

Stock Code : 2421

SUNON® Sunonwealth Electric Machine Industry Co., Ltd.

2024 Annual Report

Company Website :

<http://www.sunon.com>

Taiwan Stock Exchange Market Observation Post System :

<http://mops.twse.com.tw>

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V. Overseas securities listing exchange and information: None

VI. Company website

<http://www.sunon.com>

Table of Contents

A. Letter to Shareholders	1
B. Corporate Governance Report	5
I. Profile of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Department Directors	5
II. Remunerations to Directors, Supervisors, President, and Vice Presidents in recent years	18
III. Implementation of corporate governance	26
IV. Information on CPA fees	80
V. Information on Replacement of CPAs	80
VI. The Chairman, President and Financial or Accounting Managerial Officer of the Company who had worked for the Independent CPA or the affiliate in the past year	80
VII. Share transfer by Directors, Supervisors, Managerial Officers, and shareholders holding more than 10% interests and changes to share pledging by them	81
VIII. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)	83
IX. The shareholding of the Company, Director, Supervisor, Managerial Officers and an enterprise that is directly or indirectly controlled by the Company in the invested company and the calculation of the consolidated shareholding percentage	85
C. Funding Status	87
I. Source of Capital Shares	87
II. List of major shareholders	90
III. Dividend policy and implementation status	90
IV. The effects of the stock dividends proposed by the shareholders' meeting on the Company's business performances and earnings per share	90
V. Remuneration of employees, directors and supervisors	91
VI. Buyback of treasury stock	92
VII. Corporate bond issuance status	92
VIII. Issuance of preferred stocks	92
IX. Issuance of global depositary receipts (GDR)	92
X. Exercise of employee stock option plan (ESOP)	92
XI. Restricted stock awards	92
XII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies	92
XIII. Implementation of capital allocation plan	92
D. Business Overview	93
I. Business activities	93
II. Market, production and sales	100
III. Employee information	108
IV. Environmental protection expenditure information	108
V. Employees-employer relations	109

VI. Information Security Management-----	110
VII. Important contracts -----	116
E. Review, Analysis, and Risks of Financial Conditions and Performance -----	117
I. Financial conditions -----	117
II. Financial performance -----	118
III. Cash flow -----	119
IV. The effects that significant capital expenditures have on financial operations in the recent year -----	120
V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year -----	120
VI. Risk management and evaluation -----	122
VII. Other important matters -----	126
F. Special Disclosures -----	127
I. Profiles of affiliates and subsidiaries -----	127
II. Progress of private placement of securities -----	133
III. Other supplemental information -----	133
Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act -----	134

A. Letter to Shareholders

Dear Shareholders,

2024 was a year of challenges and opportunities. In an economic environment of high interest rates, slowing economic recovery, and intensified disputes between China and the United States, Sunonwealth maintained its corporate resilience, responded to the rapidly changing industrial environment with caution and flexibility, upheld its core values, and continued to pursue sustainable development and steady growth.

Over the past year, the global market still suffered from weak demand suppressed by high interest rates and inventory adjustments by end customers, which continued to impact the revenue from industrial applications, laptops, home appliances, and distribution channels. However, the rapid development of AI applications has significantly increased the demand for AI servers. On the other hand, the demand in automotive applications has continued to grow steadily due to the widespread adoption and extension of related applications. Therefore, despite the difficult environment, Sunonwealth continued to thrive and achieved outstanding results with the joint efforts of all employees.

Looking forward, geopolitical tensions, trade tariffs, and inflation continue to make the global economic outlook highly uncertain. However, key industries that have attracted high attention such as generative artificial intelligence, robotics, electric vehicles, and new energy, are expected to continue flourishing in the following years. We will continue to invest in the development and innovation in related industries, accelerate, improve, and diversify our global manufacturing footprints, and uphold the concept of sustainable development to enhance the company's long-term corporate value.

