	60 0.1%	60 0.1%	None

1. The remuneration paid by the Company to directors includes remuneration provided in accordance with the Company's Article of Association and is subject to the approval of the Remuneration Committee and the Board of Directors. As the fixed members of the Audit Committee, the remuneration paid to the independent directors are different from the directors considering the responsibilities, risks and time devoted they should take.
2. Except as disclosed in the above table, the remuneration received by the directors of the Company in the most recent year(2023) for providing services (such as serving as a consultant to non-employees of the parent company / all companies listed in the financial report / reinvestment enterprises, etc.): None

Range of Remuneration for Directors

Range of remuneration paid to directors	Name of Directors			
	Summation of the first 4 items (A+B+C+D)		Summation of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies involved in financial statement	The Company	All companies involved in financial statement
Under NT\$ 1,000,000	Shih-Chung Chen (Rep of Chun-Yi Investment Co., LTD), Chun-Ju Huang, Cheng-Mou Wu, Chih-Ming Wang, I-Chen Tsai, Chia-Wei Lai, Chin-Ling Chung, Yong-Sheng Chen, Guan-Hao Su	Shih-Chung Chen (Rep of Chun-Yi Investment Co., LTD), Chun-Ju Huang, Cheng-Mou Wu, Chih-Ming Wang, I-Chen Tsai, Chia-Wei Lai, Chin-Ling Chung, Yong-Sheng Chen, Guan-Hao Su	Shih-Chung Chen (Rep of Chun-Yi Investment Co., LTD), Chun-Ju Huang, Cheng-Mou Wu, Chih-Ming Wang, I-Chen Tsai, Chia-Wei Lai, Chin-Ling Chung, Yong-Sheng Chen, Guan-Hao Su	Shih-Chung Chen (Rep of Chun-Yi Investment Co., LTD), Chun-Ju Huang, Cheng-Mou Wu, Chih-Ming Wang, I-Chen Tsai, Chia-Wei Lai, Chin-Ling Chung, Yong-Sheng Chen, Guan-Hao Su
NT\$ 1,000,000 (included) ~ NT\$ 2,000,000 (excluded)				
NT\$ 2,000,000 (included) ~ NT\$ 3,500,000 (excluded)			Chun-Yi Investment Co., LTD Rep: Shih-Chung Chen	Chun-Yi Investment Co., LTD Rep: Shih-Chung Chen
NT\$ 3,500,000 (included) ~ NT\$ 5,000,000 (excluded)				
NT\$ 5,000,000 (included) ~ NT\$ 10,000,000 (excluded)				
NT\$ 10,000,000 (included) ~ NT\$ 15,000,000 (excluded)				
NT\$ 15,000,000 (included) ~ NT\$ 30,000,000 (excluded)				
NT\$ 30,000,000 (included) ~ NT\$ 50,000,000 (excluded)				
NT\$ 50,000,000 (included) ~ NT\$ 100,000,000 (excluded)				
Over NT\$ 100,000,000	-	-	-	-
Total	2,040 thousand	2,040 thousand	4,240 thousand	4,240 thousand

Note1: The remuneration to the directors in the most recent fiscal year (including the salary paid to directors, additional allowance, retirement allowance, bonus, etc)

Note2: The remuneration paid to the directors approved by the Board of Directors but not yet submitted to the Shareholders' Meeting in the most recent fiscal year

Note3: The expenses for execution of business in the most recent fiscal year (including transportation allowance, special payment, dormitory and vehicle offering, etc)

Note4: The remuneration paid to the directors doubling as the Company's employees (such as the general manager, deputy general manager, other managerial officers, etc), including monthly salary, additional allowance, retirement allowance, bonus, transportation allowance, special payment, dormitory and vehicle offering, etc.

Note5: There's no retirement allowance paid to the directors, or there's no expense recognition of the retirement allowance paid to the directors.

Note6: For the remuneration (including stock dividends and cash dividends) paid to the directors doubling as the Company's employees (such as general manager, vice general manager, other managers, etc) in the most recent fiscal year, the earning distribution as dividends to employees according to the resolution of the Board of Directors (not yet submitted to the Shareholders' Meeting) in the most recent fiscal year should be exposed.

2.2 Remuneration of Supervisors

The Company has established the Committee of Audit to replace supervisors.

2.3 Remuneration paid to the management team

Unit: NTD thousand

Title	Name	Remuneration (A) (Note1)		Retirement Allowance (B) (Note2)		Money award and special payment etc. (Note3)		Earning distribution as dividends for personnel (D) (Note4)				Amt&Rate of total amount of A, B, C and D to pure profits after tax (%)		Remuneration from other invested businesses apart from subsidiaries
		The Company	All companies within the consolidated financial statement	The Company	All companies within the consolidated financial statement	The Company	All companies within the consolidated financial statement	The Company		All companies within the consolidated financial statement		The Company	All companies within the consolidated financial statement	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
General Manager	Shih-Chung Chen	1,200	1,200	-	-	-	-	1,000	-	1,000	-	2,200 2.2%	2,200 2.2%	None

Range of Remuneration for Directors

Range of remuneration paid to management team	Name of Management Team	
	The Company	All companies involved in financial statement
Under NT\$ 1,000,000	-	-
NT\$ 1,000,000 (included) ~ NT\$ 2,000,000 (excluded)	-	-
NT\$ 2,000,000 (included) ~ NT\$ 3,500,000 (excluded)	Shih-Chung Chen	Shih-Chung Chen
NT\$ 3,500,000 (included) ~ NT\$ 5,000,000 (excluded)	-	-
Total	2,200 thousand	2,200 thousand

Note1: The monthly salary, additional allowance, retirement allowance paid to the management team in the most recent fiscal year

Note2: There's no retirement allowance paid to the general manager and the deputy general manager, or no expense recognition of the retirement allowance paid to the general manager and the deputy general manager.

Note3: The bonus, transportation allowance, special payment, dormitory and vehicle offering, etc and other remunerations paid to the management team

2.4 Employee profit sharing granted to the management team

2024 Unit: NTD 1000

	Title	Name	Stock Dividends	Cash Dividends (Note)	Total	Proportion of total amount to net profits after tax (%)
Manager	Chairman doubling as General Manager	Shih-Chung Chen	0	2,700	2,700	2.7%
	R&D Manager	Ming-Sheng Cheng				
	Manager of Finance doubling as Chief of Accounting Department	Min-Hui Lin				
	Audit Manager	Tung-Hsia Chang				

Note: No earning distribution to employees in 2024.

2.5 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

- a) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the past two fiscal years

Title	Ratio of total remuneration in 2024 to net income after tax	Ratio of total remuneration of all the companies in the consolidated statements in 2024 to net income after tax	Ratio of total remuneration in 2023 to net income after tax	Ratio of total remuneration of all the companies in the consolidated statements in 2023 to net income after tax
Director	2.0%	2.0%	3.57%	3.57%
General Manager and Deputy General Manager	2.2%	2.2%	3.41%	3.41%

- b) The Company's Compensation Policy, Standards, and Structure, and the Procedures for Setting Compensation, and its Linkage to Operational Performance and Future Risks:

1.Executive Compensation Policy, Standards, Structure, and Procedures:

- Policy: The Company's compensation policy aims to provide competitive salary levels to recruit and retain key executives necessary for the Company's operations, contributing to its critical growth and sustainable development.
- Standards: The compensation for executives is divided into fixed and variable components. The maximum annual compensation that executives can receive is submitted to the Compensation Committee for evaluation, and then discussed by the Board of Directors.
- Structure:
 - a. Fixed Salary: The fixed salary is the monthly wage paid to executives. The payment standard is based on industry compensation data and labor market statistics, while considering position, job nature, professional ability, and supply-demand dynamics in the job market.
 - b. Variable Salary: The variable compensation for executives comes from year-end bonuses, employee compensation (as stipulated by the Company's Articles of Incorporation, where at least 6% of annual profits are allocated for employee compensation), and equity-based compensation. Variable compensation links part of the salary to operational performance.
- Procedure for Setting Compensation: The aforementioned compensation for executives must be recommended by the Compensation Committee and then approved by the Board of Directors for implementation.
- Operational Performance: Overall, the variable compensation constitutes approximately 30-50% of the total salary and is strongly linked to the Company's overall operational performance.

- Future Risks: With a higher proportion of variable compensation, the Company has greater operational flexibility, which effectively reduces future uncertainties and risks.
2. Board of Directors Compensation Policy, Standards, Structure, and Procedures:
- Policy: To implement corporate governance, ensuring transparency, fairness, and systematization of the board's compensation.
 - Standards: The compensation is reasonably allocated based on the Company's operational scale, complexity, market standards, and the individual contributions of directors to the Company's performance.
 - Structure:
 - a. Director Compensation: According to the Company's Articles of Incorporation, if the Company has profits in a given year, the Compensation Committee will consider the overall performance of the Board, the Company's operational performance, and future operations and risks. The committee will propose a compensation allocation, which shall not exceed 3% of the Company's profits for the directors' remuneration.
 - b. Business Execution-Related Expenses: For each Board meeting, a compensation of NT\$20,000 is paid to each director.
 - Procedure for Setting Compensation and Operational Performance:

In the fiscal year 2024 (113th year), the director compensation was decided on March 7, 2025, by the Compensation Committee and the Board of Directors based on the provided relevant data. The decision was to allocate NT\$2,100,000, which accounted for 2% of the Company's profits. The Company completed the Board performance evaluation on March 7, 2025, and used the evaluation results to inform the director compensation distribution. Key evaluation factors included board attendance rate, familiarity with proposals, and the provision of constructive opinions.
 - Future Risks: The director compensation is highly linked to operational performance, and the related business expenses are fixed and controllable, therefore, there is no significant future risk.

3 Implementation of corporate governance

3.1 Information on implementation of Board of Directors

Four meetings were held by the Board of Directors in 2024 (A) with their attendance shown as follows:

Title	Name	Attendance in person B	By proxy	Attendance rate in person % 【 B/A 】	Remarks
Chairman	Rep of Chun-Yi Investment Co., LTD: Shih-Chung Chen	5	0	100%	2024.06.19 re-elected
Director	Chun-Ju Huang	5	0	100%	2024.06.19 re-elected
Director	Cheng-Mou Wu	2	0	100%	2024.06.19 dismissal
Independent Director	Chih-Ming Wang	5	0	100%	2024.06.19 re-elected
Independent Director	I-Chen Tsai	2	0	100%	2024.06.19 dismissal
Independent Director	Chia-Wei Lai	2	0	100%	2024.06.19 dismissal
Independent Director	Chin-Ling Chung	5	0	100%	2024.06.19 re-elected
Independent Director	Yong-Sheng Chen	3	0	100%	2024.06.19 new
Independent Director	Guan-Hao Su	3	0	100%	2024.06.19 new

A. Other noteworthy matters:

1. If any of the matters specified in Article 14-3 of Taiwan's Securities and Exchange Act occurs, and other matters involving objection or expressed reservation by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

None

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

None

3. Measures taken to strengthen the functionality of the board:

The Company has chosen 4 independent directors as members of Audit Committee (members added from 3 to 4 by Aug. 25th, 2023) to strengthen the internal control system.

B. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

1. Meeting Date for Board of Directors: Mar. 13th, 2024

Contents of Motion: Remuneration proposal for the management team

Director in conflict of interest: Shih-Chung Chen

Causes for avoidance and voting:

According to the Company Law, Article 206, the director, Shih-Chung Chen, is not allowed to join the vote for the motion. The motion is voted and approved by the rest of the other directors.

2. Meeting Date for Board of Directors: Nov. 8th, 2024

Contents of Motion: Remuneration proposal for the management team

Director in conflict of interest: Shih-Chung Chen

Causes for avoidance and voting:

According to the Company Law, Article 206, the director, Shih-Chung Chen, is not allowed to join the vote for the motion. The motion is voted and approved by the rest of the other directors.

C. The Board of Directors Evaluation and Implementation
Implementation of self-assessment for the Company's Board of Directors, Individual Board Members, and Functional Committee

Evaluation Frequency	Evaluation Period	Evaluation Scope	Evaluation Method	Content of Evaluation
Annually	2024/1/1 to 2024/12/31	Including the performance evaluation of the board of directors, directors and functional committees	Self-evaluation of the performance of board of directors, directors and functional committees	<p>(1) Self-evaluation of the board of directors: The degree of participation in the company's operations, improvement of board decision quality, the composition and structure of the board of directors, the selection and continuing education of directors, internal control</p> <p>(2) Self-evaluation of the individual directors: Understanding of the Company's goals and mission, awareness of directors' duties, the degree of participation in the company's operations, internal relationship management and communication, continuing education of directors, and internal control</p> <p>(3) Self-evaluation of the functional committees: The degree of participation in the company's operations, awareness of the functional committees' responsibilities, improvement of board decision quality, functional committee composition and member selection, and internal control</p>

The assessment's result of 2024 has been reported to the Board of Directors by Mar. 7th, 2025, and the performance assessments to the Board of Directors, individual directors and functional committees are approved by the members of the Board.

D. Measures taken to strengthen the functionality of the board:

1. The members for independent directors are 4 by Jun. 19th, 2024.
2. Enhancing information transparency: A specific person is designated to collect and disclose all information required by law to enhance information transparency.

3.2 Information on implementation of Audit Committee
Members of Audit Committee

	Professional Knowledge and Experience	Independence Attribute	Concurrent independent director position in other publicly traded companies
Independent Director / Chih-Ming Wang	P6	P7	-
Independent Director / Chin-Ling Chung	P6	P7	-
Independent Director/ Yong-Sheng Chen	P6	P7	-
Independent Director/ Guan-Hao Su	P6	P7	-

Four meetings were held by the Audit Committee in 2024 (A) with the attendance of independent directors shown as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance in person (%) (B/A)	Remarks
Independent Director	I-Chen Tsai	2	0	100%	2024.06.19 dismissal
Independent Director	Chih-Ming Wang	4	0	100%	2024.06.19 re-elected
Independent Director	Chia-Wei Lai	2	0	100%	2024.06.19 dismissal
Independent Director	Chin-Ling Chung	4	0	100%	2024.06.19 re-elected
Independent Director	Yong-Sheng Chen	2	0	100%	2024.06.19 new
Independent Director	Guan-Hao Su	2	0	100%	2024.06.19 new

Other noteworthy matters:

A) Matters specified in Article 14-5 of the Taiwan's Securities and Exchange Act:

Date of Meeting	Meting Sessions	Contents of motion	Response to the Audit Committee's opinion
2024/3/13	1 st meeting in 2024	1. Proposal for approval of the 2023 Business Report and various financial statements.	Approved by all members in Audit Committee
		2. Proposal for discussion and approval of the date, venue, and period for shareholder proposals for the 2024 Annual General Meeting.	
		3. Proposal for discussion and approval of the election of the 10th Board of Directors (including Independent Directors) and acceptance of shareholder nominations.	
		4. Proposal for discussion and approval of the lifting of non-compete restrictions for the 10th Board of Directors (including Independent Directors), to be submitted to the shareholders' meeting.	
		5. Proposal for discussion and approval of the 2023 earnings distribution.	
		6. Proposal for discussion and approval of the 2023 cash dividend distribution.	

