

Stock Code:2419



Hitron Technologies Inc.

2024 Annual Reports

Printed on March 31, 2025

The content of these annual reports and the relevant information of the Company can be found in the following website

Market Observation Post System (MOPS) <https://mops.twse.com.tw>

I. Names, positions, contact numbers and e-mail addresses of spokesperson and acting spokesperson

Spokesperson: David Chou

Position: President

Telephone No.: (03) 578-6658

E-mail Address: ir@hitrontech.com

Acting Spokesperson: Allen Hsu (Acting)

Position: Supervisor of Finance & Accounting Division

Telephone No.: (03) 578-6658

E-mail Address: ir@hitrontech.com

II. Addresses and Telephone Numbers of Headquarters, Subsidiary and Factory Plant

Headquarters: No. 1-8, Li-Hsin 1st Rd., Hsinchu Science Park

Phone: (03) 578-6658

Vietnam Plant: No.15, Road No.17, VSIP Hai Phong, Thuy Trieu Commune,

Thuy Nguyen District, Hai Phong City, Vietnam

Phone: (0225) 2299380

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

Name: Registrar Agency Department of Capital securities Corp.

Address: B2, 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)

Website: <https://www.capital.com.tw>

Telephone No.: (02) 2702-3999

IV. Name, Accounting Firm, Address, Website and Telephone Number of CPAs

CPAs: Chun-Yuan Wu and Wei-Ming Shih

Accounting Firm: KPMG Peat Marwick

Address: Taipei 101 Tower, 68F, No.7, Sec.5, Xinyi Road, Taipei 11049, Taiwan, R.O.C.

Website: <https://www.kpmg.com.tw>

Telephone No.: 886-2-8101-6666

V. Overseas Trade Places and Related Information for Listed Negotiable Securities: None.

VI. Company Website: <https://www.hitrontech.com>

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One. Letter to Shareholders

Dear Shareholders:

In 2024, the market demand had not yet fully recovered, and the inventory liquidation remained insufficient. We experienced a decline in the markets of the United States, Europe, and Central and Latin America. Major operators and service providers continued to liquidate inventory, leading to a slowdown in shipments during the first half of the year. Although network and communication infrastructure projects were still being carried out in North America and Europe, there was no significant growth in the number of end users. Overall demand began to pick up only in Q4. In the Central American market, in addition to the impact of reduced market demand, the Company is also facing price competition from Chinese manufacturers. As a result, the sales revenue in Central and Latin America has shown a decline compared to the previous year. In 2024, Hitron continued to reduce finished goods inventory, showing significant improvement compared to the previous year. The total revenue for 2024 was NTD 9.088 billion, with a gross margin slightly lower than the previous year. From the perspective of each operating region, the North American market remains our largest revenue source, accounting for 76% of income. The Asia-Pacific region follows with an increase this year, contributing approximately 16%. The CALA (Central and Latin America) region accounts for 5.6%, and Europe accounts for 2.4%.

In response to operators beginning to implement fiber-optic network infrastructure and the increasing demand for home broadband networks, we have accelerated our product deployment. As fiber-optic products are widely adopted and deployed by most telecom operators, MSOs have also begun leveraging the advantages of higher bandwidth and lower costs in fiber-optic products for regional network deployment. Hitron continues to develop 10G PON-related product solutions, following the adoption of our 10G fiber-optic ONU products by one of the two largest MSOs in the United States and the start of mass shipments. We have also entered the supply chain of operators in Canada. In addition, Hitron has launched 5G product solutions in the North American and European markets, providing 5G FWA mobile network solutions and combining home gateways to offer telecom operators a complete home broadband network service package. By integrating the latest DOCSIS 4.0 products, we are not only deepening our presence in the existing MSO market but also expanding our product line by incorporating fiber-optic network ONU products, 5G FWA mobile network products, and wireless network gateways. This expansion will lead Hitron into the telecom operator market and create new business opportunities.

Through the integration benefits of the Group, we have gained better operational advantages, more competitive manufacturing costs, and improved manufacturing efficiency. At the same time, our procurement costs have also become more competitive. This year's goals include continuing to reduce inventory while leveraging the synergies of integration and strengthening cost competitiveness. Additionally, through the development of multiple new products, we aim to actively expand the market and accelerate the effectiveness of our transformation. In addition to the cable router DOCSIS-related product line, we are also developing multiple product lines such as fiber-optic and wireless routers, extenders, and more. To increase customer loyalty and market influence, we are actively developing software and cloud platform technologies, providing customers with a more comprehensive network hardware and software integration service and all-encompassing solutions. These solutions help customers integrate cable router DOCSIS, wireless networks, fiber-optic, 5G, and other products, and through the cloud-based home network management solution, offer end-users the best home broadband network services.

Financial Performance

Hitron's consolidated revenue for the year 2024 was NTD 9,088.21 million, a decrease of approximately 3% compared to NTD 9,436.6 million in the previous year. The consolidated gross margin for the year was 19.4%, a decrease of approximately 2.2% from 21.6% in the previous year. Operating expenses decreased by 15% compared to the previous year, and consolidated operating profit was NTD 250.50 million, a decrease of 3% from NTD 257.92 million in the previous year. The consolidated net loss attributable to the parent company was NTD 52.14 million, a decrease of NTD 57.02 million compared to a net profit of NTD 4.88 million in the previous year. The basic earnings per share for 2024 was a net loss of NTD 0.16.

Technology Development

Hitron has been engaged in the broadband operator industry for the long term, actively collaborating with operator customers on early-stage technical partnerships. Through its excellent software and hardware integration capabilities, the Company can quickly respond to customer demands and proactively participate in the development and planning of various forward-looking broadband technologies. This allows Hitron to continue leveraging its technological leadership in the communications field.

In addition to its expertise in cable data transmission technology, Hitron is also actively deploying integrated product technologies, such as WiFi 6/6E/7 and 5G Small Cell. Using the most advanced data communication technologies, the Company has developed a range of high-end gateway devices that not only support wireless

network standards like WiFi 7 but also integrate high-power SOC and IP voice technologies. These products are designed to meet all applications for broadband home services. As a result, the technology roadmap we must consider needs to be broader and deeper, almost covering all new technologies. Additionally, we are actively investing in the development of products such as DOCSIS 4.0, WiFi 7, 5G mobile solutions, and 25G PON. At the SCTE Cable Tech EXPO in October 2024 and CES 2025, we will showcase advanced cable modem products like DOCSIS 4.0. We expect that the launch of these new products in 2025 will accelerate our business expansion in North America and Europe.

In 2023, Hitron's global market share for Cable CPE shipments was approximately 12%. DOCSIS 3.1 CPE became the market mainstream in 2024, with its share of the overall Cable market continuing to increase. In Central and Latin America, there has been a transition from DOCSIS 3.0 to DOCSIS 3.1, with the replacement of DOCSIS 3.0 CPE accelerating. Simultaneously, the demand for wireless networks has shifted from WiFi 5 to WiFi 6, and integrated WiFi 6 DOCSIS 3.1 cable data gateways will become the main product in Central and Latin America in the future. In addition, we have developed a Wi-Fi extender that supports Mesh functionality for Wi-Fi 6/6E/7, which can be integrated into Hitron's cloud service platform to provide users with a complete home broadband service. This also indirectly helps operators increase broadband subscription revenue per household, allowing Hitron's operator customers to add more value-added software services to their existing business models and network structures, thereby generating more revenue and profit.

In 2024, Hitron continued to see growth in the development of fiber-optic products, developing more 10G PON CPE (ONU). In the operator market, we also gained adoption from Canadian operators. Strategically, we are expanding our successful products from North America to Europe, the Asia-Pacific region (Taiwan MSO), and Central and Latin America, while also extending into the telecom operator market.

In product development, Hitron focuses on providing network hardware and software integration services, as well as comprehensive solution strategies, to offer customers a wider range of differentiated products. We continue to invest more resources in software R&D to develop cloud management systems (Hitron Cloud). In addition to strengthening the support for human-machine interface apps, we are also enhancing the cloud-based GUI interface. In recent years, we have continued to collaborate with several world-renowned software service providers to launch more diversified services, and have introduced these services to operators in North America and Taiwan MSO. This allows more household users to utilize these services in various ways, thereby increasing operators' ARPU. We are able to integrate different WiFi products into our Hitron Cloud platform, allowing service providers to manage through the platform and view real-time online user data at any time. This enables operators to manage and serve customers more effectively. Additionally, user feedback in real time allows us to continuously improve the quality of our software services and offer better value-added services. Currently, over 800,000 users are using the Hitron Cloud solution every day.

Future Outlook

Looking back at 2024, although global demand for terminal devices slowed and network communication products continued inventory adjustments, with improvements in inventory and a gradual recovery in demand, it is expected that in 2025, the demand for network terminal devices will gradually increase. In addition, the rapid development of various smart applications, combined with the surge in AI application demand, has made network connectivity applications inevitable. These include integration of DOCSIS 3.1, DOCSIS 4.0, and WiFi 7 with WiFi Mesh functionality, RDK-B software platforms, home network security protection, and the integration of AI and IoT applications, all of which have a pressing need for faster network speeds. This will drive the upgrade of network communication equipment and also promote the replacement and upgrading of terminal devices, including fiber access equipment, DOCSIS 3.x Cable and DOCSIS 4.0 products, and commercial network communication equipment.

Looking ahead to 2025, the operational outlook for Hitron is expected to continue the trend of market demand recovery observed in Q4 of 2024. We anticipate a return to growth in 2025. Based on current estimates, overall order visibility for next year has exceeded 80%, with customer demand for broadband terminal equipment in all regions remaining stable compared to last year. In addition to continuously developing new products to enhance our market share in the MSO market with a comprehensive and rich product portfolio, we are also actively developing the telecom operator market. At the same time, by leveraging the integration synergies within the group, we aim to expand our broadband market share through more optimized cost efficiency.

We wish you good health and best of luck.

Chairman: April Huang

Two. Corporate Governance

I. Information on Directors, General Manager, Deputy General Manager, Assistant Vice President and heads of Departments and Branches

1. Director Information

March 28, 2025

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Hirtn and Other Companies (Note1)
							shares	%	shares	%	shares	%	shares	%		
Chairman	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	EMBA, National Taiwan University Department of Economics, National Taiwan University Director, Qisda Optronics Corp.	Chairman, Alpha Networks Inc. CFO & President, Alpha Networks Inc. Director, Enrich Investment Corporation. Director, Transent Corporation. Chairman, Aespula Technology Inc. Director, BenQ Foundation. Chairman, Alpha Foundation. Director, Alpha Networks (Hong Kong) Limited. Chairman, Alpha Networks, Inc. (USA) Chairman, Alpha Solutions Co., Ltd. Chairman, Alpha Technical Services Inc. (Note1)
		Representative April Huang	Female 51-60	2023.05.25	3	2020.04.30	-	-	-	-	-	-	-	-		
Director	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	EMBA, Thunderbird American Graduate School, U.S.A B.S., Electrical Engineering, National Cheng Kung University Technology Product Center EVP, BenQ Corp.	Chairman, Qisda Corp. Director, Darfon Electronics Corp. Chairman, DFI Inc. Vice Chairman, Alpha Networks Inc. Chairman, BenQ Medical Technology Corporation Chairman, Partner Tech Corp. Director, BenQ Materials Corp. Director, BenQ Corp. Director, Darly Venture Inc. Director, Darly2 Venture, Inc. Director, Darly Consulting Corporation Director, BenQ Healthcare Consulting Corp. Director, BenQ Hospital Management Consulting (NanJing) Co., Ltd. Director, NanJing BenQ Hospital Co., Ltd. Director, Suzhou BenQ Hospital Co., Ltd. Director, Qisda (Hong Kong) Limited. Director, BenQ BM Holding Corp. Director, BenQ BM Holding Cayman Corp. Director, Qisda (L) Corp. Director, Darly Venture (L) Ltd. Director, BenQ Foundation Director, Phoenix Innovation Investment Corporation. Director, PhoenixII Innovation Investment Corporation. Director, PhoenixIII Innovation Investment Corporation. Director, PhoenixIV Innovation Investment Corporation. Director, PhoenixVI Innovation Investment Corporation. Director, Dunpin No.1 Innovation Investment Co., Ltd. Director, Dunpin No.2 Innovation Investment Co., Ltd. Director, InnoFund V Co., Ltd. Director, Industrial Technology Research Institute.
		Representative Peter Chen	Male 61-70	2023.05.25	3	2020.02.03	-	-	-	-	-	-	-	-		

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Hirtm and Other Companies (Note1)
							shares	%	shares	%	shares	%	shares	%		
Director	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	MSEE, Polytechnic University	President, Hitron Technologies Inc.
		Representative David Chou	Male 61-70	2023.05.25	3	2020.02.03	-	-	141	0.00%	-	-	-	-	Manager, Industrial Technology Research Institute Assistant Vice President, Tecom Co., Ltd. President, Wireless Broadband Business Unit of Alpha Networks Inc. Senior Manager, Alpha Networks Inc.	Director, Alpha Foundation (Note1)
Director	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	Univ. of Nebraska, Lincoln Master of Science E.E	Vice President, Alpha Networks Inc. (Note1)
		Representative Patrick Chiu	Male 51-60	2023.05.25	3	2020.02.03	294,464	0.09%	270,464	0.08%	-	-	-	-	Member of Scientific Staff, Bell Northern Research Senior Engineer, Advance Fiber Communication Manager, TollBridge Technologies Co-Founder, Codent Networks. President, Hitron Technologies Inc.	
Director	Republic of Cinal	Amy Liu	Female 61-70	2023.05.25	3	2005.06.14	743,951	0.23%	548,951	0.17%	-	-	-	-	Department of International Business, Ming Chuan University EMBA, National Chengchi University Vice Chairman & Vice President, Hitron Technologies Inc. President, Interactive Digital Technologies Inc. President, Hitron Technologies Americas Inc. Director, Innoauto Technologies Inc. Director, Hitron Technologies (SIP) Inc.	Vice Chairman, Interactive Digital Technologies Inc. President, Interactive Digital Technologies Inc. Chairman, Transent Corporation. Director, FIBER LOGIC COMMUNICATIONS, INC.
Independent director	Republic of Cinal	Lo-Min Chen	Male 61-70	2023.05.25	3	2017.06.13	-	-	-	-	-	-	-	-	Business Administration, National Chengchi University Global Executive Vice President of Diebold Nixdorf, Inc. (2009-2011) President, Asia Pacific Area of Diebold Nixdorf, Inc. (1998-2008) General Manager of Philips Electronics N.V China Group (1996-1998) General Manager of NCR China (1994-1996) Deputy General Manager of NCR Taiwan (1982-1993) Senior Consultant of Oki Electric Industry Co., Ltd. (2012-2015) Independent Director, Transcend Information. Inc. (2012-2024)	
Independent director	Republic of Cinal	Mao-Chao Lin	Male 61-70	2023.05.25	3	2020.02.03	-	-	-	-	-	-	-	-	Ph.D. from the University of Hawaii Professor in the Department of Electrical Engineering, National Taiwan University (1993-2025) Professor in Graduate Institute of Communication Engineering, National Taiwan University (1997-2025) Independent Director, Alpha Networks Inc. (2004-2021)	
Independent director	Republic of Cinal	David Lee	Male 51-60	2023.05.25	3	2023.05.25	-	-	-	-	-	-	-	-	M.S., Graduate School of Management Science, National Chiao Tung University B.S., Mechanical Engineering, National Taiwan University Chairman and General Manager, Shanghai Dun Zhi Information Consultation Co., Ltd. (2015-2021)	

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Hirtm and Other Companies (Note1)
							shares	%	shares	%	shares	%	shares	%		
															General Manager, Topology Research Institute, China (2009-2015) Consultant, Topology Research Institute, China (-2008) Lecturer of Technology Industry, IBF Investment Consulting Co., Ltd. (2021-2023)	

Note1: Please refer to the section “Summary of Affiliated Companies” in annual report.

Note2: Where the Chairman of the Board of Director and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None

Note3: Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None.

Substantial shareholders of the corporate shareholder

Name of corporate shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
Alpha Networks Inc. (Note1)	Qisda Corporation	54.60%
	Darly Consulting Corporation	2.35%
	Darly Venture Inc.	2.26%
	Darly2 Venture Inc.	0.77%
	Deutsche Bank in custody for University Retirement Equity Fund - Stock Investment Account	0.77%
	Standard Chartered Bank in custody for TIAA-CREF Quant Small Cap Equity Fund Institutional Class	0.69%
	HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of the investment account of Arcadia Emerging Markets	0.45%
	JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account	0.38%
	Chuangtai Investment Co., Ltd.	0.37%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Investment account of J.P. Morgan Funds	0.36%

Note1 : Source of information for Alpha Networks Inc. is recorded as of the book closure date of Alpha Networks Inc. on April 2, 2024

Substantial shareholders of corporate shareholders who are the substantial shareholders of the Company's corporate shareholders.

Name of institutional shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
Qisda Corporation (Note1)	AU Corporation	11.96%
	ACER INCORPORATED	4.53%
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	3.97%
	Taipei Fubon Bank entrusted with Fuh Hwa Taiwan Technology Dividend Highlight ETF	3.73%
	Konly Venture Corp.	2.55%
	Darfon Electronics Corp	2.03%
	Hua Nan Commercial Bank entrusted with Yuanta Taiwan Value High Dividend ETF	1.49%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for J.P. MORGAN SECURITIES LTD	1.25%
	Chunghwa Post Co., Ltd.	0.98%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95%
Darly Consulting Corporation (Note 2)	Darly 2 Venture, Ltd.	54.89%
	Darly Venture Inc.	45.11%
Darly Venture Inc. (Note 2)	Qisda Corporation	100%
Darly 2 Venture, Ltd. (Note 2)	BenQ Corp.	100%
Chuangtai Investment Co., Ltd. (Note 2)	Wild Star Investment Ltd. Taiwan Branch (SAMOA)	100%

Note 1: Source of information for Qisda Corporation is recorded as of the book closure date of Qisda Corporation on March 31, 2024.

Note 2: Source of information for Department of Commerce, MOEA.

Professional qualifications and independence analysis of directors

Condition Name	Key board qualifications, expertise and attributes	Meet conditions of independence (Note1)	Number of other public companies in which the individual is concurrently serving as an independent director
Chairman Alpha Networks Inc. Representative: April Huang	Ms. April Huang holds an EMBA degree from National Taiwan University. Ms. April Huang served as General Manager of Network Communication Business Unit of Qisda and Chairman of Simula Tech Inc. Currently, Ms. April Huang currently serves as Chairman and CEO of Alpha Networks. With extensive product management and diverse markets and product lines, Ms. April Huang possesses analysis and management skills in the fields of marketing, industrial technology, etc.	Not applicable	0
Director Alpha Networks Inc. Representative: Peter Chen	Mr. Peter Chen received a Master's Degree in International Business Management from Thunderbird School of Business. With more than 30 years of experience in the industry, Mr. Peter Chen was in charge of R&D and Business departments for different products at Qisda and General Manager of the Product Technology Center of BenQ. He has over 30 years of experience in the industry, and has the technical background and skills in corporate governance, marketing and technology. He is able to provide timely corporate governance and operational management advice and guidelines to the Board of Directors of the Company for the management team to formulate operational strategies to be implemented.	Not applicable	0
Director Alpha Networks Inc. Representative: David Chou	Mr. David Chou holds a degree from MSEE, Polytechnic University. He served as Assistant General Manager of Tecom and General Manager of Wireless Broadband Business Unit at Alpha Networks, responsible for developing a number of broadband product development projects. He currently serves as the President of Hitron Technologies and possesses technical, marketing and industry technology skills.	Not applicable	0
Director Alpha Networks Inc. Representative: Patrick Chiu	Mr. Patrick Chiu holds a master's degree from the University of Nebraska Lincoln. He joined Hitron Technologies in 2003 and has been in charge of product technology R&D and management for approximately 20 years. With nearly 30 years of experience in the industry, Mr. Patrick Chiu is currently the President of the R&D Department of Alpha Networks Inc. and possesses a professional technical background, marketing and operational planning, business and management skills.	Not applicable	0
Director Amy Liu	Ms. Amy Liu received an EMBA degree from National Chengchi University and founded Hitron Technologies in 1986. She has accumulated more than 35 years of experience in the industry. She is currently the Vice Chairperson and President of Interactive Digital Technologies Inc. and possesses expertise in industrial	Not applicable	0

Name \ Condition	Key board qualifications, expertise and attributes	Meet conditions of independence (Note1)	Number of other public companies in which the individual is concurrently serving as an independent director
	business and management, business, accounting analysis, and crisis management.		
Independent Director Lo-Min Chen	Chen Lo-Min holds a bachelor's degree in Business Administration from National Chengchi University, and served as an independent director of Transcend Information, Inc., the Global Executive Deputy General Manager of Diebold Nixdorf, Inc., and the President of Asia Pacific Region. He possesses analytical and management skills in industrial management, financial analysis, marketing, and industrial technology.	Compliant	0
Independent Director Mao-Chao Lin	Mr. Lin Mao-Chao received his Ph.D. from the University of Hawaii and used to be a professor at the Department of Electrical Engineering and the Institute of Telecommunications at National Taiwan University. He possesses engineering skills, academic ability and industrial technology required for the Company's business. He has served as an independent director in the relevant network industry.	Compliant	0
Independent Director David Lee	David Lee holds a master's degree in management science from the National Chiao Tung University. He served as the Chairman and President of the Shanghai Dun Zhi Information Consultation Co., Ltd., and the General Manager of Topology Industry Research Institute, China Region. He specializes in researching and analyzing the electronics and technology industry, with expertise in government relations in Mainland China, technology industry investments, strategic planning, and developing new business ventures.	Compliant	0

Note1: Independence

- (1) All meet the provisions of Article 3(1) of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
- (2) There is no circumstances specified in the government agency, juristic person or authorized representative specified in Article 27 of the Company Act.
- (3) They don't provide any commercial, legal, financial, accounting or related services to the Company or any affiliate of the company in recent 2 years.
- (4) There is no circumstances specified in the shares and shareholding ratio held by independent directors and their spouse or relative within the second degree of kinship (or in the name of others).
Please refer to II. Information about directors, presidents, vice presidents, associate vice presidents, heads of departments and branches (I) Information about directors.