Results of Business Operations in the Previous Year

The Company's business plan achievement status in 2024 is as follows:

Comparison of the 2024 Business Plan and actual achievements

	Business Plan	Actual Results	Difference	Completion Rate	2023	Growth Rate
Quantity shipped	112.2 million units	107.0 million units	-5.1 million units	95.4%	106.8 million units	0.2%
Consolidated total revenue	NT\$13.819 billion	NT\$14.624 billion	NT\$0.805 billion	105.8%	NT\$12.915 billion	13.2%
Consolidated EPS before tax	NT\$7.02	NT\$7.25	NT\$0.23	103.3%	NT\$6.78	6.9%
Consolidated EPS after tax	NT\$5.36	NT\$5.46	NT\$0.10	101.9%	NT\$5.16	5.8%

Note: The 2024 Business Plan figure was not audited by the CPA.

In terms of the achievement rate of the Company's 2024 business plan, we have been continuously affected by the high rates to curb end-market demand and inventory adjustment at customers. The Company has faced weakening demand for industrial and medical equipment, home appliances, NB and distributors. Overall, demand has fallen by 10 to 20% across the whole year. However, as the AI trend sustains, server network-related industries grew by more than 40%, becoming the main driver supporting annual revenues. Additionally, automotive applications grew by more than 30% even given the global automotive industry declined, that was mainly due to the higher automotive electronic application driving the demand for thermal solutions. Therefore, consolidated revenues increased by 13% compared to the previous year, meeting 106% of our target profits. Benefiting from the better product mix of AI servers, improved production efficiency and the depreciation of the New Taiwan Dollar and RMB, the Company expanded gross margin along with foreign exchange income, leading to its net profits grew by 12% compared to the previous year, achieving 102% of our target. In terms of income and expenditures, net cash outflows for the parent company amounted to NT\$0.315 billion and the closing cash and cash equivalents amounted to NT\$1.858 billion. The cash flow on the consolidated financial statements showed a net cash inflow of NT\$0.648 billion and closing cash and cash equivalents of NT\$4.678 billion. The Company's funding status remains healthy. The Company invested NT\$580 million in research and development expenditures in the fiscal year and invested NT\$893 million in R&D based on the consolidated financial statements. The Company has completed high-efficiency design projects for customers in six major sectors (IT and office equipment, servers and network, industrial and medical equipment, appliances, automobiles, and LED) as well as the development of the next-generation passive heat dissipation components, liquid-cooled heat dissipation modules, and important components sufficient for meeting the demand for the future evolution heat dissipation technologies.

2025 Business Plan Overview

In response to the environmental factors of 2025, the Company has formulated the following important business plans. 1. Expand the customer base and market share of AI servers and automotive markets: The demand for efficient computing increases the demand for cooling solutions, and we will capture business opportunities. 2. Continue to invest in liquid cooling technology and provide a full range of cooling system services and products: Strengthen the competitiveness of liquid cooling and modules, expand the scope of product services, and enhance partnerships with customers. 3. Diversify product portfolio and develop new markets and new customers through strategic alliances and cooperation with brands: Seek strategic alliances with local leading brands to increase product exposure and increase market presence. 4. Improve the global manufacturing footprints to meet customers' NCNT requirements: Mitigate geopolitical risks and increase production flexibility, and reduce production costs. 5. Introduce AI for intelligent and automated production: Continue to increase the coverage of automated production and establish standardized specifications and processes to stabilize product quality and improve operational efficiency. 6. Strengthen supply chain configuration, effectively control production schedule, and reduce inventory levels: Establish a complete inventory management system, optimize supply chain partnerships, and effectively monitor inventory liquidity. 7. Work with upstream and downstream partners to advance sustainable development goals: To implement the energy transformation plan, we continue to promote energy-saving and carbon-reduction activities and introduce ISO 14067 product carbon footprint management. 8. Resource integration, organizational adjustment, and talent retention and training program: Optimize the organization structure and provide more flexible benefits to attract, cultivate, and retain talents. After adjustments for production and sales and changes implemented in response to the market, products, customers, and sales strategy, the Company plans to ship 110 million units this year.