		7. Proposal for discussion and approval of the 2023 employee and director compensation distribution.	
		8. Proposal for discussion and approval of the 2023 Statement on Internal Control System.	
		9. Proposal for discussion and approval of the operational procedures for transactions with group enterprises, specified companies, and related parties.	
		10. Proposal for discussion and approval of amendments to the Audit Committee Charter.	
		11. Proposal for discussion and approval of amendments to the Insider Trading Prevention Procedures.	
		12. Proposal for discussion and approval of the appointment of the CPA for 2024 and the assessment of independence and suitability.	
		13. Proposal for discussion and approval of the capital reduction of subsidiary AVTECH Security Corporation to offset losses and the transfer of shares to employees.	
		14. Proposal for discussion and approval of the 2024 fixed monthly remuneration for managerial officers.	
		15. Proposal for discussion and approval of amendments to the Rules of Procedure for Board Meetings.	
2024/5/8	2 nd meeting in 2024	1. Proposal for approval of the Q1 2024 consolidated financial report of the parent and subsidiaries.	
		2. Proposal for discussion and approval of capital reduction to offset losses by subsidiary Q.S.C. Industry Co., Ltd.	
2024/8/9	3 rd meeting in 2024	1. Proposal for discussion and approval of the Q2 2024 consolidated financial report.	
		2. Proposal for discussion and approval of the disposal of shares of subsidiary CHIEFTRON INTERNATIONAL CORPORATION	
		3. Proposal for discussion and approval regarding overdue receivables of key subsidiary CHIEFTRON INTERNATIONAL CORPORATION, which are not considered loans of funds.	
2024/11/8	4 th meeting in 2024	1. Proposal for discussion and approval of the Q3 2024 consolidated financial report.	
		2. Proposal for discussion and approval of the 2025 audit plan.	
		3. Proposal for discussion and approval of the disposal of shares of subsidiary Q.S.C. Industry Co., Ltd.	
		4. Proposal for discussion and approval regarding investment limit acquisition.	
		5. Proposal for discussion and approval of the adoption of the Sustainability Practice Guidelines.	
		6. Proposal for discussion and approval of the establishment of the Sustainability Committee Charter.	
		7. Proposal for discussion and approval of the procedures for preparation and assurance of the Sustainability Report.	
		8. Proposal for discussion and approval of amendments to the Internal Control System.	
		9. Proposal for discussion and approval of the appointment of the CPA for 2025 and assessment of independence and suitability.	

Resolutions passed by two-thirds of all Directors but without approval of the Audit Committee except for the preceding item: None

B. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

C. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.): The audit reports are submitted regularly by the Company's audit department to independent directors and no significant matters of poor communication occur.

3.3 The difference between the corporate governance implementation and the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies and reasons:

Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Description	
1. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		Already done and followed after the 1 st meeting of the Board of Directors in 2017	Not Applicable
2. The Company's equity structure and shareholders' equity				-
2.1 Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	V		A spokesperson system has been established and a specialist has been appointed to handle related issues. The Company the major shareholders are staying in contact.	Not Applicable -
2.2 Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		The Company always keeps an eye on the shareholding status of directors, managerial officers and major shareholders holding more than 10% of the shares.	Not Applicable -
2.3 Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	V		The affiliated companies are all working independently and the Company has established the operation, business and financial transaction regulations with related parties, specific companies and group enterprises.	Not Applicable
2.4 Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		The Company has established the prevention of insider trading management procedures to regulate all employees, managerial officers and directors of the Company, and anyone who has access to information about the Company based on their profession or control relationship. Any actions that may involve insider trading are prohibited and internal education training and reminding on this are regularly provided.	Not Applicable
3. Composition and responsibilities of the Board of Directors				
3.1 Has the Board of Directors formulated and implemented a diversity policy on membership and specific management objectives?	V		The Company has 4 independent directors who are elected based on their expertise as well as their ethical conduct and leading reputations. Their expertise, operational judgement and professional skills in different fields can offer diversified strategies and implementation plans for the Company.	Not Applicable
3.2 In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?	V		The main responsibility of the Board of Directors is to supervise, guide and evaluate the performance of the business management team and to appoint or dismiss managerial officers. Regular meetings are held yearly for performance evaluations.	Not Applicable
3.3. Has the Company established measures for evaluating the performance of the Board of Directors and its evaluation method, conducts performance evaluation annually and regularly, and submits to the Board of Directors for reference of individual director's salary, bonus, and a nomination for reappointment?	V		The CPAs are evaluated regularly by the Audit Committee and the Board of Directors to ensure their independence.	Not Applicable
3.4 Does the Company regularly evaluate the independence of the attesting CPAs?	V			Not Applicable
4. Does the Company as a listed company have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?	v		The Department of Finance of the Company is also appointed to be responsible for corporate governance to handle matters related to corporate governance and the Board of Directors.	Not Applicable -

Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Description	
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		A) A spokesman, stock affairs manager and specialist are appointed by the Company to build a complete communication channel and offer real-time service to respond and answer calling from stakeholders. B) A related communication channel has been established on the Company's official website to respond important corporate social responsibility issues that are of concern to stakeholders.	Not Applicable Not Applicable
6. Has the Company appointed a professional stock affairs agency to handle matters for shareholders' meetings?	V		The Company has appointed the CTBC Bank as the professional stock affairs agency to handle matters for shareholders' meetings.	Not Applicable
7. Information disclosure				
7.1 Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		The webpage, "Investors", are built on the Company' official website, and the financial information of the Company are disclosed on TWSE MOPS as regulated by related laws..	Not Applicable
7.2 Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for collecting and disclosing Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	V		The related department has been set and managed by a specialist appointed by the Company. The spokesman system is also established.	Not Applicable
7.3 Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?	V		All information is disclosed on TWSE MOPS as regulated by related laws.	Not Applicable
8. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policy and risk measurement standards, implementation of customer policy, the Company's purchase of liability insurance for directors and supervisors, etc.)?	V		A. Rights for employees: 1. Right to work: Relevant government laws and regulations are complied to offer fair and open opportunities for job applications, except when there are significant differences or obvious unsuitability between the job requirements and the applicant's capabilities. The reward and punishment systems are detailed established to provide fair and transparent channels for employee promotion and reward and punishment measures. 2. Excellent workplace culture: The prevention measures for sexual harassment are clearly defined and strictly enforced, and the Act of Gender Equality in Employment Act is followed. 3. Safe working environment: The Labor Safety and Health Committee is established to ensure the regulations of labor safety and health are strictly followed and enforced. 4. The Labor Standards Act is followed to protect the basic rights for employees and is used to expand or improve and related regulations of the Company to enhance the welfare and rights of the employees. B. Care for employees: The welfare Committee is established to handle related affairs. C. Investor Relations: A specialist is appointed to handle the investor-related affairs. D. Supplier Relationship: Contracts are made between the Company and each	Not Applicable

Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Description	
			<p>of our suppliers to protect each other's rights and clarify the responsibilities both parties should take.</p> <p>E. Relations with stakeholders: Related trading principles are established between the Company and the stakeholders and disclosed by law.</p> <p>F. Continuing education of directors: The "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" is followed have the directors attending related courses.</p> <p>G. Execution of risk management policy and risk measuring standards: Various internal regulations are established legally for various risk management and evaluation.</p> <p>H. Execution of customer policies: Liability insurance has been covered to protect our customers.</p> <p>I. Liability insurance for the Company's directors: Liability insurance has been covered for customers.</p>	
9. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved	<p>The English versions of Notice of Annual Meeting and Handbook for the shareholders' meeting are prepared and the webpage, "Investors", is updated to improve the service to shareholders.</p>			

3.4 Remuneration Committee

A. Members of Remuneration Committee

	Professional Knowledge and Experience	Independence Attribute	Concurrent independent director position in other publicly traded companies
Independent Director / I-Chen Tsai	P6	P7	-
Independent Director / Chih-Ming Wang	P6	P7	-
Independent Director / Chia-Wei Lai	P6	P7	-
Independent Director / Chin-Ling Chung	P6	P7	-

During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:

- (1) An employee of the Company or any of its affiliates
- (2) A director or supervisor of the Company or its affiliates except for the independent directors of the Company or its parent company who have direct or indirect shareholding of more than 5% of a subsidiary
- (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings..
- (4) A spouse or relative within the second degree of kinship or lineal relative within the third degree of kindship of any of the persons listed in (1) ~ (3).
- (5) A director, supervisor, or 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 Article 27, paragraph 1 or 2 of the Company Act. (except for the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. (except for the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (except for the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (Except for the company or institution that holds 20% or more and no more than 50% of the total number of issued shares of the Company, and the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender

- offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Any matters stated in Article 30 of Company Act.
- (11) Elected by role of Government, corporate person or its representative regulated in Article 27 of Company Act.

B. Operation Status of the Remuneration Committee

- (1) There are 4 members in the Company's Remuneration Committee.
- (2) The Remuneration Committee held two meetings in the recent year (2024). The qualifications and attendance of the Remuneration Committee are listed as follows

Title	Name	Attendance in person (B)	By proxy	Attendance rate in person % (B/A)	Remarks
Chairmen	I-Chen Tsai	1	0	100%	2024.06.19 dismissal
Chairmen	Chih-Ming Wang	2	0	100%	2024.06.19 re-elected
Member	Chia-Wei Lai	1	0	100%	2024.06.19 dismissal
Member	Chin-Ling Chung	2	0	100%	2024.06.19 re-elected
Member	Yong-Sheng Chen	2	0	100%	2024.06.19 new
Member	Guan-Hao Su	2	0	100%	2024.06.19 new

Other noteworthy matters:

1. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None

2. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None

3. Meeting Dates of Remuneration Committee

Date of Meeting	Meeting Sessions	Contents of Motion	Resolution
2024/03/13	1 st meeting in 2024	1. Discussion on the approval of 2023 remuneration for employees and directors	Passed by all members
		2. Discussion on 2024 monthly salary for managerial officers	
2024/11/08	2 nd meeting in 2024	1. Discussion on distribution of 2024 remuneration for managerial officers	Passed by all members

3.5 Implementation of the Sustainable Development and the Differences of Practice for Sustainable Development of Listed OTC Companies and its Reasons

Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Description	
1. Does the company establish a governance structure to achieve sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	V		The Company has established a Sustainability Development Committee, chaired by Chairman Mr. Shih-Chung Chen. The committee reports at least once a year to the Board of Directors on the implementation status of sustainability initiatives.	No difference
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations according to the principle of materiality, and formulate relevant risk management policies or strategies? (Note2)	V		In accordance with the principle of materiality, the Company's management conducts periodic assessments of environmental, social, and governance (ESG) risks relevant to the Company's operations.	No difference
3. Environmental issues a) Does the company establish proper environmental management systems based on the characteristics of their industries? b) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? c) Does the company assess the potential risks and opportunities of climate change on its present and future operation, and take measures to respond to climate-related issues? d) Does the company conduct assessment on greenhouse gas, water consumption and waste for the last two years, and establish company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management?	V		1. The General Affairs Department has established various resource management policies, including electricity and water usage controls. For example, indoor lighting is not turned on in corridor areas adjacent to windows if natural lighting is sufficient. 2. The factory has installed air purification equipment for soldering fume emissions to prevent air pollution. 3. The Company is not part of a high-energy-consuming industry and does not operate facilities that generate significant greenhouse gas emissions. In office areas, we actively promote energy conservation and carbon reduction measures, including encouraging waste sorting and	No difference

Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Description	
			recycling, to minimize environmental impact.	
<p>4. Social issues</p> <p>a) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>b) Does the company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?</p> <p>c) 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> <p>d) Does the company provide its employees with career development and training sessions?</p> <p>e) Does the company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulates relevant policies and procedures to protect consumer rights and handling complaints?</p> <p>f) Does the company formulated and implement supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?</p>	V		<p>1. The Company complies with relevant labor laws and has established systems in line with the Gender Equality in Employment Act and the Sexual Harassment Prevention Act to protect employees' legal rights.</p> <p>2. Our compensation policy aims to provide competitive salaries. Year-end bonuses are granted based on operational performance, and 6% of annual profits are allocated to employee remuneration.</p> <p>3. Regular health checkups are arranged for employees. The Company tracks major changes in annual health check results, conducts regular drinking water safety inspections, and performs environmental testing every six months.</p> <p>4. The Company regularly donates to charitable organizations including Taichung City Child Welfare League, Taiwan Provincial Women and Children Association, Taipei Child Welfare League, Taiwan Pediatric Brain Tumor Foundation, and the Genesis Social Welfare Foundation.</p> <p>5. No fire incidents occurred during the year.</p> <p>6. According to the Company's Code of Ethical Conduct, suppliers found to engage in unethical practices may be subject</p>	No difference

Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Description	
			to reduced or suspended business dealings.	
5. Does the company compile corporate social responsibility reports or reports that disclose the company's non-financial information based on international CSR compiling standard or guidelines? Is the report accredited from accreditation agency or third-party verification organization?		V	Starting from 2025, the Company will begin compiling a Sustainability Report. Relevant sustainability information is disclosed in the Company's annual report in accordance with regulatory requirements.	No difference
6. If the Company makes its own corporate social responsibilities principles according to the Rules of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: The Company doesn't make its own corporate social responsibilities principles. The execution of corporate social responsibility depends on the actual circumstances by the administration department of the Company.				
7. Any other important information that helps to understand the conduct of corporate social responsibility: A foundation is established and cooperate with the Department of Social Welfare of each cities to offer help by cases, and a fund for emergency medical assistance for employees or their family members is allocated in the budget of the Company's Employee Welfare Committee.				