Note2: All the independent directors's professional qualifications and experience meet the provisions of Article 2(1) of "Regulations Governing Appointment of Independent Directors and Compliance".

Note 3: All the directors don't have any circumstances specified in Article 30 of the Company Act.

The Board of Director Diversity and Independence.

1. The Board of Director Diversity:

Article 20 of the Company’s “Corporate Governance Best Practice Principles” states that the diversification policy for board member composition. When planning the formation of the board of directors shall consider the appropriateness and diversity of the professional background of the board members and the nomination and the election of the board members were according to the Article of Incorporate under the candidates nominating system. Except assessing the education and experience qualification and also consider the opinion of stakeholders to ensure the Board members are qualified with the rules.

The composition of the board shall have the necessary knowledge, skill, and experience to perform their duties.

To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- (1) Ability to make operational judgment.
- (2) Ability to perform accounting and financial analysis.
- (3) Ability to conduct management administration.
- (4) Ability to conduct crisis management.
- (5) Industrial knowledge.
- (6) International market perspective.
- (7) Ability to lead.
- (8) Ability to make decisions.

The composition of Board Members shall be determined by taking diversity into consideration and formulating an appropriate approach on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Age, gender, identity, and more.
- (2) Professional knowledge and skills: Professional background, professional skills, industry experience, and more.

2. The Company’s fulfillment of diversification of members of the Board of Directors in 2024 is as follows:

Title	Diversified Core Item	Basic Composition						Professional Background and Ability								
	Name	Nationality	Gender	Concurrently as the employees of the Company	Age			Terms of service of independent directors			Crisis Management and International Market Perspective	Business management	Industry or Technology	Leadership decision making	Making judgments about operation	Finance and Accounting
					41 to 60	61 to 80	81 to 90	Less than 3 years	3-9 years	Over 9 years						
Chairman	April Huang	Republic of China	Female		V						V	V	V	V	V	
Director	Peter Chen	Republic of China	Male			V					V	V	V	V	V	
Director	David Chou	Republic of China	Male	V		V					V	V	V	V	V	
Director	Patrick Chiu	Republic of China	Male		V						V	V	V	V	V	
Director	Amy Liu	Republic of China	Female			V					V	V	V	V	V	V
Independent Director	Lo-Min Chen	Republic of China	Male			V			V		V	V	V	V	V	V
Independent Director	Mao-Chao Lin	Republic of China	Male			V			V		V		V			
Independent Director	David Lee	Republic of China	Male		V		V				V	V	V	V	V	

11% of the Company’s directors are employees, 33% are independent directors, while 22% are female directors. 2 independent director serves a term of 3-9 years and 1 independent directors serve a term of less than 3 years.

3. Specific Management Objectives

Management Objectives	Achievement
Number of Directors who concurrently serve as Company managers do not exceed one-third of all Directors	Achieved
At least two seats of Directors are females.	Achieved
Independent directors may not serve more than 3 terms.	Achieved

4. If the number of female directors is less than one-third of the total number of directors, specify the reasons and the measures to be taken to enhance the diversity of the Board of Directors.

Description of the current status:

Currently, among the members of the Board of Directors, less than one-third of the directorships are held by directors of either gender, which is 22.22%.

Analysis of the reasons:

The main reasons for the current condition include the following:

- (1) Industry characteristics: In the professional talent structure of the industry to which the Company belongs, the number of female high-level management personnel is relatively low.
- (2) Historical factors: The existing members of the Board of Directors are long-term business managers or highly experienced professionals, and the gender ratio fails to be adjusted in time.

Future plans and measures

In order to improve the diversity of the Board of Directors, the Company will adopt the following measures:

- (1) Cultivation of internal talents: Strengthen the professional competence of the internal female management to get prepared for future promotion to the Board of Directors.
- (2) Enhancement of external recruitment: Actively seek and invite external talents with professional backgrounds and in line with the diversity goals to join the Board of Directors.
- (3) Long-term goals: Set specific timelines and targets to ensure that the gender diversity ratio of directors gradually increases.

5. The Board of Director Independence:

The company currently has a total of 9 director, including 3 independent directors (accounting for 33% of the directors respectively), by the end of 2024, all independent directors meet the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors, and there is no relationship between the directors of a spouse or within the second degree of kinship. Therefore, there is no requirement of Article 26-3 of the Securities and Exchange Act. And the matter of item 4. In conclusion, the Board of Directors of the Company is Independent.

2. Documents of president, vice president, associate vice president and managers of each department and division

March 28, 2025

Title	Nationality or Place of Registration	Name	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Shareholding by Nominee Arrangement		Primary work or academic experiences	Position concurrently held in other companies (Note4)
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)		
President (Note1)	Republic of China	Patrick Chiu	Male	2021.01.26	270,464	0.08%	-	-	-	-	Univ.of Nebraska, Lincoln Master of Science E.E Member of Technical Staff, Northern telecom Senior Engineer, Advance Fiber Comm. Manager, TollBridge Technologies Co-Founder, Codent Networks. President, Hitron Technologies Inc.	Vice President, Alpha Networks Inc. (Note4)
President (Note1)	Republic of China	David Chou	Male	2024.03.01	141	0.00%	-	-	-	-	MSEE, Polytechnic University Manager, Industrial Technology Research Institute Assistant Vice President, Tecom Co., Ltd. President, Wireless Broadband Business Unit of Alpha Networks Inc. Senior Manager, Alpha Networks Inc.	Director, Alpha Foundation. (Note4)
Vice President (Note2)	Republic of China	Jimmy Huang	Male	2020.01.01	-	-	-	-	-	-	Five Years program of Tunghan University Division Director, Shuttle Inc. Deputy General Manager of Diamond Digital Corp. Assistant Vice President of Global Brands Manufacture Ltd. Manager of NEXCOM International Co., Ltd.	-
Supervisor, Finance & Accounting Division	Republic of China	Allen Hsu	Male	2017.11.10	29,417	0.01%	-	-	-	-	Master's Degree in Accounting of Tunghai University Section Manager of the Accounting Division of Neo Solar Power Corp. Manager of Accounting Division of Camel Precision Co., Ltd.	(Note4)

Note1: President, Patrick Chiu, resigned on March 1, 2024. & President, David Chou, assumed office on March 1, 2024.

Note2: Vice President, Jimmy Huang, resigned on January 20, 2025.

Note3: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None

Note4: Only the positions of public companies are listed; Please refer to the section "Summary of Affiliated Companies" in annual report.

Note5: Managers who are spouse or relatives within the second degree of kinship: None

II Compensation of Directors, Supervisors, President, and Vice President

1. Compensation to Directors

December 31, 2024; Unit: NT\$ Thousand/ Thousands of Shares

Title	Name	Remuneration to Directors								Amount and ratio of Total Compensation(A+B+C+D) to Profit		Remuneration received by directors who is an employee of the Company						Amount and ratio of Total Compensation(A+B+C+D+E+F+G) to Profit(%)		Compensation from Affiliates Other than Subsidiaries			
		Compensation (A)		Pension upon Retirement (B)		Director's Remuneration (C)		Business execution Expenses (D)				Salary, Bonuses, and Special expense (E)		Pension upon retirement (F)		Employee's remuneration (G)							
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements				
Chairman	Representative of Alpha Networks Inc.: April Huang	3,000	5,400	0	0	0	0	40	90	3,040 -5.83%	5,490 -10.53	0	0	0	0	0	0	0	0	0	3,040 -5.83%	5,490 -10.53	13,666
Director	Representative of Alpha Networks Inc.: Peter Chen	1,000	1,000	0	0	0	0	40	40	1,040 -1.99%	1,040 -1.99%	0	0	0	0	0	0	0	0	1,040 -1.99%	1,040 -1.99%	51,403	
Director	Representative of Alpha Networks Inc.: David Chou	1,000	1,000	0	0	0	0	40	40	1,040 -1.99%	1,040 -1.99%	2,994	2,994	90	90	0	0	0	0	4,124 -7.91%	4,124 -7.91%	558	
Director	Representative of Alpha Networks Inc.: Patrick Chiu	1,000	1,800	0	0	0	0	40	90	1,040 -1.99%	1,890 -3.62%	704	704	18	18	0	0	0	0	1,762 -3.38%	2,612 -5.01%	5,406	
Director	Amy Liu	1,000	2,600	0	0	0	0	40	90	1,040 -1.99%	2,690 -5.16%	0	7,652	0	108	0	0	3,501	0	1,040 -1.99%	13,951 -26.76	0	
Independent director	Lo-Min Chen	1,600	1,600	0	0	0	0	40	40	1,640 -3.15%	1,640 -3.15%	0	0	0	0	0	0	0	0	1,640 -3.15%	1,640 -3.15%	0	
Independent director	Mao-Chao Lin	1,300	1,300	0	0	0	0	40	40	1,340 -2.57%	1,340 -2.57%	0	0	0	0	0	0	0	0	1,340 -2.57%	1,340 -2.57%	0	
Independent director	David Lee	1,300	1,300	0	0	0	0	40	40	1,340 -2.57%	1,340 -2.57%	0	0	0	0	0	0	0	0	1,340 -2.57%	1,340 -2.57%	0	

1. The correlation between the policies, regulars, standards, and structure of the remuneration, and the responsibilities, risk and time undertook by the Independent Director:

The remuneration is determined by the participation and contribution in the operation of the Company while taking into consideration the performance of counterparts, all of which the Board meeting is authorized to resolve. However, the remuneration to independent directors may be slightly higher than the remuneration to non-independent directors.

2. In addition to the disclosure in the above table, in the most recent fiscal year, compensation received by Directors (e.g., serving as a consultant for a non-employee of the parent company/companies included in the financial statements/investment businesses): None.

Table of compensation ranges

Range of Remuneration for Directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements (Note1)	The Company	All companies included in the financial statements (Note1)
Less than NTD\$1,000,000				
NTD\$1,000,000 (included) to NTD\$2,000,000 (excluded)	Peter Chen 、 Amy Liu 、 Patrick Chiu 、 David Chou 、 Lo-Min Chen 、 Mao-Chao Lin 、 David Lee	Peter Chen 、 Patrick Chiu 、 David Chou 、 Lo-Min Chen 、 Mao-Chao Lin 、 David Lee	Peter Chen 、 Amy Liu 、 Patrick Chiu 、 Lo-Min Chen 、 Mao-Chao Lin 、 David Lee	Peter Chen 、 Lo-Min Chen 、 Mao-Chao Lin 、 David Lee
NTD\$2,000,000 (included) to NTD\$3,500,000 (excluded)	April Huang	Amy Liu	April Huang	Patrick Chiu
NTD\$3,500,000 (included) to NTD\$5,000,000 (excluded)			David Chou	David Chou
NTD\$5,000,000 (included) to NTD\$10,000,000 (excluded)	Alpha Networks Inc.	Alpha Networks Inc. 、 April Huang	Alpha Networks Inc.	Alpha Networks Inc. 、 April Huang
NTD\$10,000,000 (included) to NTD\$15,000,000 (excluded)				Amy Liu
NTD\$15,000,000 (included) to NTD\$30,000,000 (excluded)				
NTD\$30,000,000 (included) to NTD\$50,000,000 (excluded)				
NTD\$50,000,000(included) to NTD\$100,000,000 (excluded)				
More than NTD\$100,000,000				
Total	9 persons	9 persons	9 persons	9 persons

Note1: All consolidated entities in the consolidated financial statements (including the company)

2. Compensation for President and Vice Presidents

December 31, 2024; Unit: NT\$ Thousand

Title	Name	Salary (A)		Pension upon retirement (B)		Bonuses and Special expenses etc. (C)		Employee's remuneration (D)				Amount and ratio of Total Compensation(A+B+C+D) to Profit (%)		Compensation from Affiliates Other than Subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President (Note1)	Patrick Chiu	704	704	18	18	0	0	0	0	0	0	722 -1.38%	722 -1.38%	5,406
President (Note1)	David Chou	2,324	2,324	90	90	670	670	0	0	0	0	3,084 -5.91%	3,084 -5.91%	558
Vice President	Jimmy Huang	3,245	3,245	108	108	672	672	0	0	0	0	4,025 -7.72%	4,025 -7.72%	0

Note1: President, Patrick Chiu, resigned on March 1, 2024. & President, David Chou, assumed office on March 1, 2024.

Table of compensation ranges

Range of Compensation Paid to General Manager and Deputy General Managers	Names of General Manager and Deputy General Managers	
	The Company	All companies included in the financial statements (Note2)
Less than NTD\$1,000,000	Patrick Chiu	Patrick Chiu
NTD\$1,000,000 (included) to NTD\$2,000,000 (excluded)		
NTD\$2,000,000 (included) to NTD\$3,500,000 (excluded)	David Chou	David Chou
NTD\$3,500,000 (included) to NTD\$5,000,000 (excluded)	Jimmy Huang	Jimmy Huang
NTD\$5,000,000 (included) to NTD\$10,000,000 (excluded)		
NTD\$10,000,000 (included) to NTD\$15,000,000 (excluded)		
NTD\$15,000,000 (included) to NTD\$30,000,000 (excluded)		
NTD\$30,000,000 (included) to NTD\$50,000,000 (excluded)		
NTD\$50,000,000 (included) to NTD\$100,000,000 (excluded)		
More than NTD\$100,000,000		
Total	3 persons	3 persons

Note2: All consolidated entities in the consolidated financial statements (including the company).

Compensation for the top five highest-paid executives

December 31, 2024; Unit: NT\$ Thousand

Title	Name	Salary (A)		Pension upon retirement (B)		Bonuses and Special expenses etc. (C)		Employee's remuneration (D)				Amount and ratio of Total Compensation(A+B+C+D) to Profit (%)		Compensation from Affiliates Other than Subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	David Chou	2,324	2,324	90	90	670	670	0	0	0	0	3,084 -5.91%	3,084 -5.91%	558
Vice President	Jimmy Huang	3,245	3,245	108	108	672	672	0	0	0	0	4,025 -7.72%	4,025 -7.72%	0
Supervisor, Finance & Accounting Division	Allen Hsu	1,687	1,687	101	101	463	463	0	0	0	0	2,251 -4.32%	2,251 -4.32%	0

3. Names of managers provided with employee's remunerations and state of payments

December 31, 2024; Unit: NT\$ (thousand)

Title	Name	Stock	Cash	Total	Ratio of total amount to the net income after taxes (%)
President (Note1)	Patrick Chiu	0	0	0	0%
President(Note1)	David Chou				
Vice President	Jimmy Huang				
Supervisor, Finance & Accounting Division	Allen Hsu				

Note1: President, Patrick Chiu, resigned on March 1, 2024. & President, David Chou, assumed office on March 1, 2024.

4. Compare and describe the percentage of the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, General Manager, and Deputy General Managers of the Company, relative to net profit after tax, and the correlation between policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and business performance and future risks.

(1) Analysis of the proportion of the total remuneration of Directors, General Manager and Deputy President of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements in the most recent two years:

Title	2024		2023	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	(13.79)	(23.29)	143.00	209.65
Independent director	(8.29)	(8.29)	95.47	95.47
President and Vice President	(15.01)	(15.01)	265.65	265.65

(2) The remuneration policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation of remuneration to business performance and future risks.

- A. The remuneration of the directors of the company is paid by the board of directors in accordance with the authorization of the company's articles of association, according to the director's participation in the company's operation and contribution value, and with reference to the "Remuneration Regulations for Directors and Functional Committee Members" stipulated by the domestic and foreign industry standards. If the company has a surplus, the board of directors may, in accordance with the provisions of Article 29 of the company's articles of association, decide on the remuneration of directors for the current year within 1% of the profit for the current year. The company regularly evaluates the remuneration of directors in accordance with the "Measures for the Performance Evaluation of the Board of Directors", and the relevant performance evaluation and the rationality of the remuneration have been reviewed and approved by the Remuneration Committee and the Board of Directors.
- B. The company's managers' remuneration, according to the relevant regulations on remuneration management, handles various work allowances and bonuses to show compassion and reward employees for their hard work at work. Relevant bonuses also depend on the company's annual operating performance, financial status, operation. In addition, if the company makes a profit in the current year, it will allocate more than 5%~20% as employee compensation in accordance with the provisions of Article 29 of the company's articles of association. The performance evaluation results implemented by the company in accordance with the "Performance Management Regulations" are used as a reference for the issuance of managers' bonuses. The performance evaluation items for managers are divided into one. Financial indicators: 1. According to the company's management profit and loss report, each business group department has Distribution of profit contribution, and considering the achievement rate of managers' goals; 2. Non-financial indicators: the practice of the company's core values, operational management capabilities, and participation in sustainable operations. Review the remuneration system in a timely manner according to the actual operating conditions and relevant laws and regulations.

III. Implementation of Corporate Governance

1. Operations of the Board of Directors

The Company had convened 4 Board of Director meetings in 2024 with the following attendance:

Title	Name	Number of actual attendance	Number of proxies attendance	Actual attendance rate (%)	Remarks
Chairman	Alpha Networks Inc. Representative: April Huang	4	0	100	
Director	Alpha Networks Inc. Representative: Peter Chen	4	0	100	
Director	Alpha Networks Inc. Representative: David Chou	4	0	100	
Director	Alpha Networks Inc. Representative: Patrick Chiu	4	0	100	
Director	Amy Liu	4	0	100	
Independent director	Lo-Min Chen	4	0	100	
Independent director	Mao-Chao Lin	4	0	100	
Independent director	David Lee	4	0	100	

Other items that shall be recorded:

A. When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:

(1) Matters included in Article 14-3 of the Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee.

(2) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.

B. For the recusal of Director(s), the name(s) of Director(s), the content of the resolution, the reason for recusal and the participation of voting for the resolution:

Date of Board Meeting	Name of Directors	Content of the Proposal	Reasons for Abstentions	Participation in Voting
2024.02.26	April Huang 、 Peter Chen 、 David Chou 、 Patrick Chiu	To lift non-competition restrictions on current directors and their representatives.	Directors who are Lifted non-competition restrictions on	Did not participate in discussion or voting
	David Chou	Approved the Company to change the President	Serve as a candidate of President	
	Patrick Chiu	Approved the distribution of 2023 employees' remuneration to senior managers	Concurrently serve as a manager of the Company	
	Patrick Chiu 、 David Chou	Approved the 2024 Salary Indicators	Concurrently serve as a manager of the Company	
	Patrick Chiu 、 David Chou	Approved the 2024 Senior Officer Bonuses and Raises Policy	Concurrently serve as a manager of the Company	
	April Huang 、 Patrick Chiu	Approval for the liquidation and liquidation of the subsidiary, 100%-owned subsidiary, InnoAuto Technologies Inc.	Serving as director at a wholly-owned subsidiary	
2024.10.24	David Chou	Severance pay plan for the appointed managers	Concurrently serve as a manager of the Company	

C. Implementation Status of Board Evaluations

The Board of Directors approved the “The Rules for Performance Assessment of the Board of Directors” on May 3, 2019, and approved the amendment on November 4, 2020, which stipulated the requirements of commencing performance appraisal to the Board and the Board members at least once per annual period. That at least one board of directors’ performance evaluation shall be conducted by an external professional independent institution or external expert and scholar team every three years.

(1) The Company had completed the performance appraisal to the Board, the Board members and two Functional Committees by the end of 2024 and reported at the Board meeting in February of 2025, that is “excellent”, which indicated the efficient and good operation by the Board.

(2) The Company has entrusted an independent evaluation institution, Taiwan Corporate Governance Association in 2018, to evaluate the performance of the board of directors of the Company. The evaluation was conducted with respect to eight main aspects: the composition, guidance, authorization, supervision, communication, self-discipline, internal control, risk management and other (ex: board’s meeting and Support system, etc.) of the board of directors. The evaluation method includes online self-evaluation, written review of relevant documents, and a field survey that was conducted in July, 2023. The subjects of the evaluation included the chairperson, two independent directors, the president, the corporate governance officer and the Internal auditing officer. And Board meeting to report the evaluation results in October, 2023.

(3) Implementation status:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluatiion items
Annually	2024.01-2024.12	Board and Board members	Internal Self-Evaluation made by the Board and Board members	<ol style="list-style-type: none"> 1. Alignment of the goals and missions of the company 2. Participation in the operation of the company 3. Management of internal relationship and communication 4. Improvement of the quality of the board of directors' decision making 5. Composition and structure of the board of directors 6. Awareness of the duties of a director 7. Election, professionalism and continuing education of the directors 8. Internal control
		Audit Committee	Internal Self-Evaluation made by Audit Committee	<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of Audit Committee 3. Improvement of quality of decisions made by Audit Committee 4. Makeup of Audit Committee and election of its members 5. Internal control
		Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of Remuneration Committee 3. Improvement of quality of decisions made by Remuneration Committee 4. Makeup of Remuneration Committee and election of its members
Every three years	2022.06-2023.05	Effectiveness of the Board of Directors	The evaluation institution paper review and field survey	The eight main aspects: the composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of the board of directors

D. Targets for strengthening the functions of the Board of Directors in the current and the most recent year (e.g., setting up an Audit Committee and enhancing information transparency) and evaluation of target implementation:

- (1) In accordance with Rules and Procedures of Board of Directors Meetings, the Board of Directors established a Compensation Committee in 2011 and Audit Committee in 2017, to assist the Board in executing its duties and enhance corporate governance and strengthen information transparency.
- (2) Members of the Board of Directors have participated in various corporate governance courses. Lecturers have also been arranged to hold courses to strengthen the competency of the Board members.
- (3) Meetings of Hitron Board shall be convened at least once per quarter. All members of the Board shall exercise the due care of a good administrator and bear fiduciary duty to manage exercise their powers with a high degree of self-discipline and prudence under the guidance of optimization of Shareholders' interest.

2. Operation of the Audit Committee

The Company had convened 4 (A) Audit Committee meetings in 2024 with the following attendance:

Title	Name	Attendance in Person	Number of times attended by proxy	Attendance Rate (%)	Remark
Independent director (Converner)	Lo-Min Chen	4	0	100	
Independent director	Mao-Chao Lin	4	0	100	
Independent director	David Lee	4	0	100	

Other items that shall be recorded:

A. If any of the following matters occurs during the operation of the Audit Committee, the dates, terms, contents of the proposal of the Board meetings, the opinions of all Independent Directors and the responses by the Company shall be clearly described:

(1) Matters included in Article 14-5 of the Securities and Exchange Act: (Please see Two. Corporate Governance Report – Material Resolutions from the Shareholders' Meeting and the Board of Directors of the Annual Report):

All resolutions have been approved with the consent of one-half or more of all Audit Committee members before a resolution has been reached at the Board meeting. There were no resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors.