Future Development Strategy

As a global leading thermal solution provider, Sunonwealth provides diversified and professional thermal products and services. In the past two years, the rapid development of AI-enabled technology has driven the innovation of hardware and software equipment design in many industries and continuously powered innovation and rapid growth in the cooling solution industry. The rapid growth of AI training and large-scale computing causes high-performance processors to generate more heat during operations, which leads to the development of more efficient and energy-saving cooling solutions. Larger heat dissipation modules and liquid cooling technology have also become important heat dissipation solutions for data centers. Sunonwealth thus continues to strengthen the research, development, and innovation of existing fan product technologies, and expands key products to incorporate larger EC energy-saving cooling technology, higher-watt liquid cooling solutions, and immersion cooling. Examples include liquid cooling solutions with reservoir and pumping units (RPU) for servers in data center, rear door fan walls, sidecars, water pumps, and other key components development. We also enhanced Sunonwealth's cooling product portfolio to meet the ultra-large-scale, high-performance computing, and sustainable cooling needs of next-generation data center customers. In response to intensifying climate change, attaining net zero emissions has become an important issue in the product development of Sunonwealth's global customers. In recent years, the Company has also actively invested in large-scale energy-saving EC cooling fans to meet the demand of the industry for high-energy-consuming heating and air-conditioning, energy, and refrigeration and provide more energy-efficient cooling and ventilation products.

In terms of its global manufacturing footprints, Sunonwealth continues to expand global manufacturing capacity to multiple locations to increase the flexibility of overall production operations and reduce the risks of rising protectionism in international trade. In addition to continuing to expand the new factory in the Philippines and increasing the production capacity of this manufacturing site, the Company is also actively exploring production possibilities in other countries and closely cooperating with customer trends and changes in the global economy. We also introduced AI intelligent automated production systems to improve operational efficiency, control product quality in each area, and reduce production costs to meet customer delivery commitments and increase market share.

Impact of the Competitive Environment, Regulatory Environment, and Overall Business Environment

Businesses face several challenges due to continuous changes in the global political and economic environment. External factors such as the continued escalation of trade disputes between China and the United States, increased geopolitical risks, global tariffs, inflation, and more rigorous ESG regulations affect businesses' cost control, supply chain stability, and market competitiveness. In recent years, Sunonwealth has actively expanded new manufacturing sites, strengthened supply chain risk management, and utilized ESG strategies to stabilize operations. We continue to expand the production capacity of the Philippines plant to meet customers' diversified production location strategies. We also worked with the supply chain to build a digital carbon inventory system to implement carbon reduction targets, enhance low-carbon transformation strategies, and jointly realize the vision of sustainable development and ESG with the supply chain to enhance overall competitiveness. In 2024, Sunonwealth obtained ISO 50001 Energy Management System Certification, demonstrating the Company's steadfast commitment to sustainable development and energy management. We actively source low-carbon materials and develop technologies with lower energy consumption to meet prevailing market demand and provide cooling solutions that comply with global regulatory requirements and satisfy customer product development.

Over the past 45 years, Sunonwealth has actively responded to changes and technological innovations, and has taken "solving the world's thermal issues" as the core for technology and service development to provide customers with cooling products that best meet market demand. By enhancing manufacturing capacity for a diverse range of industries, we increase the flexibility of business

operations and build a solid foundation of cooling solution technologies. The Company will continue to strengthen resilience, cope with the uncertainties and risks of the external environment, monitor the needs of the fastest-growing industries, and achieve its vision of continuously improvement of corporate value and sustainable operations.

Lastly, I would like to thank all shareholders for their trust and support for the Company. It is your support that has made us what we are today. We shall continue to work hard, innovate, and improve, in order to create greater value for the Company and our shareholders together.

I wish you all health and prosperity.