Note1: If "Yes" is checked for implementation, please specify the important policies, strategies, and measures adopted and their implementation; if "No" is checked, please explain the differences from the "Sustainability Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor" and the relevant policies, strategies and measures to be adopted in the future.

Note2: The materiality principle applies to those environmental, social, and corporate governance issues that significantly impact the Company's investors and other stakeholders.

Note3: Please refer to the best practices examples on the TWSE website for disclosure methods.

3.5.1 Climate-related information of listed companies

1. Implementation of climate-related information

Item	Status of implementation				
<p>(I) Describe board and management oversight and governance of climate-related risks and opportunities.</p> <p>(II) Describe how the identified climate risks and opportunities affect the Company's business, strategy and finances (short-term, medium-term, long-term).</p>	(I) The chairman of Avtech has already executed and planned work related to climate change and is expected to establish a Sustainable Development Committee.				
	(II)				
	Risk/ opportunity	Description	Financial impact level	Impact Statement	Response strategies
	Risk 1	Regulations and policies	Direct	Additional sustainability-related norms and regulations.	The organization may increase the cost to meet regulatory demands.
	Risk 2	Greenhouse gas emissions	Direct	Additional cost of greenhouse gas emissions.	In response to norms and regulations, the Company must purchase energy-consuming production equipment, energy-saving facilities or carbon offset purchases, and the operating cost is increased as a result.
	Opportunity 1	Promotion of the energy-saving and carbon-reducing production	Direct	In the manufacturing process, work stations are combined to reduce electricity consumption and paper waste.	Reduced electricity and paper usage result in significant decreases in power costs or archiving expenses.
(III) Describe the impact of extreme climate events and transition actions on the finance.	Opportunity 2	Design of green products	Direct	Green buildings are selling well, and demand for energy-efficient backend equipment such as security and control systems is increasing.	Increasing research and development as well as sales of energy-efficient products.
	(III) There is no corresponding assessment.				

<p>(IV) Describe how identification, assessment and management processes of climate risk are integrated into the overall risk management system.</p> <p>(V) If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, and analysis factors used and the major impact on the finance shall be stated.</p> <p>(VI) If there is a transformation plan to manage climate-related risks, describe the contents of the plan, and the indicators and goals used to identify and manage physical and transition risks.</p> <p>(VII) If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</p> <p>(VIII) If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information shall be stated. If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information shall be stated. The source and quantity of offset carbon reduction credits or the quantity of RECs shall be stated.</p> <p>(IX) Greenhouse gas inventory and assurance, reduction goals, strategies and specific action plans (to be provided 1-1 and 1-2 separately).</p>	<p>(IV) In order to understand the risks that climate change may bring to the Company, Avtech performs identification and ranking of climate-related risks/opportunities based on Task Force on Climate Related Financial Disclosures (TCFD) to understand what risks/opportunities may have an impact on Avtech. Avtech will refer to climate change research reports of international organizations and combine it with the climate risk and opportunity matrix to incorporate energy conservation, carbon reduction, water conservation and other sustainable management plans in the Company's business policies. Significant impact of relevant risks can be identified through risk identification based on "impact level" and "likelihood of occurrence".</p> <p>(V) There is no corresponding assessment.</p> <p>(VI) There is no corresponding plan.</p> <p>(VII) There is no corresponding plan.</p> <p>(VIII) There is no corresponding plan.</p> <p>(IX) Please refer to 1-1 and 1-2 for details.</p>
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1-1 Greenhouse gas inventory and assurance status in the most recent two years

1-1-1 Information of greenhouse gas inventory

Describe the greenhouse gas emissions (tCO₂e), intensity (tCO₂e/NT\$1 million) and data coverage in the most recent two years

According to the schedule planned by the Financial Supervisory Commission, the Company does not yet need to disclose greenhouse gas inventory information. However, the company follows GRA standards and discloses relevant information in the Corporate Sustainability Report.

1-1-2 Information of greenhouse gas assurance

Describe the assurance status in the most recent two years and up to the publication date of this annual report, including the scope, institution, criteria and opinion of the assurance.

According to the schedule planned by the Financial Supervisory Commission, the Company does not yet need to disclose greenhouse gas assurance information.

1-2 Greenhouse gas reduction goals, strategies and specific action plans

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

According to the schedule planned by the Financial Supervisory Committee, the Company does not yet need to disclose the goals, strategies and specific action plans of greenhouse gas reduction.

3.6 Status of Implementation of Integrity Operation and differences to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and rationale

Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>a) Does the company formulate ethical corporate management policy that approved by the board of directors, and declare its policies and procedures in its guidelines and external documents, as well as the commitment from its board and top managerial officers to implement the policies?</p> <p>b) Has the company established an evaluation mechanism to assess the unethical conducts risk, and regularly analyzes and evaluates business activities with high potential unethical conducts, and formulates a precaution plan which at least covered listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>c) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, the commitment to implement the policies, and review the policy regularly?</p>	V		<p>The Company has established Integrity Operation Rules which have been published on the corporate's website to regulate the directors, managerial officers and employees and fulfill integrity operation.</p> <p>Based on the rules, if bribery or corruption is discovered, it should be reported to the audit department. The audit department will conduct an investigation to find the facts. The process will not be disclosed until the facts are clear. Depending on the severity of the situation, the audit department will report to the chairman, general manager, or board of directors. Severe cases will be reported to the Board of Directors for discipline. The most severe punishment will be dismissal of the employee. If there is any loss to the company, legal action will be taken to recover the damages.</p>	None
<p>2. Fulfill operations integrity policy</p> <p>a) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>b) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and regularly (at least once a year) report to the Board about the implementation of ethical corporate management policy and the plan against unethical conducts?</p> <p>c) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>d) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and audit the implementation of policies of preventing unethical conduct, either by internal auditors or CPAs on a regular basis?</p> <p>e) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>Significant operational policies, investment projects, acquisition and disposal of assets, endorsement guarantees, loans, bank financing, and other matters are evaluated and analyzed by the relevant departments, and implemented after being approved by the board of directors.</p> <p>When executing activities that involve a conflict of interest with one's own job responsibilities, a special report should be submitted to the department's highest supervisor to request permission for the activity or to request recusal from executing the activity that conflicts with one's own job responsibilities.</p> <p>All employees of the Company have signed the non-compete clause and non-disclosure agreement. If anyone takes advantages of their position to obtain confidential information and discloses it, causing harm to the company, the company will seek compensation without hesitation.</p>	None

Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Description	
3. Report System operating status a) Has the company set specific report and reward system to facilitate the report channel and assign appropriate specialist accepting to spot the reported object? b) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases and measures for follow-up? c) Has the Company set measures to protect whistleblowers do not suffer for which he or she reported?	V		The Company's audit department is the channel for reporting the integrity violation cases. It will protect the identity of the whistleblowers and ensure the confidentiality of the content of the report. If the violation is severe, the company may disclose the violator's job title, name, date of violation, details of the violation, and the outcome of the investigation on the internal website.	None
4. Enhance information disclosure a) Does the Company disclose the information of implementation and results of integrity management on its website and the MOPS?	V		The relevant information is disclosed on the Company's official website.	None
5. If the company develops its own integrity operation rules according to the Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: No difference.				
6. Other important information for better understanding of the integrity operation The legal department will verify the legality of the transaction counterparties through case-based investigation. For significant or questionable cases, consultation with legal advisors will be made. The finance department will review the transaction based on the accounting principles.				

3.7 Other important information helpful for increasing understanding of your company's corporate governance may be disclosed along with the above information: 1. As our business scale grows and the need for control and management of foreign subsidiaries arises, we have continued to review and establish relevant regulations, procedures and internal implementation rules to enhance operational performance and strengthen risk control, with the aim to achieve better implementation of corporate governance. In recent years, following the establishment or amendment of relevant laws and standards by the competent authority in charge of securities, and taking into account practical business needs, Apacer has established the following regulations:

- "Articles of Incorporation",
- "Rules of Procedure for Shareholders' Meetings",
- "Director Election Regulations",
- "Rules of Procedure for Board of Directors Meeting",
- "Procedures for Acquisition or Disposal of Assets",
- "Procedures for Endorsements/Guarantees",
- "Procedures for Loaning Funds to Others",
- "Regulations Governing the Transactions among Related Parties". The following implementation rules have also been established as basis of all internal operations:
- "Procedures for Ethical Management and Guidelines for Conduct",
- "Management Procedures for Handling Material Insider Information and Prevention of Insider Trading",

- “Subsidiary Management Regulations”,
- “Corporate Governance Best Practice Principles”,
- “CSR Best Practice Principles”,
- “Guidelines for Evaluating the Performance of the Board of Directors”,
- “Regulations Governing Financial and Business Transactions Among Related Parties”.

3.8 Status of Implementation of Internal Control System

a) Please refer to the Internal Control System Statement disclosed on the Market Observation Post System (MOPS):

<https://mops.twse.com.tw/mops/web/t06sg20>

b) An accountant is hired to audit the Company’s internal control system:

None

3.9 Lawful punishment inflicted on the Company, and/or disciplinary action taken by the Company against its employees for violating internal regulations in the latest year (up to the printing date of this Annual Report); correction and improvement procedures:

None

3.10 Important resolutions made by the Shareholders' Meeting and Board of Directors, during the last year and up to the printing date of this Annual Report

a) The resolutions approved by the Board of Directors during 2024 up to the printing date of this Annual Report:

Date	Important Resolution
2024.3.13	<ol style="list-style-type: none"> 1. Proposal for approval of the 2023 Business Report and various financial statements. 2. Proposal for discussion and approval of the date, venue, and period for shareholder proposals for the 2024 Annual General Meeting. 3. Proposal for discussion and approval of the election of the 10th Board of Directors (including Independent Directors) and acceptance of shareholder nominations. 4. Proposal for discussion and approval of the lifting of non-compete restrictions for the 10th Board of Directors (including Independent Directors), to be submitted to the shareholders' meeting. 5. Proposal for discussion and approval of the 2023 earnings distribution. 6. Proposal for discussion and approval of the 2023 cash dividend distribution. 7. Proposal for discussion and approval of the 2023 employee and director compensation distribution. 8. Proposal for discussion and approval of the 2023 Statement on Internal Control System. 9. Proposal for discussion and approval of the operational procedures for transactions with group enterprises, specified companies, and related parties. 10. Proposal for discussion and approval of amendments to the Audit Committee Charter. 11. Proposal for discussion and approval of amendments to the Insider Trading Prevention Procedures. 12. Proposal for discussion and approval of the appointment of the CPA for 2024 and the assessment of independence and suitability. 13. Proposal for discussion and approval of the capital reduction of subsidiary AVTECH Security Corporation to offset losses and the transfer of shares to employees. 14. Proposal for discussion and approval of the 2024 fixed monthly remuneration for managerial officers. 15. Proposal for discussion and approval of amendments to the Rules of Procedure for Board Meetings.
2024.5.8	<ol style="list-style-type: none"> 1. Proposal for approval of the Q1 2024 consolidated financial report of the parent and subsidiaries. 2. Proposal for discussion and approval of shareholder proposals for the 2024 Annual General Meeting. 3. Proposal for discussion and approval of the nomination review for the 10th Board of Directors (including Independent Directors). 4. Proposal for discussion and approval of capital reduction to offset losses by subsidiary Q.S.C. Industry Co., Ltd.
2024.6.19	<ol style="list-style-type: none"> 1. Proposal for the election of the Chairman of the Board. 2. Proposal for the appointment of Audit Committee members. 3. Proposal for the appointment of Compensation Committee members.
2024.8.9	<ol style="list-style-type: none"> 1. Proposal for the appointment of Compensation Committee members. 2. Proposal for discussion and approval of the Q2 2024 consolidated financial report. 3. Proposal for discussion and approval of the disposal of shares of subsidiary CHIEFTRON INTERNATIONAL CORPORATION.

2024.11.8	<ol style="list-style-type: none"> 1. Proposal for discussion and approval of the Q3 2024 consolidated financial report. 2. Proposal for discussion and approval of the 2025 audit plan. 3. Proposal for discussion and approval of 2024 bonus distribution for managerial officers. 4. Proposal for discussion and approval of the appointment of a new General Manager. 5. Proposal for discussion and approval of the disposal of shares of subsidiary Q.S.C. Industry Co., Ltd. 6. Proposal for discussion and approval of investment quota acquisition. 7. Proposal for discussion and approval of the adoption of the Sustainability Best Practice Principles. 8. Proposal for discussion and approval of the establishment of the Sustainability Committee Charter. 9. Proposal for discussion and approval of the establishment of the Sustainability Committee. 10. Proposal for discussion and approval of procedures for the preparation and assurance of the Sustainability Report. 11. Proposal for discussion and approval of amendments to the Internal Control System. 12. Proposal for discussion and approval of the appointment and independence/suitability assessment of the CPA for 2025.
2025.3.7	<ol style="list-style-type: none"> 1. Proposal for approval of the 2024 Business Report and various financial statements. 2. Proposal for discussion and approval of the 2024 earnings distribution plan. 3. Proposal for discussion and approval of the 2024 cash dividend distribution plan. 4. Proposal for discussion and approval of 2024 employee and director remuneration. 5. Proposal for discussion and approval of amendments to the Articles of Incorporation. 6. Proposal for discussion and approval of the definition of grassroots employees. 7. Proposal for discussion and approval of the establishment of regulations governing financial and business transactions among related parties. 8. Proposal for discussion and approval of the date, venue, and proposal submission period for the 2025 Annual General Meeting. 9. Proposal for discussion and approval of the 2024 Internal Control System Statement. 10. Proposal for discussion and approval of the 2025 fixed monthly remuneration for managerial officers. 11. Proposal for discussion and approval of amendments to the Internal Control System. 12. Proposal for discussion and approval of changes to the Company's spokesperson. 13. Proposal for discussion and approval of the transfer of shares in subsidiary AVTECH Security Corporation to employees. 14. Proposal for discussion and approval of the appointment of a new General Manager for key subsidiary CHIEFTRON INTERNATIONAL CORPORATION.
2025.5.9	<ol style="list-style-type: none"> 1. Proposal for approval of the Q1 2025 consolidated financial report of the Company and its subsidiaries. 2. Proposal for discussion and approval of shareholder proposals for the 2025 Annual General Meeting. 3. Proposal for ratification of the promotion of the Chairman and General Manager of subsidiary AVTECH Security Corporation.