(2) Except the items in the preceding issues, other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors: None.

II. For the implemtnation of Directors' avoidance due to conflicts of interest of Directors, please clearly specify the names of Directors, the content of the proposals, the reasons of avoidance due to conflicts of interest and the participation in the voting amd resolution: None.

III. Communication between Independent Directors, the Internal Audit Director and CPAs (the major issues, methods and results of the Company's financial and business conditions shall be described in details):

(1) In addition to the monthly internal audit report, the Independent Directors also receive a quarterly internal audit report (including the audit report at the period and the follow-up audit report after the period, etc.) at the Audit Committee meetings. If there are special circumstances, they can timely report back to the Audit Committee. In 2024, no special circumstances were noted.

(2) The CPAs will report the audit results of the quarterly financial reports at the quarterly Audit Committee meetings and communicate any regulatory matters. If special circumstances arise, they will timely report to the Audit Committee. In 2024, no special circumstances were noted. The communication between the Audit Committee and CPAs remains effective.

IV. Annual Operation Highlights and State of Operation

(I) Annual Operation Highlights

1. Review on the Financial statements and communication on the key audit matters
2. Periodically communicating the audit report results with the internal audit officer according to the annual audit plan.
3. Enacted of laws and regulation and compliance
4. Reviewing the regulations of assets, derivatives, funds, loans, and endorsements and guarantees, and the transactions of major assets, fund loans and endorsements and guarantees.
5. The engagement or dismissal of an attesting CPA, or the compensation given thereto.
6. Control of existing or potential risks in the company. (In accordance with the company's Risk Management Policies and procedures)

(II)2024 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

(III) Implementation of Corporate Governance, and Differences with Contents of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Assessment criteria	Actual governance			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		In accordance with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company has established "Corporate Governance Best-Practice Procedures" and make relevant disclosure on Market Observation Post System and the Company website: https://www.hitrontech.com .	No differences.
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle Shareholders' recommendations, queries, disputes, and litigations? (II) Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller? (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? (IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(I) The Company has appointed a spokesperson and an acting spokesperson, and set up an investor section on the website for the contact information to handle shareholders' suggestions, questions, disputes and litigation matters. (II) In addition to obtaining shareholder information from the stock transfer book during the closing period and timely monitor the change of shareholding of major Shareholders, the Company makes a monthly declaration on the shareholding of internal personnel in accordance with the Securities and Exchange Act, Article 25. (III) The Company has established procedures to govern the management of affiliated companies in its internal control system. Moreover, the Company has also established "Procedures for Transactions with Specified and Affiliated Companies", implementing risk control and firewall mechanism. (IV) The company has established the " the Ethical Corporate Management Policies" and " Ethical Corporate Management Best Practice Principles of Employees" and " Procedures for Handling Material Inside Information " to regulate the use of undisclosed information on the market by insiders to buy and sell securities.	No differences.
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated a diversity policy, specific management objectives and implement them?	V		(I) For the formulation and implementation of the Company's policy on diversity of board members, please refer to the chapter on diversity and independence of the board of directors	No differences.

Assessment criteria	Actual governance		Summary description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
(II) Apart from the Compensation Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?			(II) Hitron has established the Risk Management Committee. For more details on the operations, please see the Hitron website. On the other hand, although the Company does not establish the Nomination Committee, it adopts the candidate nomination system for the election of the directors (including independent directors) in terms of practical operations. The candidate list of the existing directors (including independent directors) shall be submitted by the shareholders holding more than 1% of the total number of outstanding Shares or by the Board of Directors. Meanwhile, the Board of Directors shall review and approve in advance the candidate list in accordance with the laws, and shall report to the regular shareholders' meeting for election.	
(III) Has the Company established Self-Evaluation or Peer Evaluation of the Board of Director? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual Directors and a nomination for re-election?			(III) On May 3, 2019, the Board of Directors of the Company passed the "Procedures for the Evaluation of the Board of Directors' Performance". For the performance evaluation method and implementation, please refer to the Implementation of the Board's Evaluation. According to the Article 29 of the Articles of Incorporate the director's remuneration shall not exceed 1 %. The remuneration of directors and the consideration of nomination and re-appointed were set by the remuneration committee and Board of Directors in accordance of operational result, "Guidelines for compensating directors and members of functional committee", and the result of evaluation.	
(IV) Does the Company assess the independence of external auditors regularly?			(IV) The Audit Committee annually monitors the independence and suitability Hitron's external auditor by conducting the following evaluation standards and reports the same to the Board of Directors: 1.The auditor's independence declaration 2.The independence between the CPAs and The Company complies with the Accounting Act of the Republic of China, The Norm of Professional Ethics for Certified Public Accountant and other relevant regulations. 3.Ensure the audit partner rotates every five years. 4.The Company refers to the Audit Quality Indicators provided by the accounting firm and the Audit Quality Indicators Interpretation Guidelines issued by the regulator, to evaluate the audit quality of the accounting firm and the audit team. Audit Quality Indicators have five dimensions, including professionalism, independence, quality control, supervision, and innovation ability, and thirteen other indicators. After sufficient communication with CPA, the Company did not observe any issue that could impact the independence or qualification of the CPA. The evaluation results for the most recent fiscal year were discussed and approved by the Audit Committee and subsequently presented to and approved by the Board of Directors on October 24, 2024.	
IV. Does the TWSE/TPEX listed company dedicate competent managers or a sufficient number of managers to take charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's	V		The Company appointed Allen Hsu as the Corporate Governance Officer by the approval of board of directors on March 16, 2021. He will be in charge of monitoring and planning of Corporate Governance and he is qualified by the criteria of Corporate Governance Supervisor stated on Paragraph 1, Article 3-1 of the Corporate Governance Best Practice Principles. The duties of Corporate Governance Officer includes furnishing information required for the business execution by directors and audit committee, updating information for newly revised laws and regulations and future revised trend to the directors and audit committee, assisting directors and audit committee compliance of law and regulations, report to the corporate governance committee and board of directors for the functioning of corporate governance, handling matters relating to board	No differences.

Assessment criteria	Actual governance			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
operations, assisting the Board and Supervisors in legal compliance, convening Board/Shareholders' meetings in accordance with the law, applying for/changing company registry, and producing meeting minutes of Board/Shareholders' meetings)?			meetings and shareholders meetings, producing minutes of board meetings and shareholders meetings, assisting directors and member of audit committee to be appointed, continuous studies and etc. The implementation highlight of corporate governance in 2024 as follows 1. Liabilities Insurance of the Company's directors and important employees and reported to the board of directors after completion of procedures. 2. 4 board of directors' meetings and 4 Audit Committee meetings were convened in 2024. 3. 1 Shareholders' Meeting was convened in 2024. 4. Board Members shall complete at least 6 credits of continuous courses. 5. After board of directors' meeting, responsible for verifying the announcements of significant information about important board resolutions in order to ensure the legality and accuracy of the significant information content and to ensure the propriety of the investor transaction information etc 6. Assist the independent directors and general directors in performing their duties and providing necessary information and arranging further education for directors. 7. A performance evaluation of the Board was conducted and the results were "Excellent". 8. The board of directors' performance evaluation has been conducted, and the evaluation result was ranked as excellent. Regarding the 10th term of Corporate Governance Evaluation of the Company, the result was 21-35% 9. In 2024, the training hours for corporate governance executives totaled 12 hours. Please refer to page 24 of the Annual Report for the complete information on the training courses.	
V. Has the Company established a means of communicating with its stakeholders (including but not limited to Shareholders, Employees, customers, suppliers, et cetera) or created a stakeholder section on the Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		The Company has established a stakeholder section on its website for communication with parties including investors, customers, suppliers and employees, so as to timely respond to corporate responsibilities issues that the stakeholders are concerned with.	No differences.
VI. Does the Company appoint the professional stock transfer agent to handle the affairs of the shareholders' meeting?	V		The Company has appointed the Registrar Agency "Department of Capital Securities Corp." to handle the affairs of the Shareholders' meeting.	No differences.
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information? (II) Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing spokesperson system, disclosing the process of	V		(I) Hitron has established the Investor Relations in its website in Chinese and English that discloses the information regarding financial or business operations as well as corporate governance. (II) The Company has a website in both Chinese and English, information collection and disclosure, the implementation of the spokesperson and deputy spokesperson system, and the presentation of institutional investor conferences are all placed on the Company's website.	No differences.

Assessment criteria	Actual governance			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
<p>institutional investor conferences on the Company website and et cetera)?</p> <p>(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?</p>			<p>(III) On February 26, 2025, Hitron has publicly announced the consolidated and Standalone financial reports in 2024; the financial reports in 2024 Q1, Q2 and Q3, in addition to the monthly operating status will be publicly announced on the Market Observation Post System (MOPS) prior to the designated deadlines and then upload them to the Company's website.</p>	
<p>VIII. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of Employees, care for Employees, investor relations, relations with suppliers, relations with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?</p>	V		<ol style="list-style-type: none"> 1. Interests and rights of Employees care for employees: The Company has established the Staff Benefits Committee, in which members are elected by open ballot. The fund is allocated to the Committee as a benefit to promote various welfare activities for the employees. Further, a pension fund is appropriated in accordance with labor law regulations and regular meetings between the Management and labor representatives are held to ensure effective communication taking place. 2. Investor relations: The Company makes honest disclosure in accordance with regulations to protect the basic rights and interests of the investors. 3. Relations with suppliers: The Company maintains a long term and interactive relationship with its suppliers. 4. Relations with interested parties: The Company has established a section for interested parties on its website to protect their relevant rights and interests. 5. Continuing education of directors: The Directors have taken securities-related courses in accordance with regulations, and satisfy the number of training hours stipulated. 6. Execution of risk management policies and risk measuring standards: The Company undertakes various risk management and assessment measures in accordance with major internal policies. In 2021, we set up the risk management committee and risk management policies for evaluating company risks and reducing corporate risks. Please see the company's website. 7. Execution of customer policies: The Company maintains a stable and constructive relationship with its customers to create more profits for the Company. 8. The Company purchases liability insurance for directors and managers, evaluates the insurance coverage regularly every year, and reports the directors' liability insurance renewal status to the board of directors. 	No differences.
<p>IX. Please describe improvements that have been made about the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center, as well as priorities and measures for matters that have yet to be improved.</p> <ol style="list-style-type: none"> 1. The evaluation results of Corporate Governance Evaluation for Sy sage in 2023 were classified into three groups, which are the top 21%-35%, respectively. 2. Continue to deepen corporate governance, make the Company comply with international standards, and announce the annual financial statements before the end of February; and voluntarily provide financial statements in English quarterly to increase international visibility. 3. After the annual evaluation results are announced, the Company will review the projects that have not yet met the standards and continue to improve to implement information disclosure and transparency, reduce information asymmetry and enhance shareholder's rights. 				

Corporate governance training undertaken by corporate governance personnel in 2024

Date of training	Organized by	Course title	Number of hours of continuing professional education
2024.06.13	Taiwan Independent Director Association	Introduction to IFRS Sustainability Disclosure Standards and Domestic and International Carbon Emission Reduction Trends	3
2024.08.05	Accounting Research and Development Foundation	Influence of Latest “Annual Report Preparation” related to ESG Sustainability Policies and Laws and Net Zero Carbon Emissions on Financial Statements Practical Analysis	6
2024.09.06	Securities & Futures Institute	Prevention of Insider Trading 2024	3
Accumulated hours of continuing professional education			12

(I) If the Company has established the Compensation Committee, its composition, responsibilities, and operation should be disclosed:

1. Professional Qualifications and Independence Analysis of Compensation Committee Members

Criteria		Professional qualifications and experience	State of independence	Number of Other Public Companies in which the Individual is Concurrently Serving as a Compensation Committee Member
Title	Name			
Independent director (Convener)	Lo-Min Chen	Please refer to Professional qualifications and independence analysis of directors. (P.3-P.10)	In compliance with Articles 5 and 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	0
Independent director	Mao-Chao Lin			0
Independent director	David Lee			0

2. Responsibilities of the Remuneration Committee:

Establish a performance-based compensation system for the Company through an independent standpoint, fulfill functional authority given by the Board of Directors, and regularly submit proposals or recommendations on the compensation system to be discussed at Board meetings.

3. Information on the state of operation of the Compensation Committee

- (1) The Remuneration Committee of the Company consists of 3 members.
- (2) Term of appointment of the current Committee: May 25, 2023 to May 24, 2026. The Remuneration Committee held 2 meetings in 2024. The qualifications of the members are as follows:

Position	Name	Attendance in Person	By proxy	Attendance in Person (%)	Remarks
Convener	Lo-Min Chen	2	0	100	
Committee member	Mao-Chao Lin	2	0	100	
Committee member	David Lee	2	0	100	

Other notes:

I. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.

II. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.

Date of Compensation Committee Meeting	Content of resolution	Voting result of resolution	Response of the Company toward the opinion of Compensation Committee
2024.02.26	1. Approved the 2023 distribution of employees and directors' remuneration. 2. Proposal to adjust the "employee's remuneration ratio" proposal. 3. Approved the distribution of 2023 employees' remuneration to senior managers. 4. Approval of the salary compensation indicators for senior managers for the fiscal year 2024. 5. Approval of the bonus and salary adjustment policy for senior managers and for the fiscal year 2024	Convener of the Remuneration Committee consulted the opinion of all attending remuneration committee members.	The proposal was approved without dissent and submitted for resolution at the Board meeting.
2024.10.24	Severance pay plan for the appointed managers.		

(V) Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of listed OTC companies.

Assessment criteria	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
I. Has the company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the Board of Directors and is supervised by the Board of Directors?	V		The Company began to introduce a CSR Committee in 2019 and is committed to promoting CSR-related activities. In 2021, relevant departments were integrated to establish an ESG Committee for internal promotion. Based on the economic, social, and environmental aspects, the committee expanded environmental initiatives into "sustainable products," "sustainable operations," and "sustainable supply chains." Additionally, it included the social aspect of "social responsibility" and the economic aspect of "corporate governance," encompassing five major aspects to promote sustainable business-related projects. The committee also established management performance indicators for each aspect. The committee is chaired by General Manager Patrick Chiu, and the heads of each department serve as committee members. The secretary-general is responsible for coordinating and promoting cross-departmental corporate sustainability development affairs, convening regular meetings, reporting on performance indicators, and the progress of corporate social responsibility reports. Additionally, the committee reports annually to the board on material topic identifications and management outcomes, and the board reviews the ESG strategies and establishment of objectives each year, urging adjustments to the operating team when	No differences.

Assessment criteria	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons												
	Yes	No	Summary description													
			necessary. The 2024 execution status was reported in February 2025.													
II. Has the Company performed risk assessment pertaining to the environment, community and corporate governance issues related to the operation of the Company in accordance with the materiality principle, and established the corresponding risk management policies or strategies?	V		We follow the materiality identification guidelines of the GRI Standards when conducting a risk evaluation. We regularly issue questionnaires to further understand material topics covering economic/governance, environment, society and health and safety aspects that concern stakeholders. Moreover, we review the meaning and impact of the material topics identified for the year, set annual management risk targets, review the targets, and disclose the results of the management targets. Please refer to the ESG section of the Company's website.	No differences.												
III. Environmental issues (I) Has the Company developed an appropriate environmental management system, given the distinctive characteristics of its industry? (II) Is the Company committed to achieving efficient use of energy, and using renewable materials that produce less impact on the environment? (III) Has the Company assessed the present and future potential risks and opportunities posed by climate change to the Company and undertaken countermeasures pertaining to climate change? (IV) Has the Company measured its greenhouse gas emission, water use, and the total weight of waste for the past two years, and established policies pertaining to energy conservation, reduction in carbon and greenhouse gas emission, reduction in water use, or management of waste disposal?	V		<p>(I) The Company takes various environmentally friendly actions, including reducing the use of energy resources, minimizing emissions of harmful substances, and maximizing the recycling of energy resources to achieve environmental sustainability. The environmental management system is formulated in accordance with the ISO 14001 international standard for environmental management systems to effectively manage non-compliance with environmental regulations in the Company's activities, processes, products, services, and other processes and to continuously improve environmental management to ensure compliance with ISO 14001 environmental management system and RoHS requirements.</p> <p>(II) The Company continues to improve the efficiency of environmental pollution prevention and energy use, and design and manufacture of green products to minimize their impact and damage on the environment while taking into account the needs of stakeholders, environmental considerations and efficient use of energy, and at the same time, comply with EU RoHS, WEEE, and other directives, and continue to promote the improvement of product performance to meet the requirements of the EU ErP directive. We adopt the Life Cycle Thinking (LCT) concept in the product development stage, gradually include the green design concepts, and make adjustments in line with the updates of international environmental protection laws and regulations at any time. All products comply with relevant product requirements.</p> <p>(III) The Company discloses the risks and opportunities brought about by climate change in accordance with the Task Force on Climate-Related Financial Disclosures, and evaluates the potential impact and financial impact on the enterprise, and takes relevant countermeasures to strengthen the Company's ability to adapt to climate change. Please refer to the ESG section on the Company's website.</p> <p>(IV) Since 2010, the Company has established the ISO 14064-1 Greenhouse Gas Inventory System. Through the annual inventory, the Company aim to achieve the greenhouse gas reduction target through annual inventory and energy-saving measures. The statistics of greenhouse gas emissions, water consumption, power consumption, and total weight of waste in the past two years are shown below:</p> <p>i. Greenhouse Gas Emissions (metric tons):</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Category 1</th> <th>Category 2</th> <th>Category 3</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>74.6711</td> <td>611.0040</td> <td>132.6791</td> </tr> <tr> <td>2023</td> <td>217.5119</td> <td>6,134.1108</td> <td>19,981.4598</td> </tr> </tbody> </table>	Year	Category 1	Category 2	Category 3	2024	74.6711	611.0040	132.6791	2023	217.5119	6,134.1108	19,981.4598	No differences.
Year	Category 1	Category 2	Category 3													
2024	74.6711	611.0040	132.6791													
2023	217.5119	6,134.1108	19,981.4598													

Assessment criteria	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons																		
	Yes	No	Summary description																			
			<p>To reduce the impact of energy consumption on global warming, Hitron is committed to reducing greenhouse gas emissions. To reduce greenhouse gas emissions, we save energy through the following methods:</p> <p>a. Energy conservation through lights: We gradually replaced traditional lamps with energy-saving LED ones at the plants; adopted smart lights for the parking lots.</p> <p>b. Energy conservation through air-conditioning: We improved the efficiency of the main equipment of air conditioners; increased the temperature of water used by air conditioners.</p> <p>3. Energy conservation awareness raising: On Earth Day on April 22, we turned off the lights for one hour to motivate people to turn off the lights during lunch breaks and when the lights were not being used.</p> <p>ii. Water consumption (m3) To ensure proper water management, all business locations have been monitoring tap water usage and refrained from pumping groundwater for operational use. The sewage discharged from Hitron's various plants is directly discharged to the public sewer system, and the destination of the discharge is a sewer management system, so the sewage will not directly affect the water body and land. Sewage quality tested is up to the management standards of various places, and sewage is not reused by other organizations. Hitron's plants do not engage in any activities that will cause a negative impact on biodiversity. In addition, their product manufacturing and service processes do not affect the environment and ecological systems.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total water consumption</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>26,035</td> </tr> <tr> <td>2023</td> <td>30,084</td> </tr> </tbody> </table> <p>iii. Total weight of waste (metric tons) We adopt the strategy of management from the source to manage waste and continue to save energy, reduce waste, and recycle resources, thereby greatly reducing waste and increasing resources recycled to achieve the goal of waste reduction.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Non-recyclable waste</th> <th>Recyclable waste</th> <th>Percentage of recyclable waste</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>97.856</td> <td>166.001</td> <td>62.91%</td> </tr> <tr> <td>2023</td> <td>127.274</td> <td>311.8875</td> <td>71.02%</td> </tr> </tbody> </table>	Year	Total water consumption	2024	26,035	2023	30,084	Year	Non-recyclable waste	Recyclable waste	Percentage of recyclable waste	2024	97.856	166.001	62.91%	2023	127.274	311.8875	71.02%	
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2023	127.274	311.8875	71.02%																			
<p>IV. Social Issues</p> <p>(I) Has the Company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?</p> <p>(II) Has the Company established and implemented reasonable Employee benefit measures (including salary, leave, and other benefits), reasonably</p>	V		<p>(I) The Company conforms to the Universal Declaration of Human Rights, International Labor Organization-Declaration of Fundamental Principles and Rights at Work, International Labour Convention, the Sullivan principles and other human rights standards, as well as adopting standards that are in line with Responsible Business Alliance (RBA), complying with the law and regulations of countries which business locations are in, protecting human rights of employees and conforming to Labor Standards Act and internal policies of the Company established in accordance with various law statutes. The Company has also established a "Code of Conduct for Suppliers" and required compliance from its suppliers.</p> <p>(II) The working environment, development and protection of our employees are important to us. As such, we make a concerted effort to conform to and respect the local law and regulations, and universally acknowledged human rights. We feel compelled to make each colleague to be treated fairly and respectfully. Apart</p>	No differences.																		