Chairman of the Board Ching-Shen Hong

President Ching-Shen Hong

Chief Accounting Officer William Li

May 28, 2025

B. Corporate Governance Report

I. Profile of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Department Directors

(I) Information of Directors and Supervisors

(1) Director information

March 30, 2025

Title	Nationality or place of registration	Name	Gender Age	Date elected (appointed)	Term	Date first elected	Shares held during election		Number of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and work experience	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Yo Yuan Investment Corporation	-	2024.06.14	3 years	2009.05.27	14,802,000	5.90%	15,000,000	5.49%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Ching-Shen Hong	Male 51 to 60 years old	2024.06.14	3 years	2009.05.27	3,000,000	1.20%	4,870,000	1.78%	267,000	0.10%	-	-	Bachelor degree in Electrical Engineering, Kun Shan University Graduated from the Department of Business Import/Export Management, Vancouver Community College	President, Sunonwealth Electric Machine Industry Co., Ltd. Chairman, Sunon Electronics (Kunshan) Co., Ltd. Chairman, Sunon Electronics (Foshan) Co., Ltd. Chairman, Sunon Electronics (Bei Hai) Co., Ltd. Chairman, Beihai Li Zhun Electronics Co., Ltd. Chairman, Sunon Inc. Chairman, Sunon SAS Director, Sunon Corporation Chairman, Sunon Electronics India Private Ltd. Director, Sunon Properties Philippines Corp. Director, Sunon Electronics Philippines Corp. Director, Suzhou Shengyixing Heat Transfer Technology Co., Ltd. Chairman, Yo Yuan Investment Corporation Executive Director, Sunon Cooling Technology (Huizhou) Co., Ltd. Director, Sunon Cooling Technology (Thailand) Co.	Director	Li-Ju Chen	Spouse	Business succession plan. Response measures: Processed in accordance with laws for compliance
Director	Republic of China	Yo Yuan Investment Corporation	-	2024.06.14	3 years	2009.05.27	14,802,000	5.90%	15,000,000	5.49%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Li-Ju Chen	Female 51 to 60 years old	2024.06.14	3 years	2009.05.27	267,000	0.11%	267,000	0.10%	4,870,000	1.78%	-	-	Bachelor degree in Information Management, Queen's College (Canada)	Director of the Strategic Procurement Department/IT Department, Sunonwealth Electric Machine Industry Co., Ltd. Director, Sunon Electronics (Kunshan) Co., Ltd. Director, Sunon Electronic (Foshan) Co., Ltd. Director, Sunon Electronics (Bei Hai) Co., Ltd. Director, Sunon Corporation Director, Sunon Electronics India Private Ltd. Director, Sunon Properties Philippines Corp. Director, Sunon Electronics Philippines Corp. Director, Sunon Inc. Director, Sunon HK	Chairman of the Board	Ching-Shen Hong	Spouse	
Director	Republic of China	Yo Yuan Investment Corporation	-	2024.06.14	3 years	2009.05.27	14,802,000	5.90%	15,000,000	5.49%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Ling-wen Huang	Female 61 to 70 years old	2024.06.14	3 years	2024.6.14	-	-	-	-	-	-	-	-	Department of Accounting & Statistics, Ming Chuan Business College	Senior Special Assistant, Sunonwealth Electric Machine Industry Co., Ltd Supervisor, Yo Yuan Investment Corporation Supervisor, Guang Sheng Investment Corporation	-	-	-	