b) Important resolutions approved by the Shareholders' Meeting and the implementation

2023 Shareholders' Meeting is held by June 19th, 2024. The resolutions approved by the shareholders attended and the implementation are as follows:

b.1 Recognition of 2023 Business Report and Financial Statements

Implementation: 2023 Business Report and Financial Statements are recognized. The consolidated revenue of the year is approximately NT\$ 1,159,520,000 and the net profit after tax is approximately NT\$ 58,600,000. The net loss of each share is NT\$ 0.75.

b.2 Recognition of 2023 Earning Distribution

Implementation: Recognition passed and implemented according to the resolution of the

Shareholders' Meeting

4.Information on Accountants' Fees

Unit: NT\$

CPA Firm	Name of Accountant	Inspection Period	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte Taiwan	Chien-Liang Liu	2024.01.01 ~ 2024.12.31	2,100,000	0	2,100,000	
	Yu-Ling Tsai	2024.01.01 ~ 2024.12.31				

4.1 If the non-audit fees paid to the CPA, the CPA's accounting firm and its affiliated enterprises is more than one quarter of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:

None

4.2 If the CPA Firm is altered and the audit fee in altering year is less than that in the previous year, the amount of the audit fee reduced, percentage and reasons for the reduction of the audit fee shall be disclosed:

None

4.3 If the audit fee is reduced by over 10% compared with the previous year, the amount of the audit fee reduced, percentage and reasons for the reduction of audit fees shall be disclosed:

None

4.4 The Company's management annually evaluates the independence and suitability of the external auditor through the following procedures:

- i. The auditor provides a declaration of independence.
- ii. Preliminary evaluation is conducted by management.
- iii. The auditor reports Audit Quality Indicators (AQIs) to the Audit Committee.
- iv. The Audit Committee completes an evaluation form regarding the auditor's independence and suitability.
- v. The overall evaluation results are submitted to the Audit Committee and the Board of Directors for review and resolution. In 2024, the evaluation was approved on November 8.
- vi. Evaluation criteria include ensuring that the auditor has no investment or financial interest in the Company, and that there are no loan arrangements or similar financial relationships with the Company.

5. Alternation of CPA

None

6. The Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise:

None

7. Transfer & pledge of stock equity by directors, supervisors, managerial officers and holders of 10% or more of company shares during the latest year and up to the printing date of this Annual Report

7.1 Transfer & pledge of stock equity by directors, supervisors, managerial officers and holders of 10% or more of company shares

Tile	Name	2024		Up to Apr. 20 th , 2024	
		Shareholding Increase / Decrease (Note)	Pledged Shares Increase / Decrease	Shareholding Increase / Decrease (Note)	Pledged Shares Increase / Decrease
Chairman	Rep. of Chun-Yi Investment Co., LTD: Shih-Chung Chen	-	-	-	-
Director and Shareholder of more than 10%	Chun-Ju Huang	-	-	-	-
Director	Cheng-Mou Wu	-	-	-	-
Independent Director	I-Chen Tsai	-	-	-	-
Independent Director	Chih-Ming Wang	-	-	-	-
Independent Director	Chia-Wei Lai	-	-	-	-
Independent Director	Chin-Ling Chung	-	-	-	-
Independent Director	Yong-Sheng Chen	-	-	-	-
Independent Director	Guan-Hao Su	-	-	-	-
General Manager	Chun-Ping Chen	-	-	-	-
Manager of R&D Department	Ming-Sheng Cheng	-	-	-	-
Manager of Finance and Chief of Accounting Department	Min-Hui Lin	-	-	-	-

7.2 Information on Equity Transfer

None

7.3 Information on Equity Pledge

None

8. Information on Relationships among the Top Ten Shareholders

Apr. 20, 2025 Unit: Share

Name	Shareholding		Spouse & Minor Shareholding		Shares Held through Other Parties Shares		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Number	%	Number	%	Number	%	Title / Name	Relationship	
Chun-Yi Investment Co., LTD	22,215,044	27.77%	-	-	-	-	Chun-Ju Huang	Director	
							Yi-Lin hen	Chairman	
Chun-Ju Huang	8,842,984	11.05%	7,385,781	9.23%	-	-	Chun-Yi Investment Co., LTD	Director	
							Chiao-Sheng Investment Co., LTD	Director	
							Chiao-Tai Investment Co., LTD	Director	
							Ju-Lin Investment Co., LTD	Director	
							An-Hung Investment Co., LTD	Director	
Yi-Lin Chen	7,385,781	9.23%	8,842,984	11.05%	-	-	Chun-Yi Investment Co., LTD	Chairman	
							Chiao-Sheng Investment Co., LTD	Director	
							Chiao-Tai Investment Co., LT	Director	
							Ju-Lin Investment Co., LTD	Chairman	
							An-Hung Investment Co., LTD	Chairman	
Chiao-Sheng Investment Co., LTD	3,841,938	4.80%	-	-	-	-	Chun-Ju Huang	Director	
							Yi-Lin Chen	Chairman	
Chiao-Tai Investment Co., LTD	2,563,845	3.20%	-	-	-	-	Chun-Ju Huang	Director	
							Yi-Lin Chen	Director	

Name	Shareholding		Spouse & Minor Shareholding		Shares Held through Other Parties Shares		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
Tzu-Jung Huang	2,419,005	3.02%	-	-	-	-	Chun-Ju Huang	Relatives Within Two Degrees	
							Yi-Lin Chen	Relatives Within Two Degrees	
Ju-Lin Investment Co., LTD	1,217,000	1.52%	-	-	-	-	Chun-Ju Huang	Director	
							Yi-Lin Chen	Director	
An-Hung Investment Co., LTD	963,000	1.20%	-	-	-	-	Chun-Ju Huan	Director	
							Yi-Lin Chen	Chairman	
Zhi-yan Chen	650,000	0.81%							
JPMorgan Chase Bank, Taipei Branch	520,000	0.65%	-	-	-	-	-	-	

9. Combined Shareholding Percentage

Reinvestment	Investment by the Company		Direct or indirect control of Directors, Supervisors, or Managerial Officers		Combined Investment	
	Shares	%	Shares	%	Shares	%
Chiefton International Inc.	14,915,000	82.31%	-	-	14,915,000	82.31%
AVTECH Investment Inc.	8,000,000	100%	-	-	8,000,000	100%
AVTECH Security Corporation	4,535,520	90.04%	-	-	4,535,520	90.04%
Q.S.C. Industry Co., Ltd.	1,505,000	88.53%	-	-	1,505,000	88.53%

III Company Shares and Fund Raising

1. Company Capital and Shares, Corporate Bonds, Preferred Stocks, Global Depository Receipts (GDR), Warrants for Employees

1.1 Type of Shares

2025/04/20 Unit: 1000 shares

Type	Authorized Capital			Remarks
	Issued Outstanding Shares (Listed Stock)	Non-issued Shares	Total	
Registered Common Shares	80,000	40,000	120,000	—

1.2 Sources of Capital

Year / Month	Issue price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Property other than cash offset by the number of shares	Remarks
1996.06	10	500	5,000	500	5,000	Founded	None	—
1998.11	10	2,500	25,000	2,500	25,000	Capital increase by cash	None	—
1999.09	10	6,300	63,000	6,300	63,000	Capital increase by cash	None	—
2000.05	10	40,000	400,000	15,000	150,000	Capital increase 24,000 thousand by cash Capital increase 63,000 thousand by earnings	None	—
2001.10	10	40,000	400,000	25,000	250,000	Capital increase 49,000 thousand by cash Capital increase 48,000 thousand by earnings Capital increase 3,000 thousand by employee bonus	None	—
2002.09	10	40,000	400,000	31,760	317,600	Capital increase 62,500 thousand by cash Capital increase 5,100 thousand by employee bonus	None	2002 JGZYZ No 126761
2003.10	10	60,000	600,000	45,264	452,640	Capital increase 127,040 thousand by cash Capital increase 8,000 thousand by employee bonus	None	JGZYZ No 0920135381
2004.07	10	63,000	630,000	60,775	607,748	Capital increase 147,108 by earnings Capital increase 8,000 thousand by employee bonus	None	JGZYZ No 0930124999

Year / Month	Issue price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Property other than cash offset by the number of shares	Remarks
2005.07	10	94,000	940,000	70,891	708,910	Capital increase 91,162.2 thousand by earning Capital increase 10,000thousand by employee bonus	None	JGZYZ No 0940131166
2006.07	10	94,000	940,000	82,775	827,747	Capital increase 106,336.5 thousand by earnings Capital increase 12,500 thousand by employee bonus	None	JGZYZ No 0950133595
2007.07	10	94,000	940,000	90,120	901,196	Capital increase 66,219.7 thousand by earnings Capital increase 7,230 thousand by employee bonus	None	JGZYZ 0960039670
2008.07	10	120,000	1,200,000	100,000	1,000,000	Capital increase 94,625.63 thousand by earnings Capital increase 4,177.91 thousand by employee bonus	None	JGZYZ 0970035370
2017.7	10	120,000	1,200,000	80,000	800,000	Capital decrease 200,000 thousand	None	JGZYZ 1060025173

1.3 List of Major Shareholders

2025/04/20

	Name of Major Shareholder	Shares Held	Shareholding%
1	Chun-Yi Investment Co., LTD	22,215,044	27.77%
2	Chun-Ju Huang	8,842,984	11.05%
3	Yi-Lin Chen	7,385,781	9.23%
4	Chiao-Sheng Investment Co., LTD	3,841,938	4.80%
5	Chiao-Tai Investment Co., LTD	2,563,845	3.20%
6	Tzu-Jung Huang	2,419,005	3.02%
7	Ju-Lin Investment Co., LTD	1,217,000	1.52%
8	An-Hung Investment Co., LTD	963,000	1.20%
9	Zhi-yan Chen	650,000	0.81%
10	JPMorgan Chase Bank, Taipei Branch	520,000	0.65%

1.4 Dividend Policy and Execution Status

1.4.1 Dividend Policy

The Company is in a growth stage. By considering the future capital demand and long-term financial

planning, over 50% of net earnings will be allocated as stock dividends and cash dividends of not less than 10%.

1.4.2 Distribution of Stock Dividends in 2024

Item			Year	2024 (allocated in 2025)
Dividends Allocation	Cash dividend	Price per share (NTD)		1
		Total (thousand)		80,000
	Capital increase by earnings	Price per share (NTD)		0
		Total (thousand)		0
	Total	Price per share (NTD)		1
		Total (thousand)		80,000

1.5 Impact of Planned Issuance of Bonus Shares on the Company's Business Performance and Earnings Per Share

Not applicable

1.6 Remuneration to Employees and Directors

a) According to the Corporate Charters, Article 18,

"The profit before tax each year shall be used to compensate the loss from the precious year first before allocating to employees, directors and supervisors. The remaining profit shall be allocated as follow: the remuneration to employees should not be lower than 6%, and the remuneration to directors should not be higher than 1%. The allocated percentage of the remuneration to employees and directors and the remuneration type to employees (stock or cash dividends) shall be resolved by the Board of Directors with no less than two thirds of directors present and approved by more than half of directors attending the meeting, and submitted to the shareholders' meeting for resolution."

b) The basis to estimate the remuneration to employees, directors and supervisors is the number of shares distributed to employees as stock dividends, and how the accounting shall do if the actual amounts differ from the proposed amounts:

If the actual amounts differ from the amounts proposed on the Board of Directors, the differences are recorded in the year of shareholder's resolution as a change in accounting estimate and will not affect the financial statements audited by CPA.

c) Information on the Amount of Remuneration for Distribution Approved by the Board of Directors are as follows:

i) On March 13th, 2024, the Board of Directors approved that the cash dividends distributed to employees shall be NT\$7,100 thousand and to directors shall be NT\$ 2,100 thousand.

ii) Stock dividends to employees are not proposed in 2024.

d) Actual Distribution of the Amount of Remuneration in 2023:

NTD 0 thousand for employee cash dividends, NTD 4,370 for employee stock dividends and NTD 1,400 thousand for director dividends.

1.7 Share Repurchases

None

2. Corporate Bonds (including overseas corporate bonds)

None

3. Preferred Shares

None

4. Global Depository Receipts (GDR)

None

5. Subscription of Warrants for Employees

5.1 The unexpired employee subscription warrants issued by the Company in existence as of the date of publication of the annual report

None

5.2 Name of managers holding warrants for employees and top ten employees in terms of subscription of warrants, and the acquisition status as of the date of publication of the annual report

None

6. Subscription of New Shares for Employee Restricted Stocks

None

7. Issuance of New Shares due to Acquisition of Shares of Another Company

7.1 During the latest year and up to the printing date of this Annual Report, the Company has issued new shares due to acquisition of shares of another company:

7.1.1 The assessment prepared by lead securities underwriter concerning the issuance of new shares due to acquisition of shares of another company within the past quarter:

None

7.1.2 The implementation status of the past quarter. If the progress or benefit of such implementation is not as expected, its impact on shareholders' equity and an improvement plan shall be stated specifically:

Not Applicable

7.2 Any mergers and acquisitions (M&A) resolved on the Board of Directors up to the printing date of this annual report, how the M&A will be executed and the brief information of the company being merged shall be revealed, and how the M&A will affect the benefits of shareholders:

None

7.3 Issuance of New Shares due to Acquisition of Shares of Another Company

None

8. Implementation of fund usage plan

The Company doesn't have any uncompleted issuance plan or completed plan with unrealized benefit within the latest three years

IV Operational Highlights

1. Business Content

1.1 Business Scope

1.1.1 Major Business

- a) The manufacture, production, installation, sales and export of CCTV surveillance systems (cameras, recorders and their peripherals), home surveillance systems and auto dialer, access control systems (RFID card readers, fingerprint readers and parking access control systems)
- b) Import / export business
- c) Agent and distributor of the business mentioned in a) and project bidding
- d) Manufacturer of electronic components
- e) Manufacturer of optic equipment
- f) Manufacturer of power generation and distribution equipment
- g) Wholesaler of electronic materials
- h) Wholesaler of precision instrument

1.1.2 Current Product Items

The main products of the video surveillance system include mobile surveillance systems, remote network surveillance systems, intelligent network camera systems, NVR (Network Video Recorder) products, H.265 surveillance products, 3G manual tracking surveillance systems, and infrared license plate recognition cameras.