Assessment criteria	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
<p>reflecting the operating results in Employee salary?</p> <p>(III) Does the Company provide employees with a safe and healthy work environment? Are Employees trained regularly on safety and health issues?</p> <p>(IV) Has the Company implemented an effective training program that helps Employees develop skills throughout their career?</p> <p>(V) Pertaining to issues regard the health and safety of customers when using the Company's products and services, consumer privacy, marketing and labeling, does the Company comply with the relevant regulations and international standards, and establish relevant policies on consumer or customer protection and complaint procedure?</p> <p>(VI) Has the Company established policy on supplier management, demanding suppliers to observe code of conduct pertaining to environmental protection, labor safety, and health or labor rights, and monitoring their implementation?</p>			<p>from providing a safe and healthy work environment, we have also adopted a market-averaged salary policy. Via diversified learning courses and transparency in the promotion process, we ensure that our employees can enjoy growth and development.</p> <p>(III) The Company cares for the work-life balance of its employees and is keen to provide the most comfortable recreational spaces and hold various sporting events from time to time. Further, the Company provides safe and comfortable breastfeeding spaces, regularly provide medical checkups for employees, and hires professional lecturers to hold fire drill exercises, and safety and precaution courses, thus strengthening the crisis response capability of the employees, effectively enhancing the personal safety and reducing property damage.</p> <p>(IV) To enhance the technical and management competency of employees, the Company holds training courses according to functionality and ranking of employees or sends them for external training courses, to cultivate the competency of employees in different professional areas.</p> <p>(V) The Company has designated specific personnel and e-mail address and created a stakeholders section on the Company website to provide a channel for responding to customers' queries, complaints or recommendations promptly, and thus providing high-quality services.</p> <p>(VI) The Company has established supplier evaluation procedures. The suppliers of the Company must sign a declaration statement (environmental protection statement, integrity commitment statement and anti-terrorism agreement, etc.) in accordance with these procedures and meet the product safety and business integrity requirements of the Company. The suppliers should undertake CSR. If any violation is found, the Company may terminate contracts with the supplier with immediate effect and request for damages.</p>	
<p>V. Does the Company refer to universal standards or guidelines for report preparation when preparing for the Sustainability Report and other non-financial disclosure reports? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?</p>	V		<p>The 2024 Sustainability Report of Hitron is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards and AA 1000 AS 2008 (verified by Taiwan Weili International Quality Assurance Co. of Bureau Veritas). The company expects to hold a board meeting resolution in 2025Q2, the Report is published by the end of August 2025.</p>	No differences.
<p>VI. If the Company has established its own Sustainable Development Principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviations from the Best Practice Principles:</p>				

Assessment criteria	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			The Company set up a Corporate Sustainable Development Responsibility Committee in 2019. The Committee is responsible for promoting corporate sustainable development and social responsibility-related activities. The Company has also set up “CSR Best Practice Principles” and the overall operation is not different from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”.	
VII.			Other important information that helps understand the implementation of sustainable development: For information about Sustainable Development Best Practice Principles of the company, such as corporate governance, environmental safety, and social welfare, please refer to the company website.	

(VI) Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The Board of Directors of the Company values the risks and opportunities of climate-related issues. It regularly reviews the climate strategies and targets set, and monitors the implementation progress of related issues through the Corporate Sustainability Committee. The Corporate Sustainability Committee is headed by the General Manager, and is composed of heads of each department as members. The committee is responsible for reviewing climate-related risk management, target achievement, and future planning.</p> <p>To promote sustainable development, we have divided the environmental aspect into “Sustainable Products”, “Sustainable Operations”, and “Sustainable Supply Chain”, drawn up development strategies and management objectives, managed them with KPIs. Hitron's carbon management is not only focused on organizational greenhouse gas emissions but on the analysis and management of the impact of our products on the environment to be conforming to relevant international standards, such as ISO 14064-1, an international standard for quantifying and reporting greenhouse gas emissions and introduced product carbon footprint (ISO14067).</p> <p>In 2024, the Company completed third-party verification of the carbon footprint (ISO 14067) of its four European products. It also completed organizational greenhouse gas inventories and verification (ISO 14064-1) for major company operations and joined the CDP Carbon Footprint Disclosure initiative.</p>
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Hitron refers to the Climate Disclosure Standards Board (CDSB) and Climate-related Financial Disclosures (TCFD) Recommendations and Implementation Guide to consider and identify the opportunities and physical and transition risks that may affect the Company.
3. Describe the financial impact of extreme weather events and transformative actions.	We evaluated the climate change risks and opportunities based on the Company's internal risk identification process and incorporated the risks and opportunities defined by TCFD; and included climate-related risks and opportunities in the Company's operations and asset management. For detailed information on Hitron's main climate-related risks, please refer to the “Climate Change Governance” chapter of the Company's Sustainability Report.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The opportunities from climate change adaptation for organizations include improved resource use efficiency, cost reduction, adoption of low-carbon energy, development of new products and services, entry into new markets, and improved supply chain resilience. Hitron's ESG Committee evaluated climate-related opportunities based on their impact on the Company's operations and likelihood of occurrence. For details, please refer to the “Climate Change Governance” chapter of the Company's Sustainability Report.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not yet used scenario analysis to assess climate change risks. In the future, the Company will conduct relevant risk scenario analysis for RCP 4.5 & RCP 8.5 and disclose them in the relevant chapters of the Sustainability Report.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Please refer to the relevant disclosures in accordance with TCFD.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not implemented the internal carbon pricing, but will plan it in the future.

Item	Implementation status
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p>	<p>The target of greenhouse gas emission (Scopes 1 and 2) reduction is set as follows: Short-term target: Down by 1% per year from the baseline year (2021). Mid-term target: Down by 5% per year from the baseline year (2021) by 2026. Long-term target: Down by 20% per year from the baseline year (2021) by 2035, to achieve net-zero emissions by 2025. The goal is to cover the production site (Haiphong, Vietnam) and office facilities (Hsinchu, Taiwan), and the Scopes 1, 2, and 3 emissions have been included, all of which have passed the certification of ISO 14064-1 by a third-party verification agency. As of 2023, the Company's greenhouse gas emission has been reduced by 31.4%. The original target for 2024 was 32.4%. However, Hitron Vietnam has closed its operation in October 2024 due to the Company's business strategy. As there is no resource available for inventory and inspection, it is estimated that Hitron Vietnam's greenhouse gas emission accounted for 97%, and Hitron Hsinchu accounted for 3%. The target for 2024 was 32.4%, and the carbon reduction target for Hsinchu was set at 1%. In 2024, the greenhouse gas emissions of Hitron Hsinchu have decreased by 7.7% compared to the baseline year (2021) to achieve the greenhouse gas reduction target for 2024, mainly through the energy-efficient lights and air-conditioners in the offices and awareness-raising events. In the future, the Company will continue to promote internal reduction measures, assess the replacement of solar power facilities and chillers, adopt renewable energy, and purchase RECs.</p>
<p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan</p>	<p>Please refer to the following table for explanation.</p>

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

(1) Greenhouse gas inventory information

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

The 2023 and 2024 greenhouse gas emissions (tCO₂e) and emission intensity (tCO₂e/NTD 1 million in revenue) are as follows:

Years	Scope1	Scope2	Scope3	Total (Metric tons of O ₂ e)	Emission intensity (tCO ₂ e/NTD 1 million in revenue)
2024	74.6711	611.0040	132.6791	818.354	0.090
2023	217.5119	6,134.1108	19,981.4598	26,333.083	2.800

*In 2024, Hitron Vietnam's business transferred its hardware development, design, and production to Alpha's factory due to the Company's business strategy, so no Hitron Vietnam's data is available for inventory and inspection.

*Data covers Hsinchu headquarters in 2024.

*Data covered Hsinchu headquarters and Vietnam factory in 2023.

(2) Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

Hsinchu Headquarters (2023 & 2024): Greenhouse gas data are verified by SGS in accordance with the ISO14064-1:2018 standard. Scope 1 and Scope 2 are reasonable assurance level; Scope 3 data is limited assurance level

Vietnamese Factory (2023 & 2024): Greenhouse gas data are verified by SGS in accordance with the ISO14064-1:2018 standard. Scope 1 and Scope 2 are reasonable assurance level; Scope 3 data is limited assurance level

(3) Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

Baseline year and data for greenhouse gas reduction : Taking 2021 as the base year, the greenhouse gas emission was 25,922.749 tCO₂e (including: 253.5578 tCO₂e for scope 1, 8,994.3544 tCO₂e for scope 2, and 16,674.837 tCO₂e for scope 3).

Reduction target : 1% reduction per year, and 20% reduction by 2035;

Strategy : Since 2011, Hitron has established a greenhouse gas inventory by referring to the requirements of the organizational greenhouse gas emission (ISO 14064-1) and the Greenhouse Gas Inventory Protocol (GHG Protocol), and has conducted annual greenhouse gas inventory verification. The greenhouse gas emissions inventory results for 2021 have been verified by a third party (SGS) in accordance with ISO 14064-1. Hitron's Vietnam Factory (new plant) began to introduce GHG emissions inventory and ISO 14064-1 third-party (BSI) verification in 2022. Actively promote sustainable development of the enterprise, conduct greenhouse gas inventory and verification of the consolidated company in accordance with the Financial Supervisory Commission's Sustainable Development 3.0, join CDP and SBTi, use renewable energy, and begin to promote greenhouse gas management in the supply chain, and promise to reduce the environmental pollution of organization and products to meet international trends and customer expectations.

Specific action plan:

- 1) Energy conservation through lights: We gradually replaced traditional lamps with energy-saving LED ones at the plants; adopted smart lights for the parking lots; and we reduced emissions by about 27 tCO₂e a year;
- 2) Energy conservation through air-conditioning: We improved the efficiency of the main equipment of air conditioners; increased the temperature of water used by air conditioners; we reduced emissions by about 11 tCO₂e a year;
- 3) Energy conservation awareness raising: On Earth Day on April 22 , we turned off the lights for one hour to motivate people to turn off the lights during lunch breaks and when the lights were not being used.
- 4) Hitron began to actively introduce product Carbon Footprint self-disclosure and ISO14067 third-party verification to disclose carbon emissions at various stages and continue to take reduction measures;
- 5) Joined CDP and SBTi
- 6) Evaluation of the replacement of solar power facilities and chillers
- 7) Adoption of renewable energy and purchase of RECs.

Reduction Target Achievement : In 2024, Hitron Vietnam's business transferred its hardware development, design, and production to Alpha's factory due to the Company's business strategy, so no Hitron Vietnam's data is available for inventory and inspection. It is estimated that Hitron Vietnam's greenhouse gas emission accounted for 97%, and Hitron Hsinchu accounted for 3%. The target for 2024 was 32.4%, and the carbon reduction target for Hsinchu was set at 1%. In 2024, the greenhouse gas emissions of Hitron Hsinchu were 7.7% lower than the baseline year.

(VI) Implementation of Ethical Management and Implemented Measures:

Assessment criteria	Actual governance		Summary description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(I) Does the Company establish corporate conduct and ethics policy that is approved by the Board of Directors and document such policy and procedure, as well as ensuring the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents?</p> <p>(II) Has the Company established a risk assessment mechanism for unethical conduct, analyzed and evaluated activities that contain a higher risk of unethical conduct in the operating aspect on a regular basis, and established measures for the prevention of unethical conduct, which at least covering the business activities prescribed in the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" article 7 paragraph 2?</p> <p>(III) Does the Company establish relevant policies that are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, the penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a regular basis?</p>	V		<p>(I) The Company has established the "Ethical Corporate Management Best Practice Principles" which has been approved by the Board of Directors. The policies and practices for ethical management are clearly defined. The members of the Board of Directors and the management have signed the Declaration of Ethical Corporate Management to actively implement the commitment of the operating policy.</p> <p>(II) The Company has established the "Business Integrity Procedures and Behaviors" and "Whistleblowing and Complaint Management Measures," which explicitly prohibit the receiving or giving of gifts, discounts or special treatments, leaking trade secrets, providing illegal political donations, and other violations of integrity conducts. The Company has conducted awareness training and taken preventive measures to implement its integrity management policy.</p> <p>(III) The Company has established the "Employee Integrity and Ethics Code" and the "Whistleblowing and Complaint Management Measures" to clearly regulate and implement the unethical behaviors. The Company regularly promotes the Business Integrity Procedures and Behaviors and reviews and amends the relevant measures.</p>	No differences.
<p>II. Implementation of integrity management</p> <p>(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p>	V		<p>(I) The Company insists on integrity management when conducting business activities. For its suppliers and customers, the Company always first considers the legality in transacting with them and if they have a misconduct record, and requires the suppliers to submit an integrity commitment statement.</p>	No differences.

Assessment criteria	Actual governance			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
<p>(II) Does the Company task a unit that reports directly to the Board of Directors and with promoting ethical standards, making periodical updates (at least once a year) to the Board on business integrity management policy, as well as the supervision of measures for prevention of unethical conduct?</p> <p>(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p> <p>(IV) Has the Company implemented effective accounting and internal control systems to maintain business integrity? Are these systems reviewed by internal or external auditors on a regular basis?</p> <p>(V) Does the Company conduct internal and external ethical training programs on a regular basis?</p>			<p>(II) The Company designates the Human Resources Department as the specific unit in promoting integrity management, interpretation and consultation services, content reporting, account access and documentation, as well as supervision. The Company regularly reports the execution of integrity management to the Board of Directors every year. On February 26, 2025, the execution of integrity management for 2024 had been reported to the Board of Directors.</p> <p>(III) The “Code of Conduct for Directors and Managers,” “Business Integrity Procedures and Behaviors” and “Rules and Procedures of Shareholders Meeting” established stipulate that in case of conflict of interest, parties involved must recuse themselves. The Company provides whistle-blowing channels for reporting illegal activities or misconduct behavior.</p> <p>(IV) The Company has established and implemented accounting and internal control systems, and internal auditors regularly conduct audit reviews to examine its compliance. Audit reports are then submitted to the Board of Directors.</p> <p>(V) The “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Behaviors” established have been put on the Company website and integrated into the training for new employees, as well as other training seminars, to ensure that employees fully understand the content and conform to them.</p>	
<p>III. Implementation of whistle-blowing system</p> <p>(I) Does the Company provide incentives and means for Employees to report malpractice? Does the Company dedicate personnel to investigate the reported malpractice?</p> <p>(II) Has the Company implemented any standard procedures or confidentiality measures for handling reported malpractices?</p> <p>(III) Does the Company assure malpractice reporters that they will not be mistreated for making such reports?</p>	V		<p>The Company has established a specific whistle-blowing mailbox that the Chairman has direct access, in which the identity of the whistleblower and the content reported are strictly protected. The Chairman shall designate specific personnel for the investigation. The “Code of Conduct for Employees” and “Business Integrity Procedures and Behaviors” stipulate that violation of integrity conduct will be punished.</p>	No differences.
<p>IV. Enhanced information disclosure</p> <p>(I) Has the Company disclosed relevant CSR principles and implementation on its website and Market Observation Post System?</p>	V		<p>The company's website has a corporate governance area disclosing information related to ethical management.</p>	No differences.

Assessment criteria	Actual governance			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
V. If the Company has established business integrity policies in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”, please describe its current practices and any deviations from the Best Practice Principles: No material deviation.				
VI. Other information relevant to understanding the Company’s business integrity (e.g. review and amendment of the code of conduct of business integrity etc.):				
1. The “Rules and Procedures of Board of Director Meetings” provides for the Director recusal system for conflict of interest. For the agenda of the Board meetings in which the Director has any conflict of interest, whether personal or related to the corporates represented, material information regarding the conflict of interest must be disclosed at the Board meeting. If the conflict of interest may damage the Company’s interest, the Director is refrained from participating in the discussion and voting. During the discussion and voting, the Director should excuse oneself and is forbidden to act as a proxy to other Directors in the voting process.				
2. The Company has established “Guidelines for Process of Internal Major Information and Insider Trading Prevention Management” which stipulate insiders and personnel who obtain information from their position shall not leak the said information.				
3. The Company complies with the Company Act, the Securities and Exchange Act, and other laws and regulations, and is committed to implementing integrity management.				

(VIII) Other important information for enhancing understanding of the implementation of corporate governance:

1. The Company approved a resolution of the board of directors to appoint a corporate governance officer to protect the rights and interests of shareholders and strengthen the functions of the board of directors on March 16, 2021.
2. The newly-elected directors of the Company will be given the brochure published by the authority with the contents including various laws, regulations and precautions to facilitate legal compliance.

(IX) The Company regularly arranges for Director and Accounting Manager to attend corporate governance courses. Please see the following table:

Job Title	Name	Date of training	Organized by	Course title
Corporate Director Representative	April Huang	2024.06.13	Taiwan Independent Director Association	Introduction to IFRS Sustainability Disclosure Standards and Domestic and International Carbon Emission Reduction Trends
		2024.11.13	Taiwan Institute of Directors	Long-term and Short-term Economic Trends That the Management Needs to Know
Corporate Director Representative	Peter Chen	2024.06.13	Taiwan Independent Director Association	Introduction to IFRS Sustainability Disclosure Standards and Domestic and International Carbon Emission Reduction Trends
		2024.09.30	Taiwan Stock Exchange	Taiwan's Capital Market Summit
Director	Amy Liu	2024.06.13	Taiwan Independent Director Association	Introduction to IFRS Sustainability Disclosure Standards and Domestic and International Carbon Emission Reduction Trends
		2024.09.20	Securities and Futures Institute	Prevention of Insider Trading 2024
		2024.11.13	Taiwan Institute of Directors	Long-term and Short-term Economic Trends That the Management Needs to Know
Corporate Director Representative	David Chou	2024.06.13	Taiwan Independent Director Association	Introduction to IFRS Sustainability Disclosure Standards and Domestic and International Carbon Emission Reduction Trends
		2024.09.30	Taiwan Stock Exchange	Taiwan's Capital Market Summit
Corporate Director Representative	Patrick Chiu	2024.06.21	Taiwan Corporate Governance Association	Legacy Project Launched - Employee reward plan and equity inheritance
		2024.11.13	Taiwan Institute of Directors	Long-term and Short-term Economic Trends That the Management Needs to Know

Job Title	Name	Date of training	Organized by	Course title
Independent director	Lo-Min Chen	2024.09.06	Securities and Futures Institute	Prevention of Insider Trading 2024
		2024.11.15	Taiwan Corporate Governance Association	Comprehensive Intellectual Property Protection Strategy - A New Perspective on Intellectual Property Compliance Management with AI Assistance
Independent director	Mao-Chao Lin	2024.06.13	Taiwan Investor Relations Institute	Introduction to IFRS Sustainability Disclosure Standards and Domestic and International Carbon Emission Reduction Trends
		2024.08.13	Taiwan Corporate Governance Association	How to take into account intelligence, security, and risk in the digital transformation of enterprises to create a win-win situation?
Independent director	David Lee	2024.06.13	Taiwan Investor Relations Institute	Introduction to IFRS Sustainability Disclosure Standards and Domestic and International Carbon Emission Reduction Trends
		2024.09.06	Taiwan Corporate Governance Association	The Strategic Thinking about Reorganization of Group Companies.
Supervisor, Accounting Division	Allen Hsu	2024.05.23-2024.05.24	Accounting Research and Development Foundation.	Advanced Studies for Principal Accounting Supervisors of Issuers, Securities Firms, and Securities Exchanges

(X) Status of Implementation of Internal Control System

1. Statement of Internal Control System : Please refer to the MOPS (<https://mops.twse.com.tw>) / Single Company > Corporate Governance > Company Rules / Internal Control > Statement of Internal Control
2. Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants : Not applicable.

(XI) Material Resolutions Approved by Board Meetings

Date	Important resolutions
Feb. 26, 2024 Board Meeting	<ol style="list-style-type: none"> 1. Approved of the "Statement of Internal Control System" and SelfEvaluation Implementation Result Report for 2023. (Note) 2. Approved the 2023 distribution of employees and directors' remuneration. 3. The 2023 business report and financial statements, and the 2024 business plan. (Note) 4. Approved the proposal for the distribution of 2023 earnings. (Note) 5. Approved the cash dividend distribution of 2023 earnings. 6. Approved the Cash Distribution of Capital Surplus 7. To lift non-competition restrictions on current directors and their representatives. 8. Approved the proposal of the convene date of 2024 Shareholders' Meeting and meeting agenda. 9. Proposal to review the public fee case for accountant services in 2024. (Note) 10. Change of the president of the Company. 11. Appointment of the Company's internal audit officer. (Note) 12. Approval for the liquidation and liquidation of the subsidiary, 100%-owned subsidiary, InnoAuto Technologies Inc. (Note)
Apr.25, 2024 Board Meeting	Approved the proposal of financial statement of Q1, 2024. (Note)
May.27,2024 Shareholders' Meeting	<ol style="list-style-type: none"> 1. Recognized the proposal of 2023 business report and financial statements. Status: Proposal was recognized 2. Recognized the proposal of 2023 distribution of surplus Status: Proposal was recognized · The cash dividend for this surplus distribution case is NT\$0.12 per share, and the total cash dividend is NT\$37,903,480, setting July 18, 2024 as the ex-dividend date, and issued on August 8, 2024. 3. To lift non-competition restrictions on current directors and their representatives

Date	Important resolutions
	Status: Resolution was passed.
Jul.25,2024 Board Meeting	1. Approved the proposal of financial statement of Q2, 2024. (Note) 2. Proposed the 2023 Sustainability Report. 3. Approved the amendments to "Regulations for Governing Financial and Business Matters Between this Corporation and its Related Parties"
Oct.24,2024 Board Meeting	1. Proposed to establish the "Sustainable Information Management Procedure". 2. Proposed to establish the "Sustainable Reporting and Verification Procedures". 3. Approved the amendments to "Internal Control System." (Note) 4. Established the internal audit plan of 2025. (Note) 5. Approved the proposal of financial statement of Q3, 2024. (Note) 6. Proposed appointment of certified accountant for the 2025 financial statements of the company. (Note)
Feb.26,2025 Board Meeting	1. Approved of the "Statement of Internal Control System" and SelfEvaluation Implementation Result Report for 2024. (Note) 2. The Company's definition of entry-level employees. 3. Approved the amendment to "Articles of Incorporation" 4. Approved the amendments to "Internal Control System." (Note) 5. The 2024 financial statements and business report, and the 2025 business plan. (Note) 6. Approved the proposal for 2024 Deficit Compensation. (Note) 7. To lift non-competition restrictions on current directors and their representatives. 8. Approved the proposal of the convene date of 2025 Shareholders' Meeting and meeting agenda. 9. Proposal to review the public fee case for accountant services in 2025. (Note) 10. Approved the proposal of donation to BenQ Foundation

Note: Matters included in Article 14-5 of the Securities and Exchange Act.

- (XII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or supervisors regarding material resolutions passed by the Board of Directors' Meeting in the most recent year up to the publication date of this report: None.