	Republic of China	Yo Yuan Investment Corporation	-	2024.06.14	3 years	2009.05.27	14,802,000	5.90%	15,000,000	5.49%	-	-	-	-	-	-	-	-	-	
	Republic of China	Representative: Fu-Sheng Huang	Male 71 to 80 years old	2024.06.14	3 years	2024.06.14	-	-	-	-	-	-	-	-	Master degree in Public Affairs Management, National Sun Yat-sen University 39th Term, Central Police University	-	-	-	-	
Director	Republic of China	Nice Enterprise Co., Ltd.	-	2024.06.14	3 years	1997.4.3	4,506,813	1.80 %	4,006,813	1.47 %	-	-	-	-	-	-	-	-	-	
	Republic of China	Representative: Ching-Liang Chen	Male 71 to 80 years old	2024.06.14	3 years	1997.4.3	-	-	-	-	-	-	-	-	Bachelor degree in Public Affairs, National Chung Hsing University	President, Nice Enterprise Co., Ltd. Supervisor, Taiwan First Biotechnology Corp. Chairman, Taiwan Food Industry Co., Ltd. Chairman, Ho Ding International Development Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Kuang-Chih Huang	Male 81 to 90 Years old	2024.06.14	3 years	2021.07.01	-	-	-	-	-	-	-	-	PhD in Physics, NYU Polytechnic School of Engineering Master degree in Electrical Engineering, National Chiao Tung University Bachelor degree in Electrical Engineering, National Cheng Kung University	Emeritus Professor of National Kaohsiung University of Science and Technology Honorary Chair Professor of Cheng Shiu University Lifetime Honorary President of National Quemoy University	-	-	-	-
Independent Director	Republic of China	Chi-Shan Hung	Male 71 to 80 years old	2024.06.14	3 years	2019.06.21	-	-	-	-	-	-	-	-	Master degree in Laws, National Cheng Kung University Bachelor degree in Public Finance, National Cheng Kung University	Independent Director, Hua Yu Lien Development Co., Ltd. Independent Director, Ping Ho Environmental Technology Co., Ltd. Independent Director, Nan Liu Enterprise Co., Ltd. Corporate Director Representative, Flexium Interconnect, Inc.	-	-	-	-
Independent Director	Republic of China	Chin-Cheng Kao	Male 61 to 70 years old	2024.06.14	3 years	2024.06.14	-	-	-	-	-	-	-	-	MBA in Management Science, National Chiao Tung University Bachelor degree in Psychology, National Taiwan University	-	-	-	-	
Independent Director	Republic of China	Te-Tsai Lu	Male 61 to 70 years old	2024.06.14	3 years	2024.06.14	-	-	-	-	-	-	-	-	PhD in Management, National Yunlin University of Science and Technology	Professor and Director of the Department of Business Administration, Kunshan University	-	-	-	-

(2) Major shareholders of institutional shareholders

March 30, 2025

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding ratio (%)
Yo Yuan Investment Corporation	Ching-Shen Hong	16.50
	Li-Ju Chen	3.50
	Chia-Chun Hong	6.75
	Chia-Wei Hong	6.75
	Rong Jin International Development Co., Ltd.	6.50
	Sunonwealth Charity Foundation	60.00
Nice Enterprise Co., Ltd.	AGV Products Corp.	28.24
	Ho Yuan Investment Corporation	20.58
	Taiwan First Biotechnology Corp.	10.83
	Taiwan NJC Corporation	6.41
	Ho Ding International Development Co., Ltd.	4.21
	Cunyuan Heye Co., Ltd.	3.53
	Leshan Investment Development Co., Ltd.	3.09
	Yu-Ying Hong	3.06
	Zhi-Hong Chen	2.73
	English International Consultancy Co., Ltd.	2.38

(3) Major shareholders in institutional shareholders and their major shareholders

March 30, 2025

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding ratio (%)
Rong Jin International Development Co., Ltd.	Yi Peng Co., Ltd.	100.00
Sunonwealth Charity Foundation	Ching-Shen Hong	20.00
	Fu-Ing Hong Chen	30.00
	Yin-Su Hong	30.00
	Sheng-Tai Hong	10.00
	Chia-Chun Hong	5.00
	Chia-Wei Hong	5.00

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding ratio (%)
AGV Products Corp.	Ho Yuan Investment Corporation	6.15
	Nice Enterprise Co., Ltd.	4.20
	SPDR Emerging Market ETF under the custody of Standard Chartered Bank	2.11
	Taiwan First Biotechnology Corp.	2.04
	Jung-Yu Lin	2.00
	English International Consultancy Co., Ltd.	1.77
	Kuo Pao Investment and Development Co., Ltd.	1.63
	Kuo Pen Investment and Development Co., Ltd.	1.47
	Guan-Ru Chen	1.38
	Leshan Investment Development Co., Ltd.	1.22
Ho Yuan Investment Corporation	Zhi-Hong Chen	23.03
	English International Consultancy Co., Ltd.	19.00
	Su-Mei Yuan	9.33
	Yu-Ying Hong	8.33
	Zhih-Zhan Chen	5.71
	Zhih-Lun Chen	5.71
	Ching-Jen Chen	4.30
	Chang-Jiao Hu	4.45
	Wen-Na Yang	2.12
	Zhi-Yue Zhang	3.50
Taiwan First Biotechnology Corp.	AGV Products Corp.	41.28
	Paolyta Co., Ltd.	8.00
	BHL Taipei Limited	8.00
	Nice Enterprise Co., Ltd.	6.10
	Ta Tai Investment Corporation	4.00
	Ho Yuan Investment Corporation	3.62
	Nice Investment Corporation	2.05
	Yun Gu	1.57
	Lei Ying Security Co., Ltd.	1.47
	Teng-Fei Lin	1.28
Ho Ding International Development Co., Ltd.	Nice Enterprise Co., Ltd.	49.07
	AGV Products Corp.	48.98
	Ho Tien International Development Co., Ltd.	0.53
	Chang-Jiao Hu	0.29
	Zhi-Hong Chen	0.29
	Yu-Ying Hong	0.29
	Su-Mei Yuan	0.29
	Kuo Pen Investment and Development Co., Ltd.	0.26