The main brands represented in electronic materials and semiconductor distribution include ABLIC Inc. (Japan), Seiko Instruments Inc. (Japan), Global Mixed-mode Technology Inc. (GMT), Nichicon (Japan), Speedtech, Eris, SmartSens (China), 3PEAK (China), MinebeaMitsumi (Japan), Hosonic, Mercury, FETEK, ETA, and Southchip.

1.1.3 Revenue Mix

Unit: NTD 1,000

Item \ Year	2023		2024	
	Total Sales Revenue	Sales Percentage	Total Sales Revenue	Sales Percentage
Video surveillance systems	207,323	18%	212,687	23%
Electronic materials	952,198	82%	726,153	77%

1.1.4 New Products

New Products Planned for Development and Implementation in the Video Surveillance System:

Home automation security systems, image transmission/storage/compression systems, wireless video transmission systems, image detection and recognition systems, advanced facial and access control recognition multifunctional integrated systems, and small-scale commercial (home) IoT security systems.

New Products Planned for Introduction in the Electronic Materials Sector:

Targeting existing applications in the Asia-Pacific region such as PCs (including industrial PCs), measurement instruments, industrial equipment, and industrial automation. Examples include:

- (1) Industrial PCs and related peripherals, such as routers and USB cards.
- (2) Industrial interface cards, such as analog-to-digital or digital-to-analog converter cards, and communication interface cards.
- (3) Consumer products such as HDMI extenders and DisplayPort-related products.

Other related products include optical modules, high-speed audio/video transmission products, industrial-grade networking equipment, and environmental sensing devices. These products aim to drive continuous growth in the company's performance and progressively expand market share.

1.2 Industry Overview

1.2.1 The Current Status of the Industry and Future Development

AVTECH is the professional manufacturer of CCTV systems. As the growing attention to home and public security privacy, the demands for a variety of surveillance equipment are also increased to bring the sales growth of CCTV devices and systems. The security industry is divided into four areas: CCTV, access control, burglar prevention and intercom, among which CCTV is one of the most important area and has occupied over 60% of the security market.

Product List of Security Industry

Item	Main Products
CCTV	IP (network) camera, color camera, b/w camera, dome camera, wireless camera, board camera, DSP camera, IR camera, lens, monitor, recorder, quad processor, frame multiprocessor, matrix system, peripheral, digital video recorder, remote surveillance system
Access Control	RFID card reader, magnetic card reader, controller, system software, fingerprint reader, palm recognition reader, facial recognition reader, parking lot equipment, magnetic lock, electric lock, password door lock, EAS door system, peripheral, card writer
Burglar Prevention	Wireless / wired main station, dual beam infrared detector, dual-technology sensor, PIR sensor, electronic fence, glass break detector, magnetic contacts, panic button, buzzer, auto dialer, stun gun, gas spray, mini buzzer
Intercom	Intercom, door phone, 3-in-1 intercom

Source: A&S magazine

Current Status and Development of the Company's Main Video Surveillance Products and Distribution Lines:

■ Current Status and Development of the Video Surveillance Industry:

(1) High-Definition Cameras (HD CCTV):

HD CCTV transmits images without compression, resulting in zero latency and no distortion—addressing common issues encountered with megapixel IP cameras. As high-definition video becomes a market priority, users with existing network infrastructure may choose between megapixel IP cameras or HD cameras. For analog surveillance system users, HD CCTV enables HD video transmission via coaxial cables. This allows users to upgrade their systems by replacing only the front-end equipment, without rewiring the entire infrastructure—making HD CCTV the primary upgrade option for traditional analog systems.

(2) Digital Video Recorders (DVR):

Traditional analog video surveillance systems rely on videotapes for storage, which are bulky, hard to maintain, labor-intensive for data retrieval, and have a short lifecycle—leading to continuous replacement costs. DVRs in digital surveillance systems offer benefits such as adjustable playback and recording speeds, fast search, motion detection, large storage capacity, secure backup methods, auto-recovery, and networking capabilities. These features have gradually replaced analog video splitters, frame compressors, and VCRs in the market.

DVRs are generally categorized into PC-based and Stand-alone types:

PC-based DVRs operate on platforms such as Windows or Linux, typically offering multiple camera inputs (e.g., 4 or 16 channels), and support remote monitoring via network functions.

Stand-alone DVRs are designed to replace traditional VCRs with similar interfaces, making them user-friendly. Video is stored on hard drives, with options for external storage to extend recording time. These units may also feature network connectivity, enabling live monitoring, recording, and playback via browsers using LAN, ISDN, or PSTN.

An important performance factor besides the operating platform is the video compression format.

The latest H.265 standard products can reduce bandwidth usage by over 50% compared to MPEG-4, better supporting the demand for high-resolution video surveillance.

(3) IP Cameras (Network Cameras):

To achieve remote surveillance, traditional systems must be network-enabled. DVRs can digitize signals and transmit them via network cables, fulfilling this requirement. Alternatively, a Video Server can convert analog video to digital format and store it remotely.

However, if the camera itself can convert and transmit digital video directly over the network, it simplifies system architecture by reducing cabling and external conversion devices. This leads to the development of IP Cameras, which capture video in digital format and support direct IP connectivity, allowing footage to be sent to remote monitoring centers or viewed via mobile devices.

Unlike traditional analog cameras, which only capture video, IP Cameras are expected to support digital output, networking, and smart integration. Embedding software directly into IP Cameras to enhance functionality has become a clear trend.

Current Status and Development of the Electronic Materials Industry:

(4) Power Management ICs and Battery Protection ICs

Modern electronic devices demand increasingly efficient energy use. The power ICs we distribute offer high-efficiency power conversion and reduce energy loss. These are widely applied in:

- ✓ Mobile devices (smartphones, tablets, laptops)
- ✓ IoT devices (smart appliances, wearables)
- ✓ Automotive electronics (ADAS, autonomous driving systems, EV battery management)
- ✓ Industrial and medical equipment (robotics, automation control, medical instruments)

Lithium batteries require strict charging and discharging management. Overcharging may lead to overheating, swelling, or even explosion, while over-discharging can permanently damage battery capacity. Protection ICs monitor battery voltage and automatically disconnect the circuit when voltages exceed safe thresholds. For example, battery management ICs in smartphones and laptops stop charging at safe levels to prolong battery lifespan. Battery protection ICs are widely used in:

- ✓ Wearables (smartwatches, wireless earbuds)
- ✓ Power tools (cordless drills, saws)
- ✓ Energy storage systems (solar energy storage, home batteries)
- ✓ Electric vehicles (EV) (battery modules, power management systems)
- ✓ Medical devices (pacemakers, wireless monitoring devices)

(5) Analog Discrete Components: MOSFETs, Diodes, TVS, ESD, Crystals, Polymer Capacitors

Despite the high integration in modern circuits, analog discrete components remain essential for power management, signal processing, power control, and EMI suppression. Their flexibility, stability, and cost-efficiency make them irreplaceable in electronic design and ensure their continued relevance in the future. Applications include:

- ✓ Consumer electronics (TVs, audio systems, smart home appliances)
- ✓ Industrial control (power conversion, sensor signal processing)
- ✓ Automotive electronics (voltage regulation, engine control modules)
- ✓ Communication devices (RF systems, antenna matching circuits)

(6) Image Sensor Products (CMOS Image Sensors)

Image sensors are key components that convert light into electrical signals and are core technologies in digital cameras, smartphones, surveillance systems, and autonomous driving. They impact daily

life (photography, security, entertainment) while also driving advancements in AI, healthcare, industrial, and scientific applications. With ongoing image technology improvements, their use will continue to expand and innovate across smart and automated applications.

(7) Connectors (RJ45, FAKRA)

Connectors provide stable electrical or data signal transmission, ensuring communication and signal integrity between devices. High-quality connectors enhance transmission speed, reduce interference, and improve system reliability.

◆ RJ45 Connectors (Network Connectors)

Used in Ethernet networks for high-speed data transmission between routers, switches, and computers

Support speeds from 10/100/1000 Mbps to 10 Gbps

Suitable for offices, homes, and data centers

◆ FAKRA Connectors (Automotive RF Connectors)

Used in in-vehicle communications, navigation, antennas, and ADAS (Advanced Driver-Assistance Systems)

Support high-frequency transmission up to 6 GHz, ensuring signal stability and reduced interference during driving

(8) Analog and Mixed-Signal Integrated Circuits (ICs)

The real world communicates through analog signals (e.g., sound, temperature, light), while digital devices process digital signals. Analog and mixed-signal ICs bridge this gap. After digital processing, computers use DACs (Digital-to-Analog Converters) to produce outputs in forms humans can perceive (e.g., brighter lights, faster fans). Common types include:

DACs, ADCs (Analog-to-Digital Converters)

Amplifiers, Multiplexers

Temperature Sensors

These ICs are complex to design, requiring extensive expertise and time, which contributes to higher entry barriers and profit margins. They are crucial for enabling sensing, signal processing, communication, and power management in modern electronics.

(9) Primary and Rechargeable Coin Lithium Batteries

Coin lithium batteries are small, lightweight, and energy-dense. They are divided into:

◆ Primary Coin Li Batteries (Non-rechargeable)

Disposable after use

Long shelf life (5–10 years) with low self-discharge

Common models: CR2032, CR2025, CR2450

Applications: remotes, medical devices (e.g., hearing aids), timers, sensors, RFID tags

◆ Rechargeable Coin Li Batteries

Can be recharged hundreds to thousands of cycles

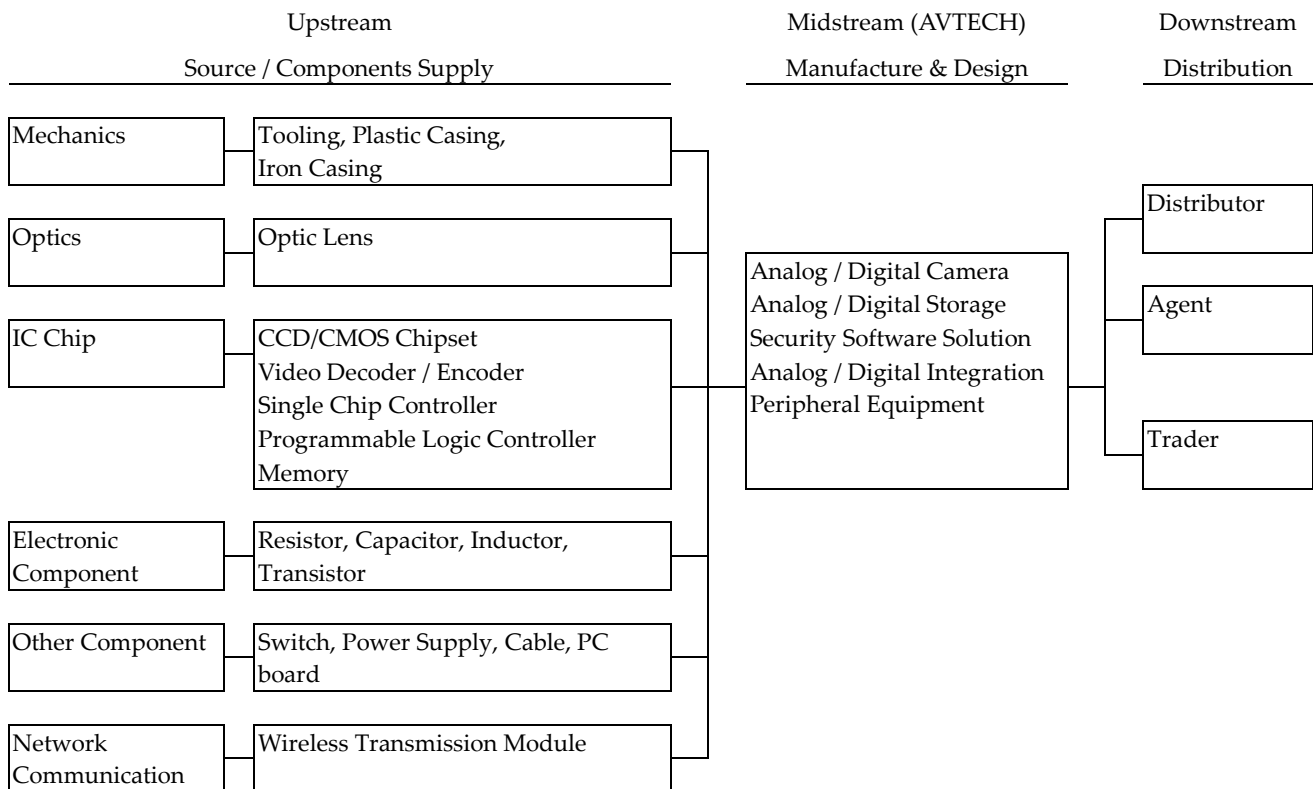
Higher energy density, slightly higher self-discharge

Common models: CPH3225, MS412, MS621, MS920, including high-temp versions like MS621T and MS920T

Applications: smart network devices, dash cams, in-vehicle monitoring (Car DVRs), IoT devices

As IoT, smart electronics, and wearables grow, coin lithium batteries will remain a key energy technology supporting longer-lasting and greener product development.

1.2.2 The Industry Value Chain and Relationship



Upstream, Midstream, and Downstream Relationships in the Electronic Materials Industry:

For upstream component suppliers, distributors must actively support product sales, offer technical support, and provide integrated market intelligence. By building an effective supply and demand chain with suppliers, distributors help suppliers develop more competitive semiconductor and electronic components, compensate for gaps in manpower and service, and deliver better technical support and sales services to customers—ultimately assisting suppliers in expanding their market share.