IV. Information on Audit Fees of CPAs

Unit: NT\$ thousand

Name of accounting Firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Note)	Total	Remarks
KPMG	Chun-Yuan Wu	2024.01.01- 2024.12.31	3,500	670	4,170	-
	Wei-Ming, Shih					

Note: Non-audit Fees mainly related to tax services etc.

- (I) Replacement of accounting firm and the audit fees in the replacing year is less than that in the previous year: None.
- (II) Audit fees were reduced by over 10% compared with the previous year: None.

V. Accountant Replacement Information:

(I) Regarding the former CPAs

Replacement date	January 1, 2025		
Reason and explanation for replacement	The CPAs are changed from Chun-Yuan, Wu and Wei-Ming, Shih to Chun-Yuan, Wu and An-Chih, Cheng because of the internal adjustment from the accounting firm.		
Explain why the appointor or CPA terminated or refused to accept the appointment	Partie	CPA	Appointor
	Status		
	Appointment terminated	Not applicable	Not applicable
	Refused to accept (continue) appointment	Not applicable	Not applicable
Audit report opinions other than unqualified opinion over the last two years and reason	None		
Did issuer have a different opinion	Yes		Accounting principles or practices
			Disclosure of financial report
			Scope or procedure of auditing
			Others
	None	<input checked="" type="checkbox"/>	
	Explanation		
Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)	None		

(II) Regarding the successor CPAs

Accounting Firm	KPMG
Name of CPA	Chun-Yuan, Wu and An-Chih, Cheng
Date of Engagement	January 1, 2025
If prior to the formal engagement of the successor CPA, the company consulted the new CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the company's financial report	None
Written views of the former CPA on which the successor disagreed with the former CPA	None

(III) Former CPA Letters Regarding Clause 5.1 and 5.2.3, Article 10 of these Guidelines: Not applicable

VI. Has any of the Company's Chairman, President, or managers responsible for finance or accounting duties served in the Company's CPA firm or its affiliated Company within the most recent year: None.

VII. The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year (or initial date of a manager's term of service) up to the publication date of this report:

(I) Changes in shares held by Directors, managers, and shareholders holding 10% or more of shares: Please visit the MOPS (website: <https://mops.twse.com.tw>) / Single Company > Equity Change/Securities Issuance > Equity Transfer Information Inquiry > Post-event Reporting Form for Insider Shareholding Changes

(II) Counterparty of equity transfer is a related party: None.

(III) Counterparty of equity pledge is a related party: None.

VIII. Information of relationships between Top 10 shareholders are related parties, spouses or relatives within the second degree of kinship Relationship

Name	Shares held		Shares held by spouse or underage children		Total shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships (Note2)		Remarks
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Title (or Name)	Relationship	
Alpha Networks Inc.	200,000,000	62.24%	-	-	-	-	None	None	
Representative: April Huang	-	-	-	-	-	-	None	None	
Mei-Chun Yang	900,000	0.28%	-	-	-	-	None	None	
Wen-Feng Liu	858,801	0.27%	-	-	-	-	None	None	
Wen-Yu Chiu	800,000	0.25%	-	-	-	-	None	None	
Japan Securities Finance Co., Ltd. investment account under the custody of Standard Chartered Bank (Taiwan) Limited Main Branch	704,000	0.22%	-	-	-	-	None	None	
Amy Liu	548,951	0.17%	-	-	-	-	None	None	
Rui-Quan Yang	491,564	0.15%	-	-	-	-	None	None	
Sheng-Lung Wang	448,683	0.14%	-	-	-	-	None	None	
Shun-Tien Hsiao	442,000	0.14%	-	-	-	-	None	None	
Chih-Cheng Huang	418,000	0.13%	-	-	-	-	None	None	

IX. Shareholdings and Combined Joint Shareholdings of Businesses Invested in by the Company, Company Directors or Executive Officers or Directly or Indirectly Controlled by the Company

December 31, 2024; Unit: thousand shares; %

Re-investing business	The company investment		Held by Directors, Supervisors, managerial officers, and directly/indirectly controlled entities		Comprehensive investment	
	Amount of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding
Interactive Digital International Co., Ltd.	16,703	32.82%	-	-	16,703	32.82%
Hitron Technologies Europe Holding B.V.	15	100.00%	-	-	15	100.00%
Hitron Technologies (Americas) Inc.	300	100.00%	-	-	300	100.00%
Hitron Technologies (Samoa) Inc.	5,850	100.00%	-	-	5,850	100.00%
Hitron Technologies (SIP) Inc.	-	100.00%	-	-	-	100.00%
Jietech Trading (Suzhou) Inc.	-	100.00%	-	-	-	100.00%
InnoAuto Technologies Inc.	2,000	100.00%	-	-	2,000	100.00%
Hitron Technologies Vietnam Company Limited	-	100.00%	-	-	-	100.00%

Note: Invested by the Consolidated Company using the equity method.

Three. Capital and Shares

I. Capital and Shares

(I) Source of capital

1. Share types for the most recent year until the publication date of the annual report

Unit: NT\$/share

Year/ Month	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Property other than cash provided as capital contributions	Others
2019.4	10	300,000,000	3,000,000,000	224,689,554	2,246,895,540	Shares converted from corporate bond 3,956,010	—	Letter Zhu-Shang-Zi No.1080011240 dated 2019.04.17
2019.5	10	300,000,000	3,000,000,000	227,799,421	2,277,994,210	Shares converted from corporate bond 31,098,670	—	Letter Zhu-Shang-Zi No.1080014914 dated 2019.05.24
2019.8	10	300,000,000	3,000,000,000	228,986,229	2,289,862,290	Shares converted from corporate bond 11,868,080	—	Letter Zhu-Shang-Zi No. 1080024677 dated 2019.08.26
2019.12	10	400,000,000	4,000,000,000	328,986,229	3,289,862,290	Private placement of newly issued shares 1,000,000,000	—	Letter Zhu-Shang-Zi No. 1080037612 dated 2019.12.25
2022.2	10	400,000,000	4,000,000,000	321,317,229	3,213,172,290	Cancellation of treasury stock 76,690,000	—	Letter Zhu-Shang-Zi No. 1110007294 dated 2022.03.11

(Share type)	Authorized capital		
	Outstanding shares	Unissued shares	Total
Common stock	321,317,229	78,682,771	400,000,000

2. For shelf registration for issuing marketable securities that have been approved, the Company should disclose the approved issue amount, and relevant information on scheduled issuance and issued marketable securities: Not applicable.

(II) Major Shareholders

March 28, 2025

Name of Major Shareholder	Share	Shareholding	Percentage of Shareholding
Alpha Networks Inc.		200,000,000	62.24%
Mei-Chun Yang		900,000	0.28%
Wen-Feng Liu		858,801	0.27%
Wen-Yu Chiu		800,000	0.25%
Japan Securities Finance Co., Ltd. investment account under the custody of Standard Chartered Bank (Taiwan) Limited Main Branch		704,000	0.22%
Amy Liu		548,951	0.17%
Rui-Quan Yang		491,564	0.15%
Sheng-Lung Wang		448,683	0.14%
Shun-Tien Hsiao		442,000	0.14%
Chih-Cheng Huang		418,000	0.13%

(III) Dividend Policy and Implementation Status

1. Dividend policy as stipulated in the Articles of Incorporation

The industrial environment of the Company is ever-changing and the Company is in a stable growth stage. Its dividend policy takes into consideration its future capital need and long-term financial planning to pursue a sustainable development strategy. The Company adopts an excessive dividend policy and its issuance terms, timing and amount are handled according to Article 29-1 of the Articles of Incorporation. The Company establishes plans according to the future capital demands. When there is a surplus earning at the final account of a fiscal year and when the distributable earnings of the current year reaches 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings of the current year, and the cash dividend shall not be less than 10% of the total amount of the cash and share dividends issued in the current year.

Article 29-1 of the Articles of Incorporation stipulates that the earning after tax should be first utilized to offset losses from previous years, and next, set aside 10% of the remaining profit as a legal reserve. However, if the legal reserve is on par with the authorized capital, the Company is allowed to stop allocation to the legal reserve, and allocate to a special reserve in accordance with relevant laws and regulations. If there are earnings left, the Board of Directors can devise an earnings distribution proposal using the remaining amount, together with the cumulative unappropriated retained earnings, and submit to the Shareholders' Meeting to disburse as a cash dividend or retain it. When the earnings distribution proposal described in the preceding paragraph is made in the form of cash dividends, the Board of Directors is authorized to reach resolution and to report to the shareholders' meeting.

2. The dividend distribution proposal by the Shareholders' Meeting:

The Company has accumulated losses for the year ended December 31, 2024, and therefore has not proposed any appropriation of earnings by the Board of Directors.

(VII) The impact on the operating performance of the Company and earnings per share by the proposal of the Shareholders' Meeting to issue bonus shares: Not applicable.

(VIII) Employees Bonus and Directors Remuneration

1. Employees' and directors' compensation policies as stated in the Articles of Incorporation:

Articles of Incorporation, Article 29:

When the Company has a profit at the end of each fiscal year, an amount between 5% and 20% of the profit shall be appropriated as the remuneration of employees, which is to be distributed and issued in the form of shares or cash according to the resolution of the Board of Director, and the recipients thereof may include

employees of affiliates satisfying a certain criteria, and such criteria is to be specified by the Chairman.

The Company may appropriate the aforementioned profit as the remuneration of directors, in which the appropriation ratio shall not exceed 1% of the profit of the current year.

If there are previous accumulated losses, the losses shall first be offset before allocating compensation and remuneration to employees and directors. The remaining profits may be allocated as aforementioned. The proposal of compensation to employees and remuneration to Directors must be approved by the Board Meeting, in which two-thirds of the Directors have attended and the majority has concurred with the proposal.

2. The estimation basis of the compensation for employees, Directors, and Supervisors for the current period, the computation basis for the number of shares issued as stock dividend serving as Employee compensation, and accounting treatments for any discrepancies between the amounts estimated and the amounts disbursed: In pursuant to the Company Act and the Articles of Incorporation, to appropriate for compensation to employees and remuneration to Directors, according to Accounting Research and Development Foundation (96) Explanatory Note No. 052, the Company shall make an estimation when preparing for interim and annual reports, and make recognition under the appropriate accounting categories based on the nature of the compensation and remuneration. Afterward, when the actual disbursement approved by the Shareholders' Meeting differs from the estimation in the financial reports, the discrepancy shall be deemed as a change in accounting estimate and recognized as the profit and loss for the period.
3. Employees compensation proposal passed by the Board of Directors:
 - (1) No estimation and distribution are required for net loss after tax for the year.
 - (2) Sum of employees' compensation in stock and its proportion of the net income after tax (NIAT) provided in the Individual Financial Statement and the total sum of employees' compensation: Not applicable.
4. Actual disbursement of employee bonus and remuneration to Directors for the preceding year (including employee stocks, cash disbursement and share prices). In circumstances where any differences between the actual distributed and recognized amount, the difference, reasons and handling of such matter shall be stated as follows:
 - (1) The amount distributed to employees' remuneration in cash was NT\$ 2,028,491 and NT\$ 152,137 for Directors' one.
 - (2) The difference between the proposed distribution amount approved by the Board of Directors and the actual amount distributed: the actual distributed amount was the same as the proposed distribution amount approved by the Board of Directors.

(IX) Share Repurchase by the Company: None

II. Preferred Shares: None

III. Preferred Shares: None

IV. Global Depository Receipts: None

V. Subscription of Warrants for Employee: None

VI. New Employee Restricted Stock Plans: None

VII. Issuance of New Shares Regarding Acquisitions of the Other Companies: None

VIII. Execution of Fund Usage Plan: None

Four. Overview of Operations

I. Our Businesses

(I) Business Scope:

1. Content of main businesses: R&D, manufacturing and sales of network and telecommunication equipment.
2. Revenue distribution

The revenue based on products for 2024 is as follows:

Unit: NT\$ (thousand), %

Major Products	Sales revenue for 2024	Weighted in the operation
Network and telecommunication equipment	9,088,215	100.00

3. Current product (service) range

Hitron has accumulated decades of experience, sales channels and research and development of the private brand. The goal of business development remains mainly on continuing the development of broadband telecommunication products. In addition to the existing CPE for the product line, the Company has also completed the development of the corresponding software network management system and customer operation management system. In addition to the original Broadband CPE product line, we also continued to develop and have completed three home access network product lines in the past two years: ultra-high-speed fiber access equipment, WiFi 6/6E and WiFi7 wireless gateways and extenders, 5G wireless access devices, and small base stations. In terms of software, Hitron Cloud, a self-developed cloud management development system that has been applied by operators, has been strengthened with human-machine interface APP to support and the GUI interface, allowing home users to use these services in a diversified way, boosting the ARPU of operators. This is the trend and necessary feature for the overall development for cloud management, which has served more than 2 million end users, and currently about 1 million end users sustained. With the Company's longstanding dedication to its field as a broadband operator, it has accumulated extensive and outstanding software and firmware integration capabilities. While we take a proactive approach to participate in the forward-looking broadband technology development and projects of customers, with our leading technology in communications, we also work closely with our customers around the world.

4. New products development (service)

Using the existing technologies and products as its foundation, the Company continues to develop the following new products:

- (1) DOCSIS 4.0 new generation cable router, voice modem, and switchboard
- (2) IoT Gateway
- (3) SD-WAN
- (4) 10Gbps Full Duplex DOCSIS 3.1 Cable Gateway (10Gbps downstream speed and WiFi 6/6E support)
- (5) 10Gbps Full Duplex DOCSIS 3.1 Cable Gateway (10Gbps downstream speed and WiFi 7 support)
- (6) Mobile Backhaul
- (7) Hitron Cloud Management System
- (8) Wi-Fi 6/6E, Wi-Fi Extender with EasyMesh
- (9) WiFi7, Wi-Fi Extender with EasyMesh
- (10) 3.5GHz wireless base station CBRS Small Cell RAN
- (11) 2.5Gbps/10Gbps PON ONU
- (12) Indoor and outdoor 5G FWA and mmWave solutions
- (13) Provide new value-added services by integrating Hitron Cloud and third-party software application platforms.
- (14) Analysis of big data and calculation of customer behavior patterns

(II) Industry overview

1. Current and future industry prospects

According to a report of the Industrial Technology Research Institute, the global communication industry is expected to reach US\$724.8 billion (about NT\$21 trillion) in 2024, a growth rate of 1.2%. In 2022, the overall communication industry in Taiwan reached NT\$4.45 trillion, a growth of 5.8% compared to 2021. Based on the de-centralization of the global high-tech industry and the G-speed generation business

opportunities, Taiwan’s Netcom providers will continue to benefit. A global growth rate estimated at 1.5% is estimated. In terms of the trend of Taiwan’s Netcom providers in 2023, the MIC is optimistic towards orders in the international market. We will take proactive efforts of developing new products and striving for exposure opportunities. At the same time, a high inventory level will be maintained in case of sudden demand in the market. We will keep a close eye on the impact of global inflation. Some international telecom providers plan to reduce capital expenditure in 2023 will bring uncertainty to the market. The MIC also predicts that the demand for software-defined products will gradually increase in 2023, pointing out that the importance of “software and hardware integration” will continue to rise in the future. With the continuous improvement of hardware performance, more emphasis will be placed on the implementation of software applications in various vertical industries in the future. In order to achieve differentiation, the role of software will become more important, driving the rising demand for software-defined products. According to MIC, Taiwanese companies are at an advantage as they are good at affordable and high-quality hardware. Through the integration of software and hardware development, Taiwanese companies will have more room for creativity and development. There is an opportunity to break free from hardware equipment to team up with equipment manufacturers and solution providers. In the product development process, software must be designed with various vertical industry applications. With the demand for software and hardware integration capability continuing to grow, investment in software technology and talent driven by system vendors is expected.

Looking forward to the industry trend in 2024, with the business opportunities of the next generation broadband network stimulated by the rural broadband subsidy policies of the United States and the United Kingdom. For example, the U.S. major network service providers are all expanding investment in 10G PON (XGSPON) network and commercial operation simultaneously. The launch of the Build in America, Buy in America (BABA) policy in the United States has promoted diversification and localization of manufacturing and supply chains, and also forced equipment manufacturers to accelerate their global deployment. Continuing the growth of fiber-to-the-home (FTTH) in 2023, 2024 continued to see significant growth in FTTH equipment in Europe, Americas, Asia Pacific, and Latin America. It is expected to drive the shipment demand for high-bandwidth, high-end products, such as Wi-Fi 6/Wi-Fi 7 routers. In the post-pandemic period, people’s dependence on communications has increased, and the bandwidth needs of global telecom providers for broadband customers are still strong. The new generation of DOCSIS Wi-Fi 7 routers, 5G FWA and LEO products will drive a new wave of networking opportunities.

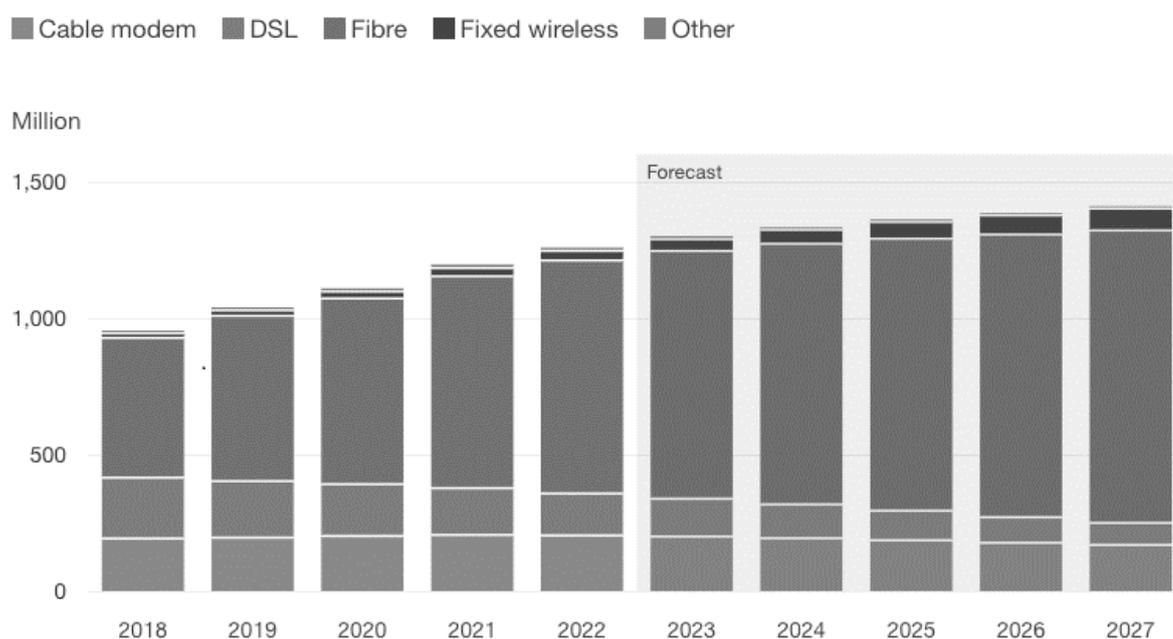


Figure 1. Number of broadband Internet access technologies worldwide (Source: PwC’s Global Telecom outlook 2023-2027, Omdia)

From 2021 to 2026, the compound annual growth rate of the fixed-line communication market is expected to exceed 11.32%. The trend of digitalization has also resulted in the emergence and change of the set-top box (STB) purchased from the cable TV. This, in turn, enables customers to enjoy a wider range of services at relatively low costs, and also enables suppliers to provide better service quality. The cloud is essentially a remote virtual platform for storing, managing, and retrieving data or resources when needed by

an enterprise. The increase in the number of data-enabled devices and Web applications increases the demand for scalable cloud technology. Many enterprises turn to cloud storage to eliminate the investment required for storage hardware and physical infrastructure.

The demand for faster internet service is driving the market studied. The technology and popularity of wired network communications are highly related to the bandwidth needs of small and medium enterprises, families, educational institutions, and offices. Fixed line telephone operators are witnessing the booming development of data service revenues and are attempting to provide consumers with “triple play” through IP network, that is, a combination of broadband Internet, video and voice over IP networks.

With the emergence of the Internet of Things, big data analysis, and cloud-based services, the market demand for data centers continues to increase. Network equipment plays an important role in the operation of data centers. In addition, the rising demand for data centers by government agencies, large enterprises, and telecommunication organizations is boosting the demand for broadband-to-home and broadband-to-office and complete services.

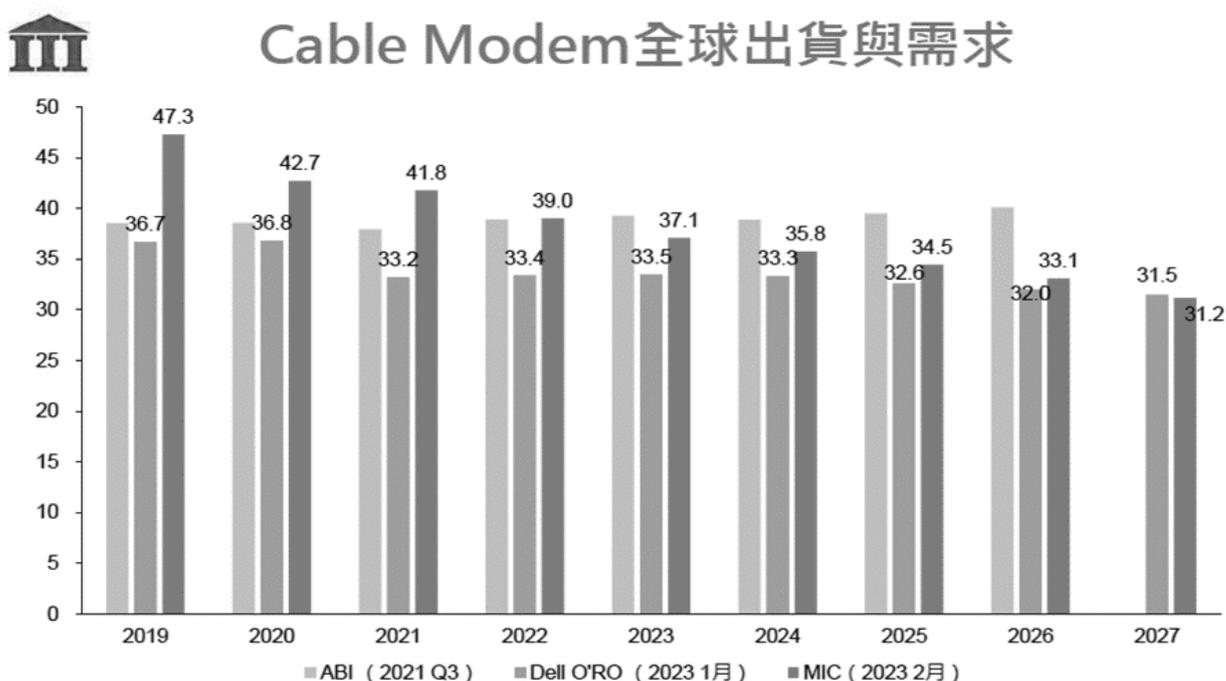


Figure 2. Demand for cable modem (source: various research institutions, compiled by MIC, April 2023)

Global broadband traffic has grown rapidly, with a four-fold increase from 2016 to 2021, and a double-fold increase from 2022 to 2026. Apart from the growth in the number of broadband subscribers, the growth also comes from the increase in people’s demand for bandwidth. In 2022, the number of broadband subscribers was 1.26 billion. The regional ratio is led by China, India, Europe, North America, and Central and South America. The number of broadband subscribers is expected to reach 1.51 billion in 2026. In the next few years, the largest market is expected to be North America, followed by Europe and then Asia Pacific.