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding ratio (%)
Leshan Investment Development Co., Ltd.	Ya-Xin Zheng	24.00
	Xuan-Hui Chen	24.00
	Lan-Xin Ye	16.00
	Guan-Hao Chen	8.00
	Su-Mei Yuan	4.00
	Guan-Hua Chen	4.00
	Bai-Ye Chen	4.00
	Qi-Rui Chen	4.00
	Xin-He Li	4.00
	Xin-Jia Li	4.00
English International Consultancy Co., Ltd.	Yu-Ying Hong	31.60
	Guan-Ru Chen	24.00
	Guan-Han Chen	24.00
	Guan-Zhou Chen	19.60
	Yu-Nu Hong	0.40
	Qiu-Wen Li	0.40
Taiwan NJC Corporation	New Japan Chemical Co., Ltd.	43.71
	Taiwan First Biotechnology Corp.	19.86
	Nice Enterprise Co., Ltd.	15.77
	Tai Food Industry Co., Ltd.	7.67
	Yi-Yan Chen	3.45
	Chia Ho Hsing Co., Ltd.	0.70
	Ho Yuan Investment Corporation	0.58
	Leshan Investment Development Co., Ltd.	0.39
	Cunyuan Heye Co., Ltd.	0.39
	Jia-En Zhang	0.37
Cunyuan Heye Co., Ltd.	Zhi-Hong Chen	28.00
	Chang-Jiao Hu	20.00
	Zhih-Zhan Chen	15.00
	Zhih-Lun Chen	15.00
	Yuan-Hui Wang	13.50
	Xiao-Ci Chen	2.84
	Xiao-He Chen	2.83
	Xiao-Wei Chen	2.83

(4) Status of director expertise, board diversity policy and independence

i. Disclosure of information on the professional qualifications of Directors and independence of Independent Directors:

Criteria Name	Professional Qualifications and Experience (Note 1)	Fulfillment of Independence Criteria	Number of other public companies where the individual concurrently serves as an independent director
Yo Yuan Investment Corporation Representative: Ching-Shen Hong	Bachelor degree in Electrical Engineering, Kun Shan University Graduated from the Department of Business Import/Export Management, Vancouver Community College Chairman and President, Sunonwealth Electric Machine Industry Co., Ltd. Chairman, Yo Yuan Investment Corporation	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-
Yo Yuan Investment Corporation Representative: Li-Ju Chen	Bachelor degree in Information Management, Queen's College (Canada) Director of the Strategic Purchasing Department/IT Department, Sunonwealth Electric Machine Industry Co., Ltd.	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-
Yo Yuan Investment Corporation Representative: Ling-wen Huang	Graduated from Department of Accounting & Statistics, Ming Chuan Business College Senior Special Assistant, Sunonwealth Electric Machine Industry Co., Ltd Supervisor, Guang Sheng Investment Corporation	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-
Yo Yuan Investment Corporation Representative: Fu-Sheng Huang	Master degree in Public Affairs Management, National Sun Yat-sen University Chief of Police of the Aviation Police Bureau Chief of Police of Tainan County Chief of Police of Yunlin County	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-
Nice Enterprise Co., Ltd. Representative: Ching-Liang Chen	Bachelor degree in Public Affairs, National Chung Hsing University President, Nice Enterprise Co., Ltd. Supervisor, Taiwan First Biotechnology Corp. Chairman, Taiwan Food Industry Co., Ltd. Chairman, Ho Ding International Development Co., Ltd.	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-