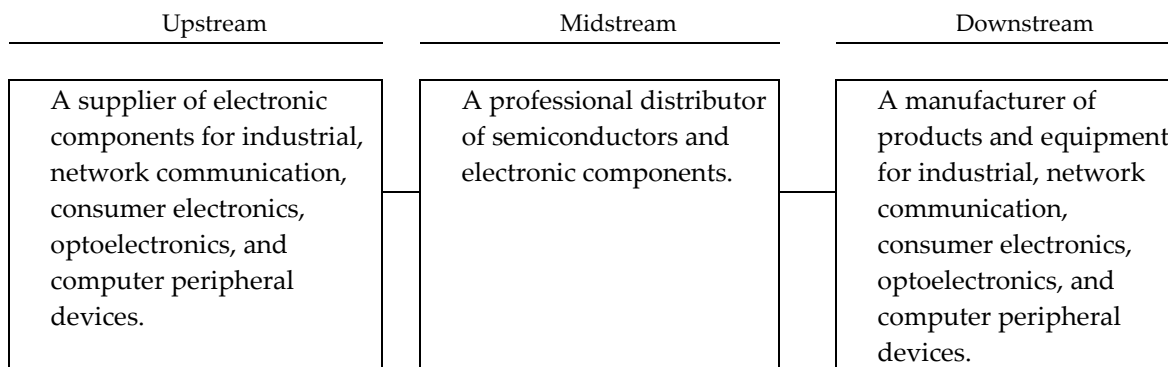
For downstream product and equipment manufacturers, distributors not only provide technical support but also offer product application insights and complete solutions. This enables manufacturers to develop competitively functional and cost-effective products while leveraging the distributor's sales channels. Additionally, distributors offer inventory services to reduce the cost burden of self-stockpiling for manufacturers and minimize operational risk.

For our company, we play a critical intermediary role in the electronics supply chain, bridging upstream original component manufacturers (semiconductors and component makers) and downstream electronics manufacturers (EMS, ODM, OEM). Our role is essential to the development of the electronics industry, influencing product development, supply chain management, cost control, and technical support.

Distributors serve as a key player in the supply chain, ensuring stable supply, reducing procurement risk, and optimizing cost structures. This allows electronic manufacturers to focus on their core product development. As such, in the development of the electronics industry, distributors are not just component suppliers—they are also technical consultants, supply chain management experts, and market expansion partners, playing a vital role in a company's long-term competitiveness.

We serve as a communication bridge between upstream global semiconductor giants and downstream system integrators, helping both parties become more sensitive to industry movements—such as customer dynamics, market product trends, and semiconductor industry cycles—enabling faster and more agile responses.

The relationships across the upstream, midstream, and downstream sectors in the semiconductor component industry are illustrated as follows:



1.2.3 Future Development

Future Trends in Video Surveillance Systems

With rapid advancements in audio, visual, and imaging technologies, today's expectations for video surveillance systems have evolved significantly. It is no longer sufficient to merely see an image or hear sound—users now demand immersive audio experiences and highly realistic, clear, and high-resolution visuals. In the era of rapid information and technological development, the video surveillance industry has seen significant growth due to the rise of digital image applications and internet technologies. The future development trends of video surveillance systems include:

High Resolution and Low-Light Imaging

As we enter the digital imaging age, users expect fast and accurate image capture and transmission. Therefore, cameras, image processing or compression devices, storage, and display equipment must all evolve toward higher resolution and better performance in low-light conditions.

Remote Surveillance Capabilities

Remote monitoring systems now integrate various digital technologies, such as safety surveillance, audio-visual transmission, and communication technologies. These systems are becoming more networked, computerized, intelligent, and secure. Unlike the traditional standalone and closed-wiring surveillance models, future systems will increasingly adopt open network architectures or semi-closed LAN-based models to achieve multi-point transmission across broadband networks in smart buildings and communities.

IoT-Based System Integration

A growing trend is the integration of video surveillance with other electronic security systems to provide users with more practical and lifestyle-oriented solutions. This integration greatly enhances management efficiency and aligns with the broader movement toward smart, interconnected security systems.

© Future Trends in Electronic Materials Industry Products

1. Power Management ICs and Battery Protection ICs

Partnering with suppliers such as ABLIC and GMT, both leaders in power management and battery protection ICs, the industry is experiencing the following trends:

Rising Demand for High-Performance Power Management ICs

As IoT, smart devices, and EV markets expand, there's an increasing need for efficient, low-power ICs. ABLIC is focusing on enhancing its lineup of DC-DC converters, LDO regulators, and battery management systems. These solutions are especially critical for wearable and IoT devices that require long battery life.

High Integration and Miniaturization

With the trend toward compact and highly integrated electronics, ABLIC and GMT are working to shrink package sizes and integrate more functions into single chips. This includes combining power management, overvoltage protection, and battery safety features, which help reduce costs and improve performance.

Focus Areas

Future development will emphasize high-efficiency power management, low-power design, eco-friendly solutions, automotive electronics, and 5G applications. Their innovations will continue to support wearables, electric vehicles, smart homes, and IoT, maintaining their competitive edge in the

semiconductor industry.

2. CMOS Image Sensors

Smartsens is a leading image sensor company offering high-quality solutions across smartphones, automotive systems, security surveillance, and IoT. Its development is focused on:

High-Resolution and HDR Technologies

With growing demands for superior image quality, sensors with ultra-high resolutions (e.g., 8K, 16K) and high dynamic range (HDR) are crucial for fields like security, medical imaging, and professional photography.

Automotive Imaging and Autonomous Driving

As ADAS and autonomous driving technologies mature, image sensors must support high-resolution, low-latency processing in harsh automotive environments, including features like night vision and obstacle detection.

AI-Driven Image Recognition

Integrating AI into image sensors enables real-time data processing, face/object recognition, and environmental monitoring. AI-powered sensors are particularly valuable in intelligent surveillance systems for anomaly detection and automated threat identification.

3. Primary and Rechargeable Coin Cell Batteries

SII (Seiko Instruments) produces both rechargeable and primary coin cell batteries used in IoT, medical devices, and wireless sensors. Development focuses include:

Higher Energy Density in Miniature Formats

Compact batteries with extended battery life are essential for hearing aids, smart cards, and medical patches.

Longer Life and High-Temperature Durability

Improving charge-discharge cycles and resistance to extreme temperatures is crucial for industrial IoT applications.

4. Analog and Mixed-Signal ICs

3PEAK specializes in high-performance analog and mixed-signal ICs, including op-amps, comparators, ADC/DAC converters, signal chain products, and power management ICs. Key focus areas are:

High-Precision, Low-Power Op-Amps

Designed for high-end instrumentation, industrial automation, and smart medical devices requiring sensitive signal processing.

Advanced Data Conversion (ADC/DAC)

Supports high-resolution analog-digital conversions for sensors, measurement tools, and communication systems.

High-Reliability Comparators and Level Shifters

Delivers efficient, precise signal processing capabilities tailored for automotive and industrial applications.

1.2.4 Industry Competitive Landscape

Video Surveillance System Industry

The electronic security industry has entered a fiercely competitive phase, marked by intense price wars and a "winner-takes-all" dynamic. In such a fast-changing market, only companies that can strictly control production costs, demonstrate rapid R&D capabilities, and maintain agile organizational structures can remain competitive and adapt effectively.

● Electronic Materials Industry

Power ICs have been deeply rooted in the industrial and instrumentation (I&I) sectors for over 30 years, with a long-standing customer base of around 500 companies across a wide range of applications. Through long-term collaboration, we have established strong relationships of mutual trust and effective interaction with our clients.

Our customer base spans multiple sectors, including:

Industrial Applications – industrial monitoring, automated testing systems, wireless applications, and medical instruments

Consumer Electronics – digital cameras, wireless earbuds, etc.

Networking and Communications – Wi-Fi, routers, dongles, docking devices, and more

Backed by a comprehensive organizational structure—including Product Managers (PM), Field Application Engineers (FAE), and Sales teams—we provide clients with complete and customized support services. Our proactive customer engagement, consistent follow-up, and rapport-building efforts enable us to meet client expectations efficiently and professionally.

We actively participate in our customers' entire product life cycle—from planning and design-in, to mass production. We supply the right components, complete circuit designs, prototypes, and debugging assistance. From basic parts to full solutions, we offer a wide range of options to meet diverse customer needs.

Despite facing strong industry competition, we continue to leverage our competitive strengths in market trends, product development, technical support, component supply, and channel integration. These capabilities allow us to quickly gain the trust of both suppliers and customers, enabling us to create greater value and profitability.

1.3 Technology and R&D

1.3.1 Technical and R&D Business

AVTECH has dedicated itself in developing video surveillance related products to satisfy the customers' requirements and rapid changes of the market. AVTECH also has the FAE department to promote our new products, solve technical issues and listen to what the market needs.

1.3.2 Education Degree of R&D Department

Education Degree	Number	Percentage
PhD	0	0%
Master	4	20%
Bachelor	15	75%
Associate	1	5%
Total	20	100%

1.3.3 R&D Expenses for the Most Recent 3 Years

a) R&D Expenses for the Most Recent 3 Years

Unit: NTD 1,000

Item	2022	2023	2024
R&D Expenses	29,984	28,256	27,719
R&D Expenses to Revenue %	15%	14%	18%

b) Successful Product Development for the Most Recent 3 Years

Mobile surveillance software, system integration products, AI-based DVR

1.3.4 Future R&D Development Plans

- AI-based camera and storage devices to process and analyze high definition video data
- IoT integration and cross industry alliance to extend the applications to other industries and offer more user-friendly and convenient life experiences.

Unit: NTD 1,000

Item	2025	2026	2027
R&D Expenses	30,000	40,000	40,000

1.4 Long and Short-term Business Development Plans

1.4.1 Short-term Business Development Plans

Video Surveillance System Industry

The electronic security industry has entered a fiercely competitive phase, marked by intense price wars and a "winner-takes-all" dynamic. In such a fast-changing market, only companies that can strictly control production costs, demonstrate rapid R&D capabilities, and maintain agile organizational structures can remain competitive and adapt effectively.

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Despite facing strong industry competition, we continue to leverage our competitive strengths in market trends, product development, technical support, component supply, and channel integration. These capabilities allow us to quickly gain the trust of both suppliers and customers, enabling us to create greater value and profitability.

1.4.2 Long-term Business Development Plans

Video Surveillance System Industry

Marketing Strategy

In the area of video surveillance systems, we are actively cultivating marketing professionals and establishing international sales bases to strengthen both the depth and breadth of our market reach.

The goal is to position AVTECH as a global leader in the video surveillance industry. Strategic partnerships through OEM and ODM collaborations with major clients are also being pursued.

Production Strategy

We continue to promote automated production lines and conduct thorough product structure analysis to reduce manufacturing costs while enhancing product quality and yield. Efforts are focused on expanding production capacity and improving overall operational efficiency. In addition, strict implementation of production management systems ensures continuous quality improvement and excellence.

R&D Strategy

Our R&D efforts are driven by market insights and innovation. We continuously develop new products that meet evolving market demands. By integrating digital multimedia and communication technologies into the electronic security sector, we are innovating in areas such as digital storage and remote surveillance. We are also committed to recruiting and nurturing top-tier R&D talent, forming strong development teams to maintain our technological leadership.

Management Strategy

We are building a comprehensive production and sales system. Beyond strengthening our executive management team, we are investing in talent development across all disciplines to support the

company's future growth. By fostering a shared corporate culture rooted in professionalism, specialization, performance, and accountability, we aim to enhance organizational cohesion and global competitiveness, with the ultimate goal of achieving long-term sustainable growth.

Electronic Materials Industry

Digital Transformation & Technical Integration

We are accelerating digital transformation through platforms leveraging AI and big data to enhance service efficiency and customer experience. Close collaboration with OEMs, ODMs, and technology suppliers enables us to deliver integrated solutions. We assist clients in selecting the right components, provide reference designs, and offer engineering support to shorten product development cycles.

Expansion of Marketing Channels

We aim to strengthen our market presence across northern, central, and southern Taiwan while expanding our reach to international markets. Our objective is to become a globally recognized professional distributor. By leveraging our technical expertise, we help clients shorten the time-to-market for new products, establish strong brand recognition through diversified services, and enhance our overall business performance and competitive advantage.

AI-Driven Inventory Optimization & Green Innovation

Through AI and machine learning, we aim to optimize inventory management, forecast market demand, and precisely align supply with customer needs. By analyzing customer data, we offer personalized recommendations and improve supply chain planning and cost control. With the growing demand for eco-friendly products, we will continue to develop and supply high-performance components related to green energy solutions.

2. Production and Sales Status

2.1 Market Analysis

2.1.1 Core Sales Areas

Our main products include video surveillance systems and the distribution of electronic components and their sales areas in 2024 are listed below:

Unit: NTD 1,000

Product	Area	Amount	Percentage
video surveillance systems and the distribution of electronic components	Domestic Sales	477,167	51%
	Mainland China	340,636	36%
	Asia	95,345	10%
	America	9,680	1%
	Others	9,473	1%
	Europe	6,539	1%
	Total	938,840	100%

2.1.2 Market Share & Competition Niche

Competitive Advantages in the Video Surveillance System Industry

Independent R&D Driven by Market Demand

Our research and development is grounded in current market conditions and guided by market expansion and customer needs. We adopt a modular approach to product development, allowing for iterative innovation and efficient reuse of existing modules. This modular strategy generates a multiplier effect, enabling us to accelerate the launch of mature and application-specific product lines.

Rigorous Material Management and Resource Optimization

Leveraging our extensive experience in electronic component distribution, we maintain real-time market insights and excel in materials and resource management. By integrating core technologies into our products, we effectively reduce production costs. Additionally, we streamline flexible processes across R&D, sales, and manufacturing, supported by robust ERP systems that optimize resource allocation. Our competitive pricing and technological reliability have driven rapid business

growth and gained the trust of our clients.

Comprehensive Product Line, Fast Delivery, and Efficient After-Sales Service

In the electronic security industry, speed to market is critical. The video surveillance sector demands rapid product development to accommodate diverse customer requirements. With deep expertise in this domain, our company utilizes strategic production planning and achieves economies of scale. This allows us to negotiate better terms with suppliers and reduce production costs. Strong partnerships with upstream material vendors and SMT providers enable shorter lead times and prompt delivery, meeting urgent customer timelines.

Flexible Sales Strategies Across ODM/OEM/OBM Models

Our sales approach combines ODM, OEM, and OBM models. With strong R&D and manufacturing capabilities, we offer customized products that align with client and market demands, ensuring flexibility and scalability.