When the bandwidth of broadband service raises to Gbps in a unit, the monthly broadband subscriber fee for households would range between US\$70 and US\$140. The difference is mainly due to the competition between the local service providers. However, such a fee range represents the advent of broadband service in Gbps. North America will first change, and Europe, Japan, and Korea will be next. Nevertheless, the broadband service in Gbps is not without weakness. Currently, many households face a shortage in VR and 4K content services. As such, the growth of users would not be as fast as it used to be. Cable TV service providers would make use of such investment on market segmentation of corporate users and Mobile Backhaul, because this market has a great need for broadband and the profitability is high. As such, the low-priced high-speed internet service is a good backup service, presenting business opportunities to the broadband service providers, commercial users of new corporate service providers and SME users in North America.

In certain regions, some broadband service providers have rolled out broadband service in 2Gbps. Take the US for example. The monthly subscription fee for service in 2Gbps amounts to US\$300. In HK, the fee ranges from US\$218 to US\$318. In Taiwan, some providers plan to roll out 2Gbps uplink and downlink services in 2025. For equipment manufacturers, 10Gbps EPON has been exited for more than 10 years. In

recent three years, 10Gbps XGSPON has gradually become the mainstream of the broadband equipment market. Cablelab from the US set the specification of the next-generation 10Gbps as the new standard for DOCSIS 4.0.

Meanwhile, what broadband service providers find unfair is that higher bandwidth requires a large investment in the construction of infrastructure, but the monthly subscriber fee has since gone down year by year, while cloud service providers such as Google, Amazon, and Facebook have taken or are taking a lion share of the profit. Cloud service is needed by end-users. Therefore, the broadband service providers incorporate services of Apple, Google, and Amazon into their offer to increase revenue and profit, as well as binding the users to their services.

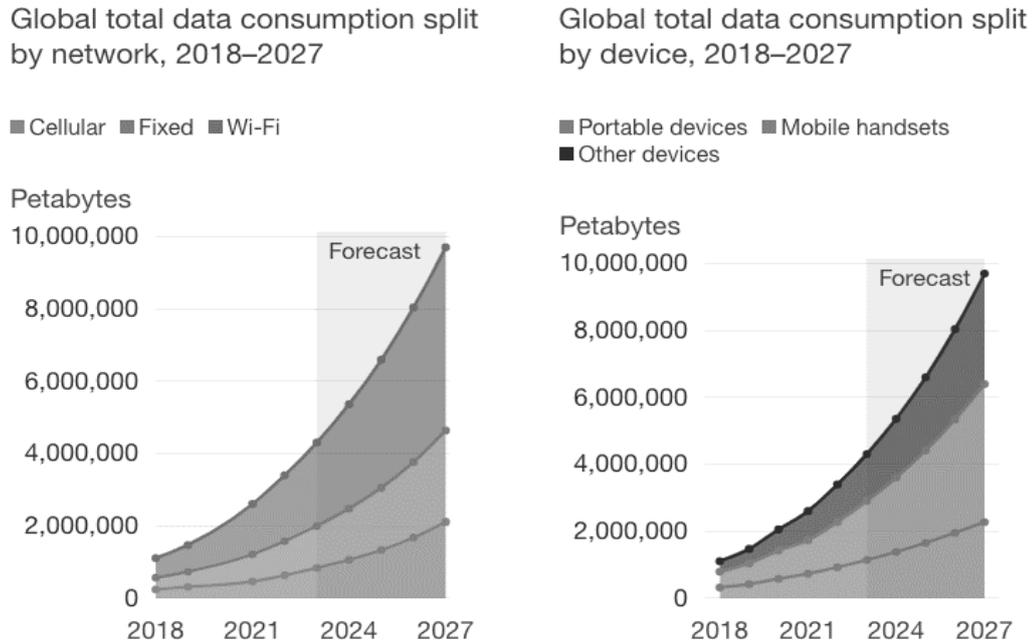


Figure 3. Global total data consumption (Source: PwC's Global Telecom outlook 2023-2027, Omdia)

The existence of the internet has changed many traditional industries. The traditional pay-TV market is shrinking. Globally, the traditional cable and satellite pay-TV market is shrinking at a rate of 3% per year. Such a trend is also noted in the reports of Kagan and S&P Global Market Intelligent. However, this does not mean that the viewers of traditional pay-TV change from satellite and cable TV to the internet to viewing the pay-TV. The viewership of traditional internet pay-TV is also falling, but the rate of falling is lower than the satellite and cable TVs. The most affected are the satellite TV service providers. For example, AT&T lost 650,000 DirectTV subscribers in the third quarter of 2021, and Dish Network lost 110,000 subscribers in the first three quarters of 2021. This was due to content providers of traditional pay-TV provided digital content via the internet, causing the subscription model for the traditional channels to be replaced by the free selection model. Through broadband internet service, some providers can collaborate with streaming service providers like Netflix, TiVO, Amazon, or Apple to reach the viewers. However, traditional viewing is the main revenue source of cable and satellite TV. As such, they must quickly find a new revenue source and profit-making method. This is evident in the annual reports released by some of the cable TV operators. For example, in Q3 2020, the overall revenue of Comcast Communication amounted to US\$47.922 billion, up by 8.1% as compared to US\$44.346 billion in the first 3 quarters of the year. Of which, the monthly broadband subscription fee revenue amounted to US\$17.118 billion, down by 12.6% as compared to the preceding year. However, revenue from corporate users amounted to US\$6.597 billion, up by 8.2%; revenue from mobile communication amounted to US\$1.672 billion, up by 56.4%. The content service amounted to US\$16.676 billion, slightly up by 1.3%.

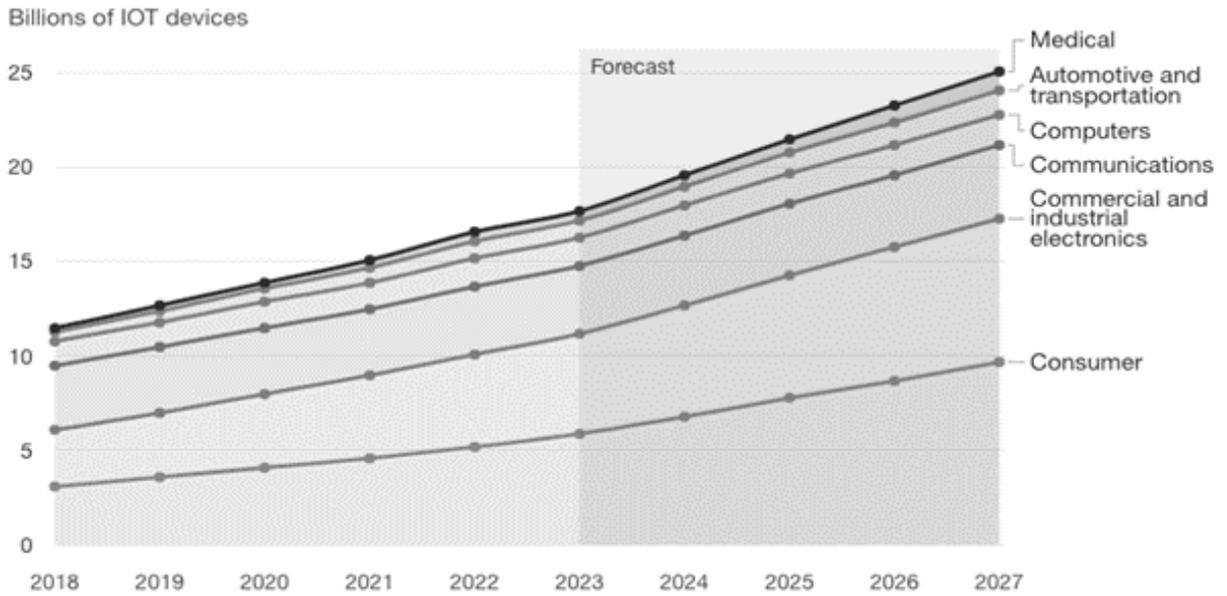


Figure 4. Demand for IoT equipment installation (Source: PwC's Global Telecom outlook 2023-2027, Omdia)



Figure 5. Service of MSOs

Some cable TV businesses have managed to build a viewing platform successfully, integrating terminal facilities and other content service provider via cloud management platform, and providing one-stop integrative services. When users apply for broadband services, they can apply for a selection of new generation content at the same time and are not limited to one viewing platform. Further, due to the integration of infrastructure, the quality of one-stop integrative services is much more guaranteed than separate applications for different contents. Moreover, the cloud management platform providers can reduce the number of complaints during internet congestion, occurrences whereby users threaten to cancel, and costs. As such, the ability of terminal infrastructure to be managed and incorporated into cloud management is a must in the future.

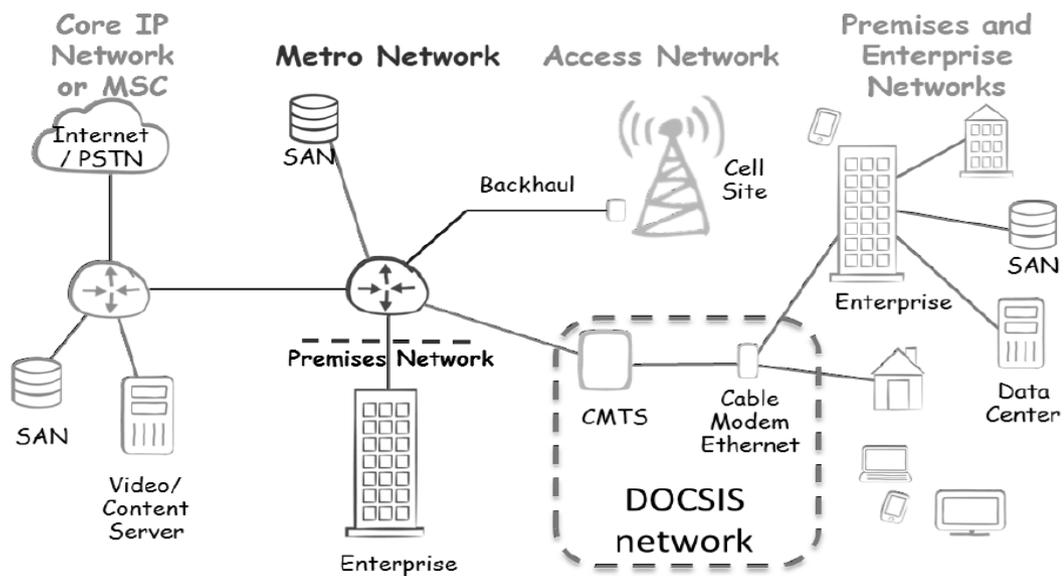


Figure 6. Mobile and Fixed Network Providers' Networks

In addition, as mobile communication becomes the mainstream internet service, some cable TV businesses are venturing into mobile data and value-added network services. Other businesses possess the service framework and licenses for both cable TV and mobile communication service. Cable TV businesses that do not own mobile communication infrastructure will adopt a mobile virtual network operator (MVNO) model to lease the broadband use from mobile network operator (MNO) and re-sell to consumers. The US Comcast launched Xfinity Mobile as followed the mode of MVNO. In 108, the U.S. cable companies Comcast and Charter both had double-digit percentage growth in customers and revenue of mobile communications service. Firstly, the integration of mobile communication users with cable TV viewers has reached economies of scale. Secondly, data flow and backbone fees must be incorporated as revenue items. In other words, the existing cable TV infrastructure must translate to the new subscriber of mobile communication. However, the revenue from mobile communication is not sufficient to support the expenditure on a large scale or aimless construction of the base station. Therefore, some cable TV providers set their eyes on the corporate private network, Citizens Broadband Radio Service (CBRS) to reach their target market, because the target customers are concentrated, the ROI of infrastructure can be estimated, and it is a blue ocean where existing mobile communication service providers have not taken up much profit. In 109, the Federal Communications Commission (FCC) approved the business use of CBRS. The approval is expected to be beneficial for the cable TV businesses to fight for the market share of the mobile communication industry. In addition, major international operators, like Starlink and OneWeb, continue to deploy their satellite constellations. The growth in the number of users will drive the demand for related terminals. In order to support the rollout of commercial services, carriers will accelerate the cooperation with the equipment supply chain to expand the manufacturing of satellite/terrestrial equipment and the procurement of spare parts. The Company mainly focuses on the design and manufacturing of routers, coupled with the self-developed device cloud management solution - Hitron Cloud, potential growth in revenue is expected in the next 10 years.

DOCSIS 3.1 provides the downlink frequency of 5Gbps. The uplink frequency can reach up to 1Gbps, which provides sufficient backbone capacity to corporate and mobile communication users. The standard of DOCSIS 4.0 which governs the stage one FDX DOCSIS confirms to increase the downlink and uplink frequencies to between 108 MHz and 684 MHz and is expected to provide a "two-way," approximately 10Gbps service. Looking back on 2022, in mature markets such as North America and Europe, service providers rolled out broadband service of 500Mbps to 1Gbps. The sales of DOCSIS 3.1 has taken up more than 65% of total sales and will continue to drive high-level hybrid cable modems that integrate voice, data, content and residential internet access, to provide users not only with high-speed internet and cable TV programs, but also the recording of other channels simultaneously, and supporting the transmission of content to mobile devices, notepads, and other network terminals. Further, the service providers in mature markets have gradually adopted the standard of DOCSIS3.1 for terminal devices. More cable TV service providers are launching Hybrid Fiber/Coax (HFC) internet service that combines the DOCSIS 3.1 technology and fiber optics, so that without constructing more optical fiber infrastructure, higher speed broadband internet service can still be provided to users. Due to the aforementioned factors, the output value of the global cable CPE would still be growing.

With broadband service provider no longer offering simple broadband service and instead of venturing into the application of IoT, so as to launch various cross-platform smart home/community-related application service via the integration of fixed network and mobile communication networking infrastructure, and with the mobile networking and cloud service gaining popularity, the concept of integration -- IoT has become the focus of development of various corporations in the near future. IoT is not a brand new conception and product. When the internet became popular, electronic appliance manufactures had already come up with the idea. However, the opportunity is only maturing now as compared to before. Its objective is to link devices through radio frequency identification sensing equipment to IoT, implementing smart identification and management. As the internet is more ubiquitous than ever, use of personal mobile devices is prevalent, equipment costs decreasing substantially, platforms from Apple IOS, Google and Amazon offering value-adding software and services, and industry chain becoming more complete, from facilities, services, content to financial integration, the product and service systems are maturing.

Meanwhile, corporates apply IoT technologies extensively and widely used products are applied in different markets. Cases in point include medical equipment, factory automation and industrial robotics, monitoring sensor installation to increase agricultural output, car automation and infrastructural monitoring systems for different areas, such as streets, railway transportation, water and electricity supplies. IoT industry includes the making of hardware and embedded software, telecommunication service and IT services related to IoT.

Currently, most broadband service providers use hybrid access to provide for the last mile wire layout. The internet service providers provide the optical fiber, copper wire transmission, and even services through integrated wireless transmission platform. The traditional operating model of single access or old transmission method has since disappeared. The difference among the service providers is diminishing gradually, leading to even more cutthroat competition.

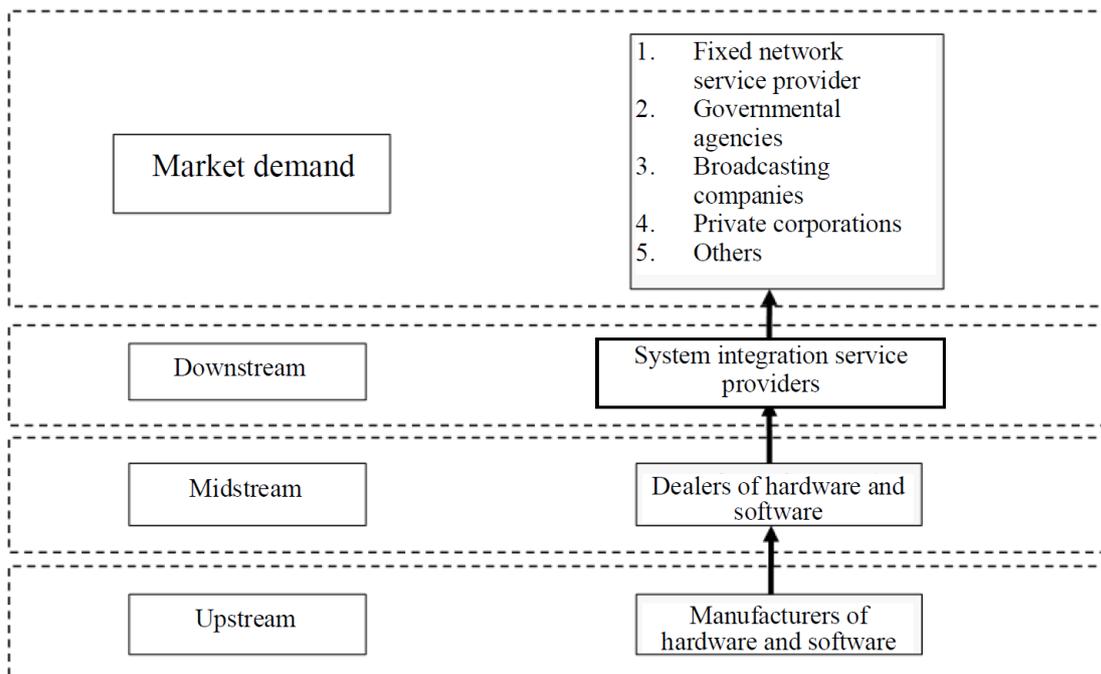
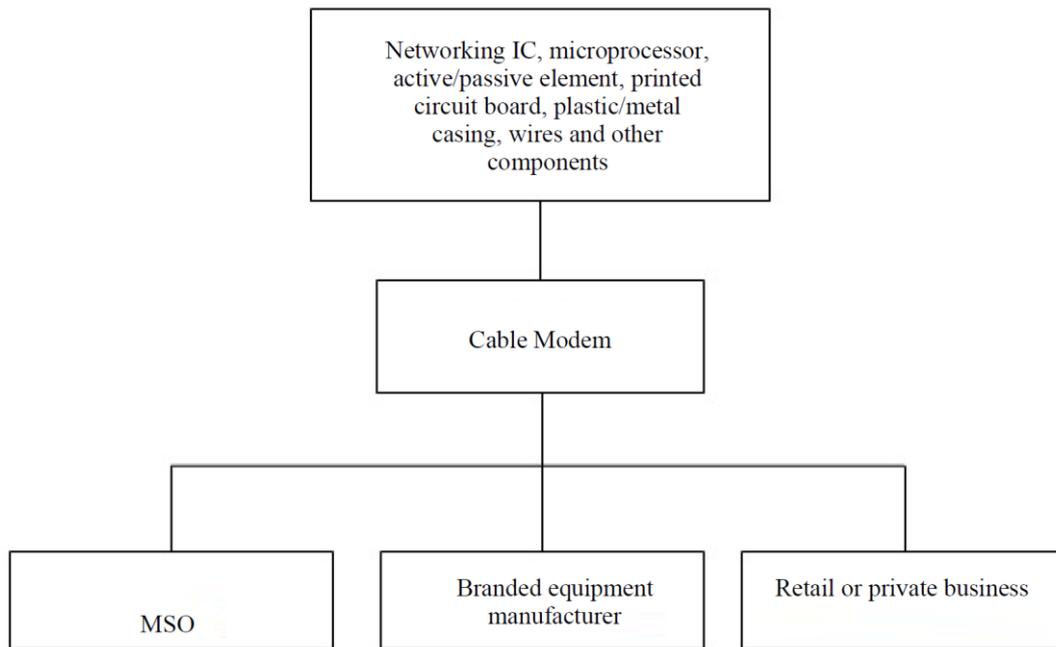
Our country is the main production settlement for cable CPE manufacturing, comprising more than 80% of global output. The cable CPE manufacturing of our country consists of serving as OEMs for system products, and as brand operators. So far, no other countries or production settlements have emerged to threaten the status of our country. Further, in Taiwan, there is a growing number of manufacturers who bypass brands and get in touch with MSO directly to solicit orders, thus making the Taiwanese manufacturers to quickly come up with product design and manufacturing capability, which helps maintain their product profitability. For this industry, in terms of comparison of output value or production volume, Taiwan has been the most important R&D and production site globally.

Due to the high cable laying cost and time consumption, the entry barrier for manufacturing cable CPE is relatively higher. Looking at the future outlook, globally, the current number of cable modem users is fewer than ADSL's. However, with the ubiquity of the digitalization of cable TV, compounded by the increase in wire broadcasting users, the revenue of the global telecommunication market will continue to grow. Furthermore, the cable modem is being integrated into the communication module of the set-up box (STB), and the development of DOCSIS technology drives the trend of renewing devices. This development may be where the growth of cable modem lies in the future, especially for large cable user markets, such as the US, Korea, and Japan.

2. The connectivity of target customers services content and supply chain

According to services, the Company re-deconstructs the supply chain of the cable TV industry and no longer positions the value of the Company in terms of a single terminal equipment supply chain. Supplying target customers with in-house brand products requires substantial operating costs. Increasing revenue and profitability for the costs incurred requires an integration strategy, which besides the existing vertical integration business strategy, can enhance the product standard. This is because from the point of view of the customers, they would go for the double equipment supplier while reducing the total number of suppliers strategy, reducing the risk of equipment supply, increase the room for price bargaining and reduce operating costs. As such, if a single equipment supplier is unable to provide more supply for other equipment or services, its revenue will fall while the operating costs remain the same.

The establishment of sales channels requires the time and cultivation of professionals and relationships. The development of new products takes time as well. The building of a brand also requires focus and professionalism. The capability and knowledge of product line and professionalism must also in tandem with the needs of customers.



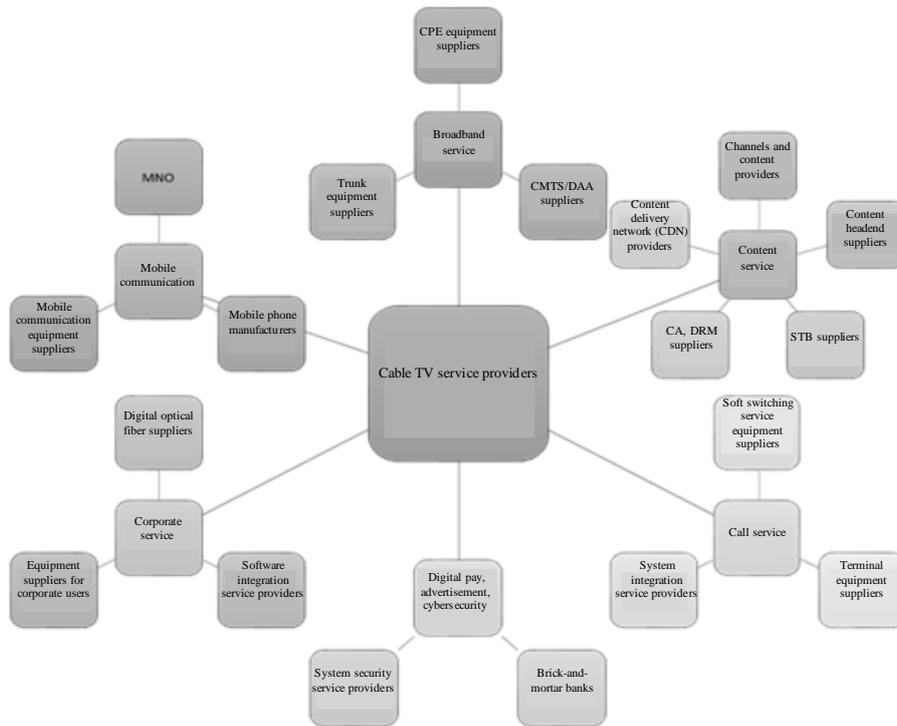


Figure 7. Relationship between services provided to target customers and supply chain

3. Product development trend and competition

CableLabs released the standard for DOCSIS 4.0, supplementing and amending previous generation technology, DOCSIS 3.1. The average downloading and uploading rate can reach up to 10Gbps, and the upload speed can reach 6Gbps, including the full-duplex DOCSIS (FDX) which allows the downloading and uploading data to flow in the same band. Further, it has a low delay (target <1ms) and a new DOCSIS (EDS) function to expand the frequency range from the original 1.2GHz to 1.8GHz to support the HFC 1.8GHz (expanded by 600MHz as compared to DOCSIS 3.1) internet data flow. In addition to improving the transmission speed, DOCSIS4.0 provides a stronger network security mechanism, with stronger network identity authentication and encryption functions. The DOCSIS 3.1 products will take up more than 55% of total sales in 2019. From DOCSIS 3.1 and DOCSIS 1.0 to DOCSIS 3.0, the difference is substantial, with the main difference being DOCSIS 3.1 changing the way frequency is categorized. The uplink frequency has increased from the existing 42MHz to 204 MHz while the starting point of the downlink frequencies has increased to 258 MHz and the ending point has increased to 1218/1794 MHz. This means that the amplifier and splitter at the trunk must be changed. Further, the telecommunication law of the country and the timetable for the re-allocation of the frequency spectrum are filled with uncertainty. The modulation method is going to change to orthogonal frequency division multiplexing (OFDM), which means the use of the existing headend equipment must be discontinued and the service providers must make large scale investment again. In the early stage of introducing DOCSIS 3.1, the market may use 32 downstream DOCSIS 3.0 downlink channel bundling to provide the highest speed service, as the headend equipment is unable to support DOCSIS 3.1 yet. The CPE products for the end-users will be launched in the market first. The specification of the products will also be limited to the existing frequency spectrum. This is similar to the introduction of DOCSIS 2.0 previously. The CPE for the end-users will be ahead of the headend market. However, in the foreseeable future, only optical fiber networks can match it.

Percentage of end-users of the supplier that use DOCSIS 3.1	Percentage of the total number of interviewed businesses	
	End of 2017	End of 2018
Less than 20%	49%	17%
21% to 50%	46%	57%
51% to 75%	3%	20%
76% to 100%	3%	6%

Table 1 2017 Kagan survey of 35 cable TV operators on the percentage of DOCSIS 3.1 users

Hitron Technology has accumulated many years of research and development strength, and the research and development team has deeply captured the confidence and loyalty of customers with customized research and development services. In the future product development, using its existing technologies and products as its R&D basis, the Company will integrate multimedia and diversified service medium with service platforms, providing the broadband products and integrated services, such as Hybrid Video Gateway, SMB Gateway and other diversified terminal equipment of IoT that support content transmission through ultra-high frequency.

Apart from broadband, wireless telecommunication network is the most important demand. In the development of application software, the software design capability of the businesses in our country is one of the best globally. Therefore, for a wireless telecommunication network, in addition to the four capabilities of broadband network, the technological capability of the businesses in our country includes the capability of designing the value-adding service of the application software.

The domestic competitors have gradually merged, and new manufacturers have entered the market. The main OEMs are Hon Hai, Pegatron, Sercomm. Companies with in-house designers are Hitron, Ubee, CBN, Askey, CBN, and Gemtek. In the future, the Company will develop products that timely cater to market needs, integrating further with customers' processes, providing value-added services to customers with innovation, and pursuing higher quality in products. We expect there is more room for growth in the future.

(III) Technological capability and R&D

In 107, Hitron Technologies will upgrade the Ethernet interface at the user end to the expansion speed of 2.5Gbps. The PC and notebook interface of end-user provided will be 2.5Gbps as well globally. In 2021, Hitron also introduced the new Wi-Fi 6E specification into home wireless network routers and extenders. With the main terminal equipment, it can produce a better wireless telecommunication coverage. Users will increase the mini Wi-Fi7 access points (APs) for the wireless mesh network (WMN). In 2024, Hitron also launched the new generation of faster wireless network equipment and extenders, and design and manufacture pure wireless APs, and hybrid APs with Wi-Fi and cable network capacities that integrate them with the existing router and extender production lines. With the introduction of cloud computing, AI and other technologies, Hitron Technologies will incorporate remote control and telecommunication interface into the new design of network analyzer, providing network analyzer with positioning and range forecast troubleshooting to service providers, and thus giving more value-adding services and functions to new products.

Yearly R&D expenditure and the latest successfully developed technologies or products for the most recent year until the publication date of the annual report

Unit: NT\$ (thousand)

Item \ Year	2024	2025 Q1
R&D expenses	442,793	Note
Successfully developed technologies or products	1.DOCSSIS 3.1 Cable Wi-Fi Gateway: CODA-4680, CODA-4589, CODA-4514,CHITA; DOCSIS 3.0 Wi-Fi 24x8 Cable Gateway CGNV4-28, HUB4, CGNV4-FX4; DOCSIS 3.0 Wi-Fi 16x4, CODA-5712 2.DOCSSIS 3.1 Cable 802.11ax Wi-Fi Gateway: CODA-552X, CODA-553X 3.DOCSSIS 3.0 Cable Network Probe:CGN-DP2, DOCSSIS 3.1 Cable Network Probe: CGN-DP3 4. Optical fiber voice gateway: SVE-3710 5. Outdoor DOCSIS 3.1 Cable Modem: COMA, CHOE. ODIN-1112 6. Wi-Fi 6 Extender ARIA2210 , ARIA3411 7.NOVA2200 10GPON ONU, NOVA1214 10GPON HTU	

Note : As of the print date of the annual report, the 2025 Q1 financial statements have not been reviewed by CPAs yet, with no number of the quarterly report for reference.

(IV) Long and Short Term Business Development Plans

1. Short Term Business Development Plans

(1) Marketing strategy: Continue to expand the existing market by providing products with stable functions and high quality to cater to customer needs, timely provide customization of product specifications to create a 100% top-grade service. In the short term, Hitron Technologies will actively engage service providers to develop products that can increase operational effectiveness. Via the channels of existing brands, the product design will be adjusted to cater to the needs of service providers in terms of profitability and services.

- (2) Increase in product quality and cost reduction: the factory in Vietnam will serve as the production base of Hitron, striving to improve in-house R&D and production technology and increase product quality. To counter the increase in labor costs in Mainland China, the Company will strive to introduce automation, reduce labor needs and improve production capacity, in order to lower production costs and increase the room for profitability.
- (3) Reduce the percentage of customers and products that require a longer development period, so as to increase profit realization from investments and assets.
- (4) Increase the sales of innovative and high value-adding product lines.

2. Long Term Business Development Plans

- (1) Continue to develop cable modem and system integration service, start to venture into integrating products with value-adding services, cloud, and AI big data.
- (2) Expand the scale of a product based on existing products by instilling the results of in-house R&D, so as to master the core technology that can be the lead company in the industry. The scale of the market shall expand globally, catering to customer needs in terms of both cable and wireless products.
- (3) Develop new products and customers in new markets, effectively mitigate risk by diversifying customer groups and regions, and obtain long-term stable ordering to maintain the yearly growth target.
- (4) Continue to explore new opportunities for growth and cross-industry consolidation, develop products related to home-used network gateway and other module inserted TVs that cater to the digital needs of households.

II. Markets and Sales Overview

(I) Market Analysis

1. Sales (Service) by Regions

Unit: NT\$ (thousand)

Region		Year		2024		2023	
		Amount	%	Amount	%		
Sales domestically		3,124,459	34.38	2,835,659	30.15		
Export sales	Asia	425,880	4.69	349,840	3.72		
	America	5,276,099	58.05	5,810,018	61.79		
	Europe	261,777	2.88	408,145	4.34		
	Others	-	-	-	-		
	Subtotal	5,963,756	65.62	6,568,003	69.85		
Total		9,088,215	100.00	9,403,662	100.00		

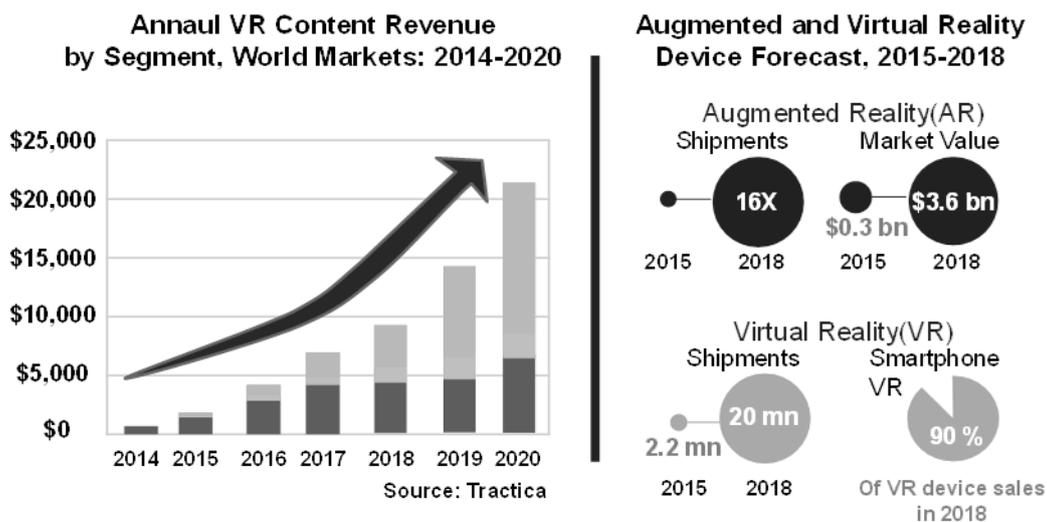
2. Market Share

Since 2008, Hitron Technologies has strived to develop in-house brands and provide localized services. In recent years, as customers have widely accepted our product design, functions and quality, the Company has achieved economies of scale and is invited to take part in bidding for high-level mainstream products. Currently, the sales of Hitron Technologies rank number three to four in Taiwan in terms of the export of cable modem products. Of which, more than 70% of the products contain wireless networking function and are deemed as high-level home-used routers. Some customers apply them in SMEs or connecting subsidiaries. Due to the consolidation of in-house R&D, manufacturing and sales of cable modems and system integration service to a one-stop-shop, the Company has more competitive advantage than other cable modem OEMs in the country, such as Foxconn, Pegatron, Askey, Sercomm. Companies with in-house designs are Hitron, CBN. Our main difference is reflected in time-saving and effectiveness in communication, allowing the Company to win over the ultimate users and make direct sales to them. In the future, the Company will develop products that timely cater to market needs, integrating further with customers' processes, providing value-added services to customers with innovation, and pursuing higher quality in products. We expect there is more room for growth in the future.

In 2022, most of the cable TV service providers used DOCSIS 3.1 globally. In 2022, Hitron's cable CPE shipment volume accounted for 10% of the global market share. The market share for DOCSIS 3.1 CPE in the overall cable market continued to increase, and the demand for DOCSIS 3.1 CPE in Central and South America was higher than expected. Wireless gateways have become our main product. With the addition of Wi-Fi 6 (original 802.11ax) and Wi-Fi extender supporting mesh function, the entire product planning becomes more complete. Unlimited extenders have also indirectly contributed to the operators' broadband as they use Hitron's cloud services. It is expected that the next generation of standard products, DOCSIS 4.0 CPE, will be launched in the European and American markets in 2025. The Company's development centers on the home network and user experience. By doing so, we enable our customers to increase revenue from more software services with the existing business model and network structure, generating more profits.

3. Future market supply and demand, and growth

- (1) In the internet era, the ubiquity of broadband can increase the overall competitive advantage of a country. As such, due to the ever-increasing internet users, the need for broadband internet equipment continues to grow, so as to cater to the need of cable TV service providers.
- (2) Automation in households has significant growth potential. The main application lies in home security, home automation, health care and treatment, and smart grid.
- (3) In response to the global digitalization phenomenon, the need for integration of many high-level functions at the end-user equipment is getting more evident. The upgrading of DOCSIS version continues to grow, and thus the global market is expected to grow significantly.
- (4) The application and need for augmented reality (AR) and Virtual Reality (VR) are starting to pick up. The need for internet bandwidth will grow by more than six times, and thus a higher bandwidth technology is in demand.
- (5) Internet from 1Gbps to 2.5Gbps or 10Gbps is becoming ubiquitous.



4. Niche market

The Company can grow in a competitive telecommunication and broadband service market and take up a certain percentage of market share due to the following after an analysis of its niche market strategy:

- (1) A strong R&D team that create a niche

The Company closely follows new technologies such as hybrid cloud computation, big data and AI, and consolidates existing technologies to prepare for the advent of an era where future communication and software-defined network (SDN) are closely integrated.
- (2) Building brand awareness, adding application value and system integration to products

The Company acutely master's telecommunication technologies, the trend of development, while gradually building a well-oiled sales network and servicing group, which can increase professional value-add. The cloud service integration system of Hitron Technologies will not only provide an integrative solution to customers but also reduce operational and service costs, creating a three-way win for users, Hitron Technologies, and customers.
- (3) Professional talents with high qualification and experience that can create high productivity

To meet the goals of strengthening technologies and developing the international market, the Company consistently hires professional talents with high qualifications and experience. Take R&D

researchers, for example. 100% of the personnel possess at least a bachelor's degree. 50% of them possess at least a master's degree.

(4) Consistently reduce costs and increase the room for profitability

With an increasing fuel price and standard of living, the survival of companies and their profitability is threatened. New technology is consistently applied to reduce costs and search for new substituting components and manufacturing process. In the future, it will also be beneficial to resist inflation and improve profitability. High automation will reduce the labor need and robots will increase production effectiveness and enhance product standardization.

(5) Improve cost-performance ratio

When the costing is optimal, to avoid hurting profitability, the Company should not continue to engage in a price war. Instead, it should improve cost-performance ratio. For service providers, services include after-sale service, maintenance, response time to feedback, delivery and tax services. Helping service providers to save costs should be taken into consideration. For example, delivery of products to end-users on behalf of service providers can reduce the storage, dispatch and management costs for service providers.

(6) Vertical integration of production, sales and R&D

Vertical integration of sales and production is an evident costing advantage as opposed to foreign competitors. Further, effective sales channels can shorten the delay from ordering to delivery. The risk of raw material wastage is lowered. Once R&D and sales are vertically integrated, the Company can timely cater to customer needs. When production and R&D are vertically integrated, the Company can effectively improve product quality and production effectiveness.

5. The favorable and unfavorable factors, and countermeasures

(1) Favorable factors

A. Obtaining certification of various countries

Many cable modem products of the Company have passed the DOCSIS1.0/1.1/2.0/3.0/3.1 certification of CableLabs, which is helpful in market development and maintaining technological advantages.

B. Regulations and intellectual property law in securing R&D technologies

The domestic trading regulations and intellectual property law compel businesses to acquire new technologies and invest in R&D, securing the protection of technologies and contributing to the growth and continuance of the Company. The Company possesses a strong R&D team. Currently, it has actively developed transmission products, such as products related to FTTH and Wi-Fi Mesh. The results are promising.

C. Smooth marketing channels and established sales locations in North America, South America and Europe

The Company has established many subsidiaries all over the world to conveniently provide technical support and advisory services to their respective regions, giving customers and sales agencies the most accessible and complete services. Establishing regional offices is also part of the Company's plan, so as to further the sales and technical support network. In 2021, new sales channels were opened up for e-commerce platforms, and the sale of Hitron's products was rolled out on Amazon and NewEggs.

D. Key innovative technological breakthroughs

The Company has invested in R&D for well over ten years, accumulating new techniques needed in telecommunication technology, message coupling and de-coupling techniques on ASIC and noise-canceling techniques, all of which are core competitive advantage in constructing future telecommunication infrastructure. In recent years, cloud platforms and artificial intelligence (AI) have been introduced in equipment management and service optimization. Except to equipment sales, a new business of charged software services (Software as a service-SaaS) has also been launched.

E. Development of home-based internet/automatic products to cater to market needs.

Nonetheless, the product level has advanced from home networking to home server, or even home automation. In which, home automation sees the greatest growth. For service providers, this helps raise the monthly average revenue per user (APRU) and will reflect in the revenue made off the broadband services. From the point of view of the user, the needs are mainly in home security, home automation, health care and treatment, and smart grid. Currently, the number of machines is at least four times greater than the number of people. This marks a great market potential for the Company. Hitron possesses first-mover advantage and a comprehensive understanding of users' habits as compared to other platforms and has thus accumulated a large number of application software and product design that provide users with direct interaction and integration with other related information.

(2) Unfavorable factors and countermeasures

A. Merging and acquiring capability that is lagging behind international brands

Countermeasures:

- a. To acquire the niche for its products, the Company shall develop its services and application framework on the niche of the cable modem. The market potential for its products remains promising. As such, in terms of operational strategy, the Company strives to maintain an advantage in its profits, and even expand the niche market share. The Company will make use of the economies of scale accumulated in the niche market to acquire an advantage in cost, to apply pressure to other international brands.
 - b. In terms of product functions, the Company must increase new functions or interface to prolong the product cycle life, while focusing on catering to customer needs to maintain its advantages.
 - c. Medium to large businesses continues to merge. Their economies of scale will create a substantial difference in terms of cost.
 - d. The Company shall consistently develop new technologies and collaborate with suppliers.
- B. The shortage of key components has gradually improved, but there is still a need to further strengthen local procurement of components.

The disparity in raw material supply is much smaller now compared to before. However, the overall demand is slightly lower than the capacity supply. Therefore, in 2023, the Company will be able to continue to handle the source of the main chip to reduce the main disadvantages. Currently, the domestic high-tech product development is not yet mature. However, some of the main components, such as ASIC etc. still require importing from large international suppliers.

Countermeasures:

- a. The Company shall strengthen the long-term relationship with suppliers, closely monitoring the change in the upstream industry to obtain the information regarding the supply of raw materials, so as to maintain flexibility in the production schedule and tying down of capital or interruption of raw material supply.
 - b. Seeking for design diversity and variety to avoid single supplier
- C. Inflation in raw materials and an increase in labor costs

Countermeasures:

- a. The Company extends the preparation time for raw material. Due to the expectation of rising prices, suppliers would stockpile inventories, hoping to make a greater profit subsequently. To avoid the interruption of raw material supply, the Company will increase the preparation time for raw material. However, the shortfall is that inventory turnover will be lowered and more capital will be tied down.
 - b. Increase automation. To replace labor with robots.
 - c. Expand the scale of the market. Accumulate more price bargaining chips.
 - d. Sourcing for substituting materials and suppliers.
- D. CSR regulations

Sustainable development is the ultimate goal pursued by all countries and enterprises in the world today. Hitron Technologies set up the CSR Committee in 2019 and has since been committed to implementing corporate social responsibility related activities. In 2021, we set up the ESG Committee based on the three elements of Environment, Social responsibility, and corporate Governance. Based on the economic, social, and environmental aspects, the company has expanded its environmental focus to include "sustainable products," "sustainable operations," and "sustainable supply chains." Additionally, it addresses "social responsibility" and "corporate governance", totaling five aspects to promote sustainable business initiatives. With that, we have implemented sustainable development projects and formulated management performance indicators for each aspect; and set 2022 as our base year of implementing and recording ESG activities.