Competitive Advantages in the Electronic Materials Industry

Technology-Driven Marketing

Our front-line sales team maintains direct contact with customers, giving us sharp market insight and the ability to respond rapidly to changing needs. We possess strong product integration and technical evaluation skills, and we collaborate closely with suppliers to promote new product marketing strategies, offering customers comprehensive and value-added services.

Extensive Customer Base and Leading Product Lines

With years of experience across various industries, we have cultivated a wide and diverse customer base. Through the expansion of product lines and strategic integration of resources, we continue to meet growing industry demands. By representing leading global brands, we are able to offer customers more complete and competitive solutions, reinforcing our value as a trusted distributor.

2.1.3 Future Industry Supply & Demand and Growth

Video Surveillance System Industry

According to a research report by MarketsandMarkets, the global security industry is expected to grow at a compound annual growth rate (CAGR) of 10%. Demand from emerging markets in Asia is projected to be the primary driving force behind this market expansion.

Electronic Materials Industry

With the ongoing evolution of the global tech sector, the supply-demand dynamics and growth potential of electronic component distribution are influenced by several key factors, including semiconductor market cycles, supply chain adjustments, end-user demand, and regional policies.

A. Supply-Side Trends

Geopolitical and Trade Shifts

The U.S.–China trade conflict and export restrictions on semiconductors from the U.S. to China have significantly impacted the global supply chain layout. As a result, regional diversification and multi-sourcing strategies are becoming dominant trends.

Evolution of the Distribution Model

The traditional distribution model is maturing. Customized services and technical support are emerging as new market demands. To stay competitive, distributors must offer value-added services such as design consulting, solution development, and modular system integration.

B. Demand-Side Trends

Growth in Automotive Electronics

The rising penetration of electric vehicles (EVs) is boosting demand for power semiconductors (SiC/GaN), microcontrollers (MCUs), and sensors.

Applications such as ADAS (Advanced Driver Assistance Systems) and smart cockpits are rapidly increasing demand for high-performance components, including high-speed op-amps, automotive-grade memory chips, and image processors.

Demand for Battery Management Systems (BMS) is growing, creating a need for complete power

management solutions tailored to automotive applications.

Industrial Automation and IIoT Expansion

The development of Industry 4.0 and smart factories is driving applications in sensors, low-power MCUs, and embedded AI chips.

Growth in industrial automation and robotics is boosting demand for precision operational amplifiers, high-resolution ADC/DACs, and motor driver ICs.

The expansion of the Internet of Things (IoT) is pushing demand for low-power wireless chips such as BLE, LoRa, and Wi-Fi 6, increasing distribution opportunities for modular products.

AI and High-Performance Computing (HPC)

The rise of AI training and HPC applications is increasing demand for high-speed memory (HBM), high-performance FPGAs, and AI acceleration chips (e.g., NPUs).

Growth in edge AI and embedded computing markets is further driving the adoption of AI microprocessors (NPU+MCU) and high-precision data converters.

2.1.4 Business Development Advantages, Disadvantages and Countermeasures

(1) Adverse Factors and Countermeasures

Video Surveillance System Industry:

Adverse Factor: Positive industry outlook, yet intense international competition

Countermeasure: Establish strategic partnerships with clients to create mutual dependence and achieve win-win outcomes.

Adverse Factor: Rapid product evolution and short life cycles

Countermeasure: Continuously launch new niche products to enhance product added value.

Electronic Materials Industry:

Adverse Factor: Intensifying regional competition

Countermeasure: With the regionalization of the semiconductor industry and the rise of local agents in various countries, international agents must enhance competitiveness through technical services and supply chain integration.

Adverse Factor: Tech war and trade restrictions

Countermeasure: The U.S. chip ban on China may affect supply strategies of agents; it is necessary to diversify product lines and client base to reduce geopolitical risks.

(2) Favorable Factors

Video Surveillance System Industry:

Favorable Factor: Professional management team

Our staff possesses extensive practical experience and a solid theoretical foundation, with capabilities in independent R&D and production. By attracting top talent and adopting a management model based on specialization, division of labor, performance, accountability, organization, and functionality, we ensure continuous business growth.

Favorable Factor: Well-established marketing channels domestically and internationally

Leading companies in IT, communications, and consumer electronics have long-standing relationships with our company. Based on the principle of reciprocity, we anticipate that our cooperative relationships will become even more stable and long-lasting.

Additional Advantage:

By enhancing in-house R&D capabilities, we diversify our product offerings and attract medium to large OEM clients to expand market share and meet diverse customer needs.

Electronic Materials Industry:

Favorable Factor: Growing demand for industrial automation and AI computing

With accelerated localization of semiconductor supply chains in the U.S., Europe, and Asia (Taiwan, China, India), opportunities for regional agents increase. Regional cooperation can further boost market share.

Favorable Factor: AI and smart device markets are driving demand for related components

AI-driven computing acceleration, high-performance storage, and low-power processors present new distribution opportunities.

Favorable Factor: Strong demand in the new energy (EV/Energy Storage) market

Strategic deployment in automotive-grade chips, power semiconductors (SiC/GaN), and battery

management ICs to enhance product portfolio.

2.2 Core Products, Main Applications, and Manufacturing Process

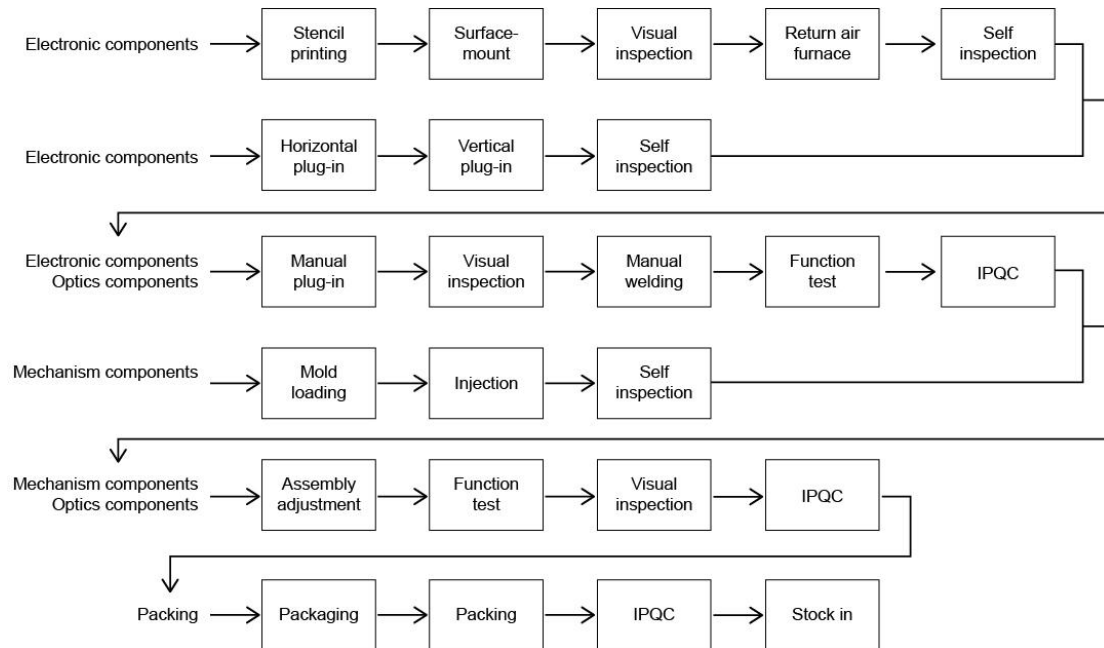
2.2.1 Core Products and Main Applications

Core Products: IP (network) camera, digital storage equipment, surveillance software solution, digital integration peripheral

Main Applications: Safety secured by video transmitting and data processing

2.2.1 Manufacturing Process of Core Products

Core Products: Cameras, Back-end Storage Equipment



2.3 Status of Core Material Suppliers

The core materials of our products are integrated circuits, IC integrated circuits, passive components, PCBs, cables and wires, mechanism, resistor, capacitor, inductor, detectors, etc. Most of them are purchased domestically. The sources and supply are reliable.

2.4 Production and Sales Status

2.4.1 Key accounts in the past two years

Unit: NTD 1,000; %

Item	2023				2024				Up to 1st quarter of 2024			
	Account	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer	Account	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer	Account	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer
1	Other	1,159,521	100	None	A	135,350	14	None	A	33,999	13	None
2					Other	803,490	86	None	Other	232,551	87	None
	Net sales	1,159,521	100		Net sales	938,840	100		Net sales	266,550	100	

2.4.2 Key vendors in the past two years

Unit: NTD 1,000; %

Item	2023				2024				Up to 1st quarter of 2024			
	Vendor	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer	Vendor	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer	Vendor	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer
1	A	165,322	19	None	A	322,340	36	None	A	94,498	42	None
2	B	103,098	13	None	B	98,128	11	None	B	28,146	13	None
3	Other	580,660	68	None	Other	486,518	53	None	Other	100,848	45	None
	Net Purchases	849,080	100		Net Purchases	906,986	100		Net Purchases	223,492	100	

2.5 Production Value in the Most Recent 2 Years

Unit: NTD 1,000

Quantity & Value	2023			2024		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Major Product						
Video Surveillance Systems	2,500	1,500	250,000	2,000	1,250	230,000
Total	2,500	1,500	250,000	2,000	1,250	230,000

3. Employee Data during the Past Two Years

Year		2023	2024	Up to Apr. 30 th , 2024
Employee Number	Factory	50	50	50
	R&D	21	20	21
	Sales	22	22	20
	Administration	21	22	24
	Total	114	114	115
Average Age		43	43	43
Average Seniority		11	11	11
Education Distribution %	PhD	-	-	-
	Master	7%	7%	7%
	Bachelor	46%	46%	46%
	Associate	11%	11%	11%
	Senior High School	31%	31%	31%
	Below Senior High School	5%	5%	5%

4. Information on Environmental Protection Costs

4.1 If a permit to be recognized as pollutant equipment or a permit to be allowed to discharge pollutants should be applied, or a fee should be paid for environmental protection, or an environmental protection supervisor should be hired according to the applicable laws and regulations

None

4.2 Investment of the equipment to prevent environmental pollution, how it works and any possible benefits

None

4.3 Any disputes occurred during the period of improving environmental pollution in the most recent fiscal year and up to the annual report publication date should be stated here.

None

4.4 Disbursements for environmental protection: Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid), and 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

4.5 Current pollution status, the influence of improvement on the Company's earnings, competitive position and capital expenditure, estimated major expenditure on environmental protection in the following two years

None

5. Labor Relations

5.1 Welfare Measures and Retirement System for Employees, and Labor Agreement and Implementation

5.1.1 Welfare Measures

To encourage employee morale, improve work efficiency, foster team cohesion, and establish a stable working environment, our company established the Sheng Tai Technology Co., Ltd. Employee Welfare Committee in March 2000 (ROC Year 89), in response to employee needs. The committee promotes various welfare measures such as travel activities to cultivate a shared sense of unity and cooperation between employees and the company, aiming to create a harmonious labor-management relationship.

5.1.2 Retirement System

The company follows the retirement regulations stipulated in the “Labor Standards Act,” adopting a defined benefit retirement plan. According to this system, retirement pay is calculated based on an employee’s years of service and base salary at the time of retirement. Under the new retirement system, the company contributes 6% of the employee’s monthly salary into their designated retirement account.

5.1.3 Labor-Management Relations

The company maintains harmonious labor-management relations with no labor disputes. As such, there are no formal labor agreements in place.

5.1.4 Diversity and Inclusion

Our company adheres to the principle of equal employment opportunity, with no discrimination based on race, nationality, age, gender, marital status, political affiliation, or religious beliefs. We actively protect the labor rights of marginalized or disadvantaged groups such as Indigenous peoples, women, migrant workers, contract employees, and individuals with disabilities. Recruitment, compensation, promotion, and rewards are based on job category, academic and professional background, technical expertise, years of experience, and individual performance, not on factors such as age, gender, or ethnicity.

5.1.5 Gender-Friendly Environment

We provide a breastfeeding room and offer parental-friendly leave options such as maternity check-up leave, paternity leave for accompanying partners, and parental leave, taking care of the physical and mental well-being of our employees.

5.1.6 Employee Education and Training

The company regards its employees as its most important asset and places high value on their growth and development. Therefore, we actively encourage continued education and provide financial support for further studies.

5.2 Loss suffered from labor disputes in the latest year and up to the printing date of this Annual Report

None

6. Cyber Security Management

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

6.1.1 Information and Cyber Security Risk Management Framework

The Information and Cyber Security Risk Management team is responsible for establishing the information and cyber security policy, review regularly and implement the policy strictly to minimize the security risk and improve the security measures.

6.1.2 Information and Cyber Security Policy

- Maintain and ensure every information system working well.
- Prevent attacks from hackers and malicious viruses.
- Prevent intentional and unauthorized access and usage
- Protect confidential information
- Ensure the safety of physical environments
- Review and audit the information and cyber security process regularly to make sure the security policy is strictly enforced.

6.1.3 Concrete Management Programs

Information and cyber security is one of the main items for yearly auditing. The company will check the enforcement of the Information and Cyber Security policy based on the company's internal control system every year and report the result to the board of directors for review. A statement of internal control system will be issued later based on the review result.

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

	2024	Up to Mar. 31th, 2024
Important Information and Cyber Security Events	None	None

7. Other Important Agreements (still valid and will be expired within a year)

None

V Review and Analysis of Financial Position and Financial Performance, and Risks Assessment

1. Financial position

Unit: NTD 1000

Item \ Year	2023	2024	Difference	
			Amount	%
Current Assets	1,505,087	1,628,205	123,118	8.18%
Property, Plant and Equipment	708,536	702,389	-6,147	-0.87%
Other Assets	274,618	293,800	19,182	6.98%
Total Assets	2,488,241	2,624,394	136,153	5.47%
Current Liabilities	143,952	212,495	68,543	47.62%
Non-current Liabilities	32,111	41,377	9,266	28.86%
Total Liabilities	176,063	253,872	77,809	44.19%
Equity attributable to shareholders of the parent	2,243,130	2,285,135	42,005	1.87%
Share Capital	800,000	800,000	0	0.00%
Retained Earnings	1,429,570	1,467,685	38,115	2.67%
Other Equity	-4,162	-111	4,051	-97.33%
Non-controlling Interest	69,048	85,387	16,339	23.66%
Total Equity	2,312,178	2,370,522	58,344	2.52%
Note: 1. Current liabilities increased due to higher purchases in Q4 2024, resulting in an increase in accounts payable. 2. Total equity decreased due to the disposal of a subsidiary.				