Corporate social responsibility is a new concept that is trending in the mid to late 20th century. The influence that large corporations possess, corporate image, pressure from NGOs and international regulations imposed on exports documented on ESG reports have become the competitive advantage in sustainable development that corporations pursue. Companies showcase their management results, improvement of corporate image and the communication medium with stakeholders by issuing corporate sustainability reports. Internationally, the more common CSR standard is as follows:

GRI G3(Global Reporting Initiative, GRI): Provides the preparation principle for sustainable development report writing and standard for disclosure. The reporting comprises three major aspects in voluntary disclosure framework in the economy, environmental protection and social, providing a guideline for sustainable development reporting that is applicable internationally and thus standardizing the reporting of different regions.

AA 1000(Account Ability 1000): Aims at improving interaction and issues between corporations and stakeholders. The standard is established by maintaining a balance between accounting, auditing and reporting standards. Its principle examines the accommodation, comprehensiveness and responsiveness of the reporting.

EICC(Electronic Industry Citizenship Coalition): Ensures the safety of the working environment and respects employees in the electronics and telecommunications supply chain industry. Additionally, it takes environmental responsibility in the manufacturing process. Usually, customers (members of EICC) would ask to review suppliers or have suppliers designated an inspection institution.

ISO 26000 (the International Organization for Standardization): Emphasizes compliance with laws and regulations, respect for human rights, caring for employees, protecting consumers, being enthusiastic about social welfare, caring for the environment, and contributing to the sustainable development of society, economy, and environment. The reporting is for reference only and should not be deemed as third-party certification. The content of the reporting could be made by self-assessment or declaration, or review by a third party.

Countermeasures:

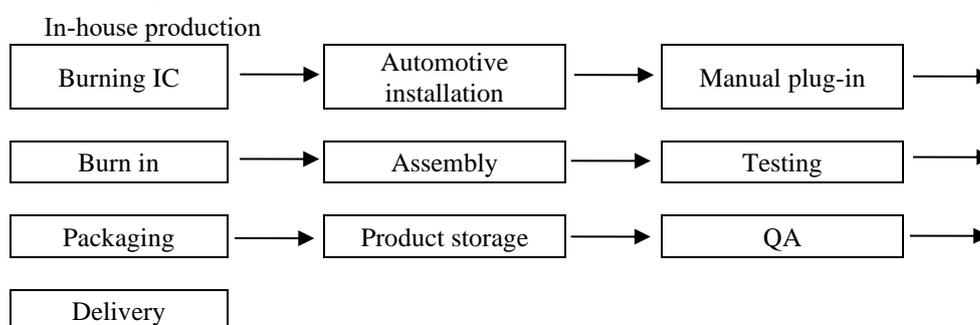
- a. In 2017, Hitron Technologies had passed the certification from Ecovadis CSR and was conferred a silver award. The Company will continue its effort in obtaining SA8000 certification and reviews by a third party.
- b. In the next five years, Hitron Technologies will, CSR focus will be on social responsibility (employees), putting people first, and creating a happy and inclusive workplace. A series of action plans will be initiated with caring for employees as the main focus.
- c. The Company will introduce cross-border cloud management system integration as a preventive measure to undertake challenges posed by the environment.

(II) Important applications and manufacturing processes of main products

1. The important applications of main products

Product type Service type	Item	Main Usage
Cable modem products	<ul style="list-style-type: none"> * Cable modem (Cable Modem) * Multiple line eMTA cable modem (Multiple Line eMTA) * Multiple line eMTA voice gateway (Multiple Line eMTA) * Digital STB with cable modem module (STB eCMM) * Cable data network testing instrument 	<ul style="list-style-type: none"> * Using cable TV HFC network and integrating cable modem, MSO can provide various value-adding services such as internet access, cable telephony, or even VOD etc. * Multiple Dwelling Unit (MDU) in communities, buildings, apartments, VoIP over cable * Digital STB with cable modem module * Internet access of cable TV and message return * Troubleshooting for a cable network
System integration service	<ul style="list-style-type: none"> * WiFi 6 wireless broadband router and extender * Optical fiber router - XGSPON * 5G mobile network - FWA 	<ul style="list-style-type: none"> * The wireless broadband router used by digital households to connect wireless end users, such as mobile phones, tablets and laptops. * Fiber optical network to the home user's broadband Internet access modem * Home broadband router that uses 5G mobile network signals to access the Internet

2. Manufacturing process



(III) Supply status of main materials

The suppliers of the main raw materials are from the US, Taiwan, Japan, Vietnam, and Mainland China. The Company maintains a good relationship and signs a long-term supply contract with major suppliers. Therefore, the supply of raw materials is stable. The sales of the Company is fairly substantial currently. Thus,

the bargaining chips of the Company have increased. Suppliers are willing to stock up and thus the supply is fairly stable. As Hitron Technologies possesses technological advantages and control over service providers, major wafer makers deem Hitron important collaborative counterparts and are willing to provide better technical support and competitive pricing.

(IV) For either fiscal year of the two most recent fiscal years, the customers with purchase or sale of 10% or more

1. Major customers for the most recent two years

Unit: NT\$ (thousand)

Item	2024				2023			
	Name	Amount	As a percentage of net sales for the year [%]	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year [%]	Relationship with the issuer
1	Customer C	2,377,460	26.16	-	Customer C	2,571,750	27.35	-
2	Others	6,710,755	73.84	-	Others	6,831,912	72.65	-
	Net sales	9,088,215	100.00	-	Net sales	9,403,662	100.00	-

Description on change: No significant changes in the most recent two years

2. Major Suppliers for the most recent two years

Unit: NT\$ (thousand)

Item	2024				2023			
	Name	Amount	As a percentage of net purchases for the year [%]	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year [%]	Relationship with the issuer
1	Supplier W	1,890,924	26.69	-	Supplier W	3,139,430	43.97	-
2	Supplier A	1,854,414	26.18	Parent and subsidiary	-	-	-	-
3	Others	3,339,220	47.13	-	Others	4,000,413	56.03	-
	Net purchases	7,084,558	100.00	-	Net purchases	7,139,843	100.00	-

Description on Changes:

1. The decrease in purchases from supplier W is mainly due to the relocation of production line of Hitron Vietnam to Alpha, resulting in a decrease in demand for production raw materials.
2. The increase in purchases from supplier A is mainly due to the relocation of production line of Hitron Vietnam to Alpha.

III. Employees Information for the Past Two Years Until the Publication Date of the Annual Report

Year		2023	2024	Until March 31, 2025
Number of employees	Management employees	164	85	66
	Technical employees	441	233	185
	Direct labor	315	0	0
	Total	920	318	251
Average age		32.58	38.11	40.23
Average years of service		3.96	6.77	7.72
Distribution of academic qualifications	PhD	0	0	0
	Master's Degree	107	62	65
	Bachelor's Degree	396	201	173
	High School	263	52	10
	Below High School	154	3	3

IV. Expenditure on Environmental Protection

- (I) For the most recent year until the publication date of the annual report, the total losses (including damages) and fines incurred by the Company due to environmental pollution:

The production process of IT and telecommunication service systems of the Company has never had any pollution issue. Further, the production plant has many pollution prevention facilities and large scale sewage treatment plants that meet the international standard. The requirements imposed by the Park Bureau regarding environmental protection under the care of corporations are also very strict. Since its establishment, the Company has never been punished or has incurred losses due to pollution.

Apart from paying quarterly sewage treatment fees to the Park Bureau, there are no other regulations that compel the Company to apply for a license for installation of anti-pollution facilities or permit for pollutant emission, or designate specific unit and personnel for environmental protection. Moreover, depending on the circumstances, the Management of the Company would hold review meetings to improve the comfort and safety of the work environment.

- (II) Countermeasures (including improvement measures) and possible expenditure due to pollution (including estimation of possible losses, fines, and damages due to inaction): The Company has never been punished or has incurred losses due to pollution.

V. Labor Relations

- (I) Availability and execution of employee welfare, education, training and retirement policies. Elaboration of the agreements between employers and employees, and protection of employee rights.

The welfare, education, training, retirement and opinion of employees are important to the Company. As such, labor relations have always been harmonious. There was no labor dispute for the past two years.

1. Employee welfare

The employee welfare includes labor and health insurance, employee group insurance, medical checkup (The company has arranged on-site medical personnel who provide services such as health promotion and medical consultation, based on employees' health checkup results. The on-site physician and nurse are present for 2 hours and 6 hours per month, respectively. In 2024, the company also held multiple practical and diverse health promotion seminars and activities, offering comprehensive health management services and resources to employees.), year-end bonus, performance bonus, employee stock options and dividends, all of which is to increase the sense of belonging of the employees. Further, the Company has established the Staff Benefits Committee, in which members are elected by open ballot. The fund is allocated to the Committee as a benefit to promote various welfare activities for the employees. including staff retreats, wedding congratulatory money, and bereavement ex gratia payment, childbirth allowance, scholarship for the children of employees, birthday allowance and get-togethers.

2. On-the-job training

Apart from orientation and on-job training, various departments will hold internal and external training according to their own needs, to cultivate the professional skills of the employees. The Company holds business management, R&D, market development courses regularly, to enhance the service quality and management results. Through a transparent performance evaluation and promotion system, the Company promotes growth in experience and knowledge of employees, gradually leading them to realize their career goals.

3. Retirement system

The employee retirement system is established in accordance with the Labor Standard Act. The Company appropriates pension funds regularly which is deposited in Central Trust of China. Every year-end, the Company appoints an actuary to compute the pension cost to ensure that the pension liability is sufficient. Since July 1, 2005, after the new system was implemented, the Company conforms to the regulations and pays 6% of employees' salaries to their individual accounts at the Bureau of Labor Insurance.

4. Employer-employee communications

Since its establishment, labor relations have always been important to the Company. Employee welfare is well established in accordance with the Labor Standard Act. As such, the labor relations of the Company have always been harmonious. Staff benefits and material measures are announced by the relevant unit, while employees can express themselves and find out the intentions of the Company's regulations via many channels.

5. Work environment and employee safety measures

To protect the safety of employees, the entrances of the Company have access control installation. Security guards are hired to manage the entrances when employees have to work overtime and the office areas are equipped with AED rescue kits to ensure their safety. The machinery and fire-fighting equipment are

regularly maintained or repaired and environmental disinfection each year. The Company has also insured against public accident, to provide extra work security to the employees.

6. Has the Company established the protocols for filing complaints against illegal (including bribery) and immoral acts for employees?
 - (1) Illegal (including bribery) and immoral acts: The Company has established “Working Rules” and “Code of Conduct for Employees” to stipulate the immoral acts against the Company for employees to conform to. A reward and punishment system is also established.
 - (2) Channel for filing complaints: The Company has established an employee mailbox. Any employee who wishes to file a complaint or provide feedback may send to the employee mailbox.
7. Measures to protect the interests of employees
 - (1) The Company has established a comprehensive documentation and management system that details various protocols, employees’ rights, duties and welfare. Evaluation of the content of these protocols is undertaken regularly to ensure the rights of employees are well protected.
 - (2) The Company holds a labor mediation meeting quarterly to establish a communication mechanism between labor and the management to protect the interests of employees.
 - (3) For the most recent year until the publication date of the annual report, actual or estimated losses arising as a result of labor disputes and any countermeasures taken: None.

VI. Cyber Security Management

(I) Information Security Policy and Structure

1. After taking into account the information security requirements and expectations of all stakeholders in the organization, we formed an Information Security Management System Promotion Committee to promote information security management matters and increase the awareness of information security. We have also introduced the PDCA management cycle to establish an Information Security Management System. The management direction of the System is constantly adjusted and evaluated with improvement proposed in order to correspond internal and external changes. This approach maintains the effectiveness of the construction of ISMS and its implementation status is reported to the Board of Directors each year.
2. In accordance with the information security management framework of ISO 27001:2013, the Committee establishes the Company’s information security documents, including form records, guidelines, procedures and policies. Based on these, rules and guidelines for management of the organization, protection of information assets and distribution of resources are formulated. Documents are managed in a hierarchical approach in correspondence with various information security aspects.
3. Risk management is handled in accordance with ISO 27001:2013 management system requirements and the framework and process of ISO 31000 risk management principles and guidelines are incorporated to establish a risk management framework. By continuing to monitor main risks in order to achieve the objective of risk management, while reducing personnel, property and reputation.

(II) Information Security Governance Effectiveness

The Company introduced the ISO27001 information security management system (ISMS) standard in 2019, and was verified by the SGS Group in June 2020, with the ISO/IEC 27001:2013 certificate issued by the SGS Group. Through the validation of ISO 27001 standard, the following has been achieved:

1. Through education and training coupled with the promotion of the Committee, internal security consensus is deepened to jointly partake and maintain the operation of information management system.
2. Three information security training sessions were held in 2024: “General Employee Information Security Education and Training” for 132 hours, “General Employee Information Security Training - Information Security for Threats” for 54 hours, and “Information Security for Information Personnel” for 45 hours. A total of 77 people participated in the training, for a total of 231 hours.
3. Identify information assets and reduce operational risks through robust risk management rules.
4. Implement risk management in daily activities and build a feasible system for employees to comply with and are happy to do so.
5. Construct a secure and reliable information security management system that is internationally verified to strengthen customer confidence.

- (III) List of losses due to labor disputes in the most recent year up to the date this report is published, disclosure of the estimated amount, and countermeasures against current and possible future occurrences. If the amount cannot be reasonably estimated, the reason shall be provided: None.

VII. Material Contracts: None.

Five. Operating Results and Status of and Risk Management

I. Financial Position

Financial Position Analysis

Unit: NT\$ (thousand)

Item	Year	2024	2023	Difference	
				Amount	%
Current assets		7,704,458	7,715,903	(11,445)	(0.15)
non-current assets		2,338,392	2,792,791	(454,399)	(16.27)
Total assets		10,042,850	10,508,694	(465,844)	(4.43)
Current liabilities		3,157,133	3,151,643	5,490	0.17
Non-current liabilities (Note1)		559,476	1,334,874	(775,398)	(58.09)
Total liabilities		3,716,609	4,486,517	(769,908)	(17.16)
Share capital		3,213,172	3,213,172	-	-
Capital surplus		1,153,005	1,185,304	(32,299)	(2.72)
Retained earnings (Note2)		290,043	379,437	(89,394)	(23.56)
Other equity interests(Note3)		303,733	141,589	162,144	114.52
Treasury stock		-	-	-	-
Total equity interest of parent company		4,959,953	4,919,502	40,451	0.82
Non-controlling interest (Note4)		1,366,288	1,102,675	263,613	23.91
Total equity		6,326,241	6,022,177	304,064	5.05

Fluctuation analysis:

Note 1: The decrease in non-current liabilities is mainly due to the exercise of all convertible corporate bonds and the repayment of long-term borrowings.

Note 2: The decrease in retained earnings is mainly due to the decrease in profits.

Note 3: The increase in other equities is mainly due to the appreciation of the USD against the NTD, and the exchange gain on translation of the financial statements of foreign operations.

Note 4: The increase in non-controlling equity is mainly due to the conversion of convertible corporate bonds in the current period.

II. Financial Performance

Comparison analysis for operating performance

Unit: NT\$ (thousand)

Items	2024	2023	Increase/ (decrease)	Change in %
Net operating revenue	9,088,215	9,403,662	(315,447)	(3.35)
Operating cost	7,323,415	7,375,511	(52,096)	(0.71)
Gross profit	1,764,800	2,028,151	(263,351)	(12.98)
Operating expenses	1,514,297	1,770,229	(255,932)	(14.46)
Operating income	250,503	257,922	(7,419)	(2.88)
Non-operating income and expenses (Note1)	(30,068)	(69,208)	39,140	56.55
Net profit before tax	220,435	188,714	31,721	16.81
Income taxes expenses (Note2)	83,250	24,900	58,350	234.34
Net income from continuing operations	137,185	163,814	(26,629)	(16.26)

Analysis of fluctuation:

Note 1: The increase in net non-operating income and expenses is mainly due to an increase in exchange income and a decrease in the financial cost of loan repayment.

Note 2: The increase in income tax expense is mainly due to the repatriation of earnings by subsidiaries in the current period.

III. Cash Flow

(I) Change in consolidated cash flow in 2024

Unit: NT\$ (thousand)

Cash balance at the beginning of 2024	2024 Net cash flow	Cash balance at the end of 2024
1,980,637	372,105	2,352,742

(II) Analysis of changes in consolidated cash flow in 2024

Unit: NT\$ (thousand)

Item	2024	2023	Increase (decrease) amount	Change in proportion
Net cash flows provided by operating activities	995,593	501,425	494,168	98.55
Net cash flows used in investing activities	86,476	(59,310)	145,786	(245.80)
Net cash flows used in financing activities	(579,109)	(841,923)	262,814	(31.22)

1. The net cash inflow from operating activities are mainly due to the revenue from operating activities.
2. The net cash inflow from investing activities are mainly to sell the equipment in Vietnam.
3. The net cash outflow from financing activities are mainly due to the repayment of short-term borrowings and the distribution of dividends.

(II) Liquidity improvement plan: The Company showed no signs of liquidity deficit.

(III) Analysis of cash liquidity in the coming year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

IV. Impacts of Major Capital Expenditures in the Most Recent Year to Financial Performance:
None.

V. Causes of Profit or Loss Incurred on Investments in the Most Recent Year, and Any Improvements or Investments

The investment policy of the Company is mainly pertinent to the current basic business operation while searching for reinvestment on related businesses of the Company. Before making an investment, assessment in accordance with the "Procedures for Acquisition or Disposal of Assets" will be conducted.

VI. Risk Issues for the Most Recent Year until the Publication Date of the Annual Report

- (I) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss and future response measures for the most recent year and up to the publication date of the annual reports: The Company closely monitors the change in interest rates and undertakes the necessary measures to low the impact on the Company's profit and loss due to interest rate fluctuation.
1. Interest rates: The Company evaluates the bank loan interest rates regularly and maintain a good working relationship with the Bank to obtain favorable interest rates, so as to decrease the interest expense.
 2. Exchange rates: The Company has established concrete strategies on forex maneuvering and strict procedures to monitor the fluctuation of forex rates.
 3. Inflation: Due to the nature of the industry, inflation has little impact on the operation of the Company. However, the Company shall monitor the inflation rate from time to time.
- (II) For the most recent year until the publication date of the annual report, policies on transactions involving high risks, highly leveraged investments, funds lending to others, endorsement or guarantee and derivatives, the main reasons for the profit or loss of these transactions and future countermeasures:
1. The Company concentrates on managing its own business and does not engage in highly risky and highly leveraged investments.
 2. The Company conducts transactions in forward exchange contracts and swaps primarily to hedge the risk

arising from fluctuations in exchange rate of foreign-currency-denominated assets or liabilities. The Company uses derivative financial instruments that are highly negatively correlated with changes in the fair value of the hedged item as a hedging instrument, and carries out regular evaluation.

3. The Company has not loaned funds to others, nor has it made endorsements/guarantees for others. When the Company engages in derivative trading, it will comply with relevant regulations and report regularly in accordance with the competent authority's regulations.

(III) R&D expenses for future R&D projects and investment amount.

In 2025, the Company is planning to invest more than NT\$ 0.395 billion in R&D expenditures. In the future, we will adjust our investment plans according to the global industry development trend and the actual operating conditions of the Company. Please reference “The development plan of new products and services” of “FOUR. Operations Overview”.

(IV) Effects of and response to changes in local and foreign policies and regulations relating to corporate finance and sales:

The Company closely monitors the changes in local and foreign policies and regulations to fully grasp and respond to the changes in the market environment. For the most recent year until the publication date of the annual report, there has been no incident that impacts the corporate finance and sales of the Company.

(V) The impact of technological and industrial changes on the Company's financial business and the countermeasures

The Company is committed to comprehending the future trends and new technology and thus would continue to invest in high value-adding telecommunication products to create optimal profit and core competitive advantages, while maintaining control on inventories to minimize the impact of the Company's finances. For control on cybersecurity, to implement internal control and policies on protecting cybersecurity, the Company has established IT safety protocols and preventive measures to regulate the information security. Further, the Board of Directors will receive reports regularly regarding cybersecurity issues. For the Company's information security management, please refer to the page 61 of this annual report.

(VI) Impact of change in the corporate image on crisis management, and countermeasures:

The business spirit of the Company is “Caring for humanity, leading with technologies”. The corporate image is fairly well and for the most recent year until the publication date of the annual report, no incident that giving rise to a change in corporate image and requiring crisis management has occurred.

- (VII) Expected benefits from, risks relating to, and response to merger and acquisition plans: None.
- (VIII) Expected benefits from, risks relating to, and response to factory expansion plans: None.
- (IX) Risks relating to and responses to excessive concentration of purchasing sources and excessive customer concentration: None.
- (X) Effects of, risks relating to, and response to large share transfers or changes in shareholdings by Directors, or Shareholders with shareholdings of over 10%: None.
- (XI) Impact of changes in management on the Company and risks: None.
- (XII) For litigation or non-litigation cases involving the Company, Directors, Supervisors, General Manager, actual persons in-charge or major Shareholders with a stake of 10% or more that have been concluded or are still pending, and have a material impact on the Shareholders' interest or security prices, the disclosure should be made regarding the content of the disputes, the sum of penalty or claim, the commencement date of the suits, the parties involved and the status as of the publication date of the annual report: None.
- (XIII) Other major risks and the countermeasures: None.

VII. Other Material matters: None.

Six. Special Notes

I. Summary of Affiliated Companies

(I) Please refer to the MOPS (<https://mops.twse.com.tw>) / Single Company > Electronic Document Download / 3 Forms for Affiliates.

(II) Please refer to the MOPS (<https://mops.twse.com.tw>) / Single company > Electronic Document Download/Financial Report/2024Q4

II. For the private placement of Securities in the most recent year until the publication date of the annual report, the date and amount approved by the Shareholders' and Board Meetings, basis and rationale of the price determined, selection method of the specific persons and reasons why the private placement was necessary, and the status of use of the capital raised through the private placement of common shares, the implementation progress of the plan: None.

III. Other items that must be included: None.

IV. Any event that results in substantial impact on the shareholders' equity or prices of the Company's securities as prescribed by Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this Annual Report: None.