2. Financial performance

Unit: NTD 1000

Item \ Year	2023	2024	Increased (Decreased) Amount	% of Change
Net Operating Revenue	1,159,521	938,840	-220,681	-19.03%
Operating Costs	951,991	777,253	-174,738	-18.36%
Gross Profit	207,530	161,587	-45,943	-22.14%
Operating Expenses	195,561	152,442	-43,119	-22.05%
Operating Income	11,969	9,145	-2,824	-23.59%
Non-operating Income and Expenses	77,370	126,819	49,449	63.91%
Profit before Income Tax for the Year	89,339	135,964	46,625	52.19%
Net Profit for the Year	68,870	110,529	41,659	60.49%
Other Comprehensive Income (Loss) for the Year (Net After Tax)	3,533	3,019	-514	-14.55%
Total Comprehensive Income (Loss) for the Year	72,403	113,548	41,145	56.83%
Net income attributable to shareholders of the parent	58,603	100,178	41,575	70.94%
Net income attributable to non-controlling interest	10,267	10,351	84	0.82%
Analysis of deviation changes: Non-operating income and expenses showed a significant variance between the two periods due to an increase in foreign exchange gains from USD.				

Expected sales volume and its underlying assumptions, potential impact on the company's future financial and operational performance, and corresponding response plans: Not applicable.

3. Cash flow

3.1 Cash flow analysis for the year of 2024

Unit: NTD 1,000

Beginning Cash Balance ①	Net Cash Flow②	Cash Outflow ③	Cash Surplus ① + ② - ③	Contingency Plan for Cash Deficit	
				Investment Plans	Financial Plans
371,692	322,341	67,871	626,162	—	—
Cash liquidity analysis for the current fiscal year: Operating activities: Cash inflow of NT\$97,448 thousand, primarily due to active collection of receivables. Investment activities: Cash inflow of NT\$223,609 thousand, mainly resulting from the disposal of financial assets measured at amortized cost. Financing activities: Cash outflow of NT\$67,871 thousand, primarily due to the distribution of cash dividends to the company's shareholders.					

3.2 Improvement plan for illiquidity

Not applicable.

3.3 Cash liquidity analysis for the coming fiscal year

Unit: NTD 1,000

Beginning Cash Flow Balance①	Estimated Net Cash Flow from Operating Activities②	Estimated Cash Outflow ③	Estimated Cash Surplus (Deficit) ① + ② - ③	Contingency Plan for Estimated Cash Deficit	
				Investment Plans	Financial Plans
626,162	100,000	150,000	576,162	-	-

4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year

4.1 Major capital expenditures and sources of funds

None

4.2 Effect upon financial operations of major capital expenditures

None

4.3 Expected benefits

None

5. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/ losses generated thereby, the plan for improving reinvestment profitability, and investment plans for the coming year

5.1 Reinvestment policy

"Transaction Procedure for Specific Company, Related Party and Related Group" has been established by AVTECH. In the investment cycle, the management procedure for subsidiaries will also be established for the future and the reinvestment companies to follow.

5.2 The main reasons for the profits/losses generated by the company which has been invested over 5% of Paid-in capital , the plan for improving reinvestment profitability, and investment plans for the coming year

5.2.1 Main reasons for profits/losses in the year of 2024 and plan for improving

Company Being Invested	% of Shares	Profits / Losses Recognized for the most recent fiscal year	Main reasons for profits/losses	Plan for improving
Chiefron International Inc.	82.31%	50,993	The reinvestment business operates well currently.	None
AVTECH Investment Inc.	100%	6,905	The reinvestment business operates well currently.	None
AVTECH Security Corporation	90.04%	7,301	The reinvestment business operates well currently.	None
Q.S.C. Industry Co., Ltd.	88.53%	3,083	The reinvestment business operates well currently.	None

5.2.2 Investment plan for the coming year

None.

6. The section on risks

6.1 The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

6.1.1 The effect upon the company's profits (losses) of interest rate fluctuation and response measures to be taken in the future

The company has recognized interest income of 33,215 thousand NTD (with a net profit of 100,178 thousand NTD) in 2024. Interest rate fluctuations only affect the company's investment returns as it does not have any borrowing activities from banks. Therefore, changes in interest rates will not affect the company's working capital turnover in terms of fundraising.

6.1.2 The effect upon the company's profits (losses) of exchange rate fluctuation and response measures to be taken in the future

The US dollar is the currency we use to sell products and make payment globally for natural hedges. The foreign exchange profit recognized in 2024 is 38,960 thousand dollars. Our financial department will continue to pay attention to the fluctuation in foreign currency exchange rate and also try to avoid the risk of financial impact due to exchange rate fluctuations by spot and foreign exchange

forward contracts.

6.1.3 The effect upon the company's profits (losses) of changes in the inflation rate and response measures to be taken in the future

At present, inflation has not had a significant impact on the company's profitability. Our video surveillance products have a closed specification and pricing in the market. Additionally, we refer to statistical data from the Ministry of Economic Affairs and economic indicators from various domestic and foreign research institutions. We periodically review and collect relevant information to provide management with reference for decision-making.

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

The company doesn't involve high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions.

6.3 Research and development work to be carried out in the most recent year, status update for the unfinished research and development work, further expenditures expected for research and development work, estimated time for mass production, and main reasons to affect the success of research and development work

6.3.1 Research & development work in the most recent year

Mobile app, remote surveillance system and IoT surveillance system

6.3.2 Status update for the unfinished research and development work

Ongoing as scheduled

6.3.3 Further expenditures expected for research and development work

NT 40,000 thousand for 2027, NT 40,000 thousand for 2026 and NT 30,000 thousand for 2025

6.3.4 Estimated time for mass production

Expected to be accomplished during 2025 ~ 2027

6.3.5 Main reasons to affect the success of research and development work

Recruit more employees for research and development

6.4 Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad for the most recent year, and measures to be taken in response
None

6.5 Effect on the company's financial operations of developments in science and technology(Including cybersecurity risks.) as well as industrial changes for the most recent year, and measures to be taken in response

Our company enhances the security of our monitoring products by employing military-grade AES256-bit data encryption to prevent data leaks. . During communication with clients, any technology risks related to information security and regulations that clients bring up are addressed in the product planning stage. Technological changes can be effectively managed in terms of their financial impact on the company's operations.

6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

None

6.7 Expected benefits and possible risks associated with any merger and acquisitions

None

6.8 Expected benefits and possible risks associated with any plant expansion

None

6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

Our company adopts a decentralized sourcing strategy by purchasing raw materials from several different suppliers to ensure production stability. Similarly, our contract manufacturers also follow a similar approach. On the sales side, we have marketing channels in various countries worldwide and maintain stable and smooth relationships with our partners. As a result, we do not face the risks associated with concentrated procurement or sales.

6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands

None

6.11 Effect upon and risk to company associated with any change in governance personnel or top management

None

6.12 Litigious and non litigious matters: List major litigious, non litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation, in which the results could materially affect shareholders' equity or the prices of the company's securities, the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report shall be disclosed

None

6.13 Risk assessment for cyber security

Our company has established a cybersecurity risk management framework, organization, and system, with the main policies and measures including setting access rights based on job functions, implementing secure system development and maintenance management and supervision, establishing a data center environmental control and equipment security system, establishing firewall and internet use security policies, monitoring network traffic, automatic scanning and detection of viruses, regular backup of

system data, software compliance checks in accordance with legal regulations, ensuring the sustainability of information assets and operations, providing cybersecurity education and training, and respecting and protecting personal data, among other specific security management measures.

6.14 Other important risks

None

7. Other important matters

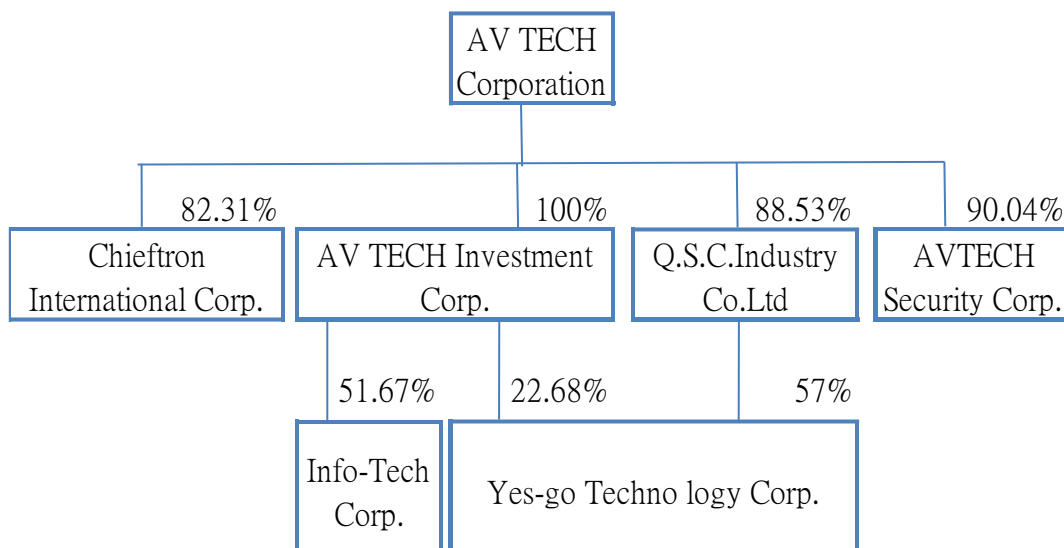
None

VI Affiliates Information and Other Special Items

1. Affiliates Information

1.1 Consolidated Operational Report of Affiliated Companies

1.1.1 Affiliated Companies Organizational Chart



1.1.2 Basic information of affiliated companies

Unit: NTD 1000

Company	Country of Registration	Date of Incorporation	Paid-in Capital	Main Business or Production Items
Chieftron International Inc.	Taiwan	97.06.04	181,200	Semiconductors & electronic components distribution
AVTECH Investment Inc.	Taiwan	106.11.10	80,000	Venture capital company
AVTECH Security Corporation	Taiwan	108.06.26	50,370	Sales of CCTV products
Q.S.C. Industry Co., Ltd.	Taiwan	108.12.19	17,000	Assembly, test and pack
In-Fo Tech Corp.	Taiwan	110.01.15	1,200	Information Software Services Industry
Yss-Go Technology Corp.	Taiwan	100.03.28	5,000	Electrical and Electronic Materials Sales

1.1.3 Shareholders in common presumed to have a relationship of control and subordination

None

1.1.4 The industries covered by the business operated by the affiliates overall

Manufacturing, assembling and marketing of CCTV systems, distributing of semiconductors and electronic components, and venture capital business

1.1.5 Information of directors, supervisors, and general manager of the affiliated companies

Company	Title	Name or Representative	Shareholding	
			Share	%
Chieftron International Inc.	Chairman	Fu-Cheng, Li, Representative of AVTECH Corporation	14,915,000	82.31%
	Director	Shih-Chung Chen, Representative of AVTECH Corporation	14,915,000	82.31%
	Director	Tsung-Hsien Wang, Representative of AVTECH Corporation	14,915,000	82.31%
	Supervisor	Yuan-Liang Tseng	-	-
AVTECH Investment Inc.	Chairman	Shih-Chung Chen, Representative of AVTECH Corporation	8,000,000	100%
	Director	Chun-Ju Huang, Representative of AVTECH Corporation	8,000,000	100%
	Director	Cheng-Ping Tien, Representative of AVTECH Corporation	8,000,000	100%
	Supervisor	Cheng-Mou Wu, Representative of AVTECH Corporation	8,000,000	100%
AVTECH Security Corporation	Chairman	Shih-Chung Chen, Representative of AVTECH Corporation	4,835,520	90.04%
	Supervisor	Hsiao-Ting Chang	-	-
Q.S.C. Industry Co., Ltd.	Chairman	Tsung-Hsien Wang, Representative of AVTECH Corporation	1,505,000	88.53%
In-Fo Tech Corp.	Chairman	Tsung-Hsien Wang, Representative of AVTECH Investment Inc.	62,000	51.67%
	Supervisor	Min-Hui Lin	-	-
Yss-Go Technology Corp.	Chairman	Chin-Chan Lin	7,679	-
	Supervisor	Min-Hui Lin, Representative of AVTECH Investment Inc.	113,393	22.68%

1.1.6 Operational highlights of affiliated companies (2024)

Unit: NTD 1000

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	Earnings per Share (NTD)
Chieftron International Inc.	181,200	555,729	127,563	428,166	726,153	49,939	61,012	181,200
AVTECH Investment Inc.	80,000	62,597	50	62,547	0	-88	6,905	80,000
AVTECH Security Corporation	50,370	102,483	44,521	57,962	137,444	2,546	7,596	50,370
Q.S.C. Industry Co., Ltd.	17,000	66,743	47,082	19,661	109,339	940	3,083	17,000
In-Fo Tech Corp.	1,200	2,705	1,030	1,675	4,096	439	449	1,200
Yss-Go Technology Corp.	5,000	4,137	97	4,040	3,874	(881)	(711)	5,000

1.2 Consolidated Financial Statements of Affiliated Companies

For the fiscal year 2024 (January 1 to December 31, 2024), the companies required to be included in the

preparation of consolidated financial statements of affiliated enterprises pursuant to the “Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises,” are the same as those required under International Accounting Standard No. 10, as approved by the Financial Supervisory Commission, for the preparation of consolidated financial statements of parent and subsidiary companies.

Since the relevant disclosures required in the consolidated financial statements of affiliated enterprises have already been included in the aforementioned consolidated financial statements of the parent and subsidiary companies, a separate set of consolidated financial statements for affiliated enterprises will not be prepared.

For further details, please refer to the Market Observation Post System (MOPS) > Individual Company > Electronic Document Download > Affiliated Enterprises Reports section,

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

1.3 Consolidated Financial Declaration Statement of Affiliated Companies

None

2. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

None

3. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities during the most recent year up to the date of publication of the annual report

None

4. Other matters that require additional description

None