Criteria Name	Professional Qualifications and Experience (Note 1)	Fulfillment of Independence Criteria	Number of other public companies where the individual concurrently serves as an independent director
Kuang-Chih Huang	PhD in Physics, NYU Polytechnic School of Engineering Director of College and Dean of Academic Affairs, National Chiao Tung University Dean of the College of Engineering, National Sun Yat-sen University President and Lifetime Honorary Professor, National Kaohsiung University of Sciences and Technology Founding President, National Quemoy University Honorary Chair Professor, Cheng Shiu University	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-
Chi-Shan Hung	Master degree in Laws, National Cheng Kung University Bachelor degree in Public Finance, National Cheng Kung University Director-General of National Taxation Bureau of Kaohsiung, M.O.F. Director-General of National Taxation Bureau of the Southern Area, M.O.F. Deputy Director-General of the Taxation Administration, M.O.F. Independent Director, Hua Yu Lien Development Co., Ltd. Independent Director, Ping Ho Environmental Technology Co., Ltd. Independent Director, Nan Liu Enterprise Co., Ltd. Corporate Director Representative, Flexium Interconnect, Inc.	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-

Criteria Name	Professional Qualifications and Experience (Note 1)	Fulfillment of Independence Criteria	Number of other public companies where the individual concurrently serves as an independent director
Chin-Cheng Kao	MBA in Management Science, National Chiao Tung University Bachelor degree in Psychology, National Taiwan University General Manager, Kai-Lue Enterprise Management Co., Ltd. General Manager, Pan-Asia Management Consultants Corporation Manager, China Productivity Center Special Assistant of the Chairman and Factory Director, Fu-I Fiber Industry Co., Ltd.	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-
Te-Tsai Lu	PhD in Management, National Yunlin University of Science and Technology Dean of School of Business Management, Kunshan University Professor and Director of the Department of Business Administration, Kunshan University	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.	-

Note 1: All Directors do not meet any of the conditions stated in the subparagraphs of Article 30 of the Company Act.

ii. Board of Directors diversity and independence:

1. Board of Directors Diversity

The Company stipulated in its "Corporate Governance Best Practice Principles" that the principle of diversity must be considered in the composition of the Board members. In addition to diversity in terms of gender, race, and nationality, Board members must have the knowledge, skills, and experience necessary to perform their duties. To ensure the attainment of corporate governance targets.

The overall expected capabilities of the board of directors must include 1. Ability to make sound business judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to manage a business. 4. Ability to handle crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Leadership ability. 8. Ability to make decisions, and members must have diverse professional backgrounds.

Information on diversity policies for the Company's current Board of Directors how they have been implemented

Title		Gender	Nationality	Age	Concurrently serves as an employee of the Company	Years of service as Independent Director (less than 3 terms)	Professional background
Chairman	Yo Yuan Investment Corporation Representative: Ching-Shen Hong	Male	Republic of China	50 to 59 years old	✓	-	Technology innovation Business management
Director	Yo Yuan Investment Corporation Representative: Li-Ju Chen	Female	Republic of China	50 to 59 years old	✓	-	IT technology Business management
Director	Yo Yuan Investment Corporation Representative: Ling-wen Huang	Female	Republic of China	60 to 69 years old	✓	-	Finance management Corporate governance
Director	Yo Yuan Investment Corporation Representative: Fu-Sheng Huang	Male	Republic of China	70 to 79 years old	-	-	Law Business management
Director	Nice Enterprise Co., Ltd. Representative: Ching-Liang Chen	Male	Republic of China	70 to 79 years old	-	-	Business management
Independent Director	Kuang-Chih Huang	Male	Republic of China	80 to 89 years old	-	✓	Business management
Independent Director	Chi-Shan Hung	Male	Republic of China	70 to 79 years old	-	✓	Finance management Corporate governance
Independent Director	Chin-Cheng Kao	Male	Republic of China	60 to 69 years old	-	✓	Human resource management Business management
Independent Director	Te-Tsai Lu	Male	Republic of China	60 to 69 years old	-	✓	Finance management

Title		Diverse Core Item							
		Operational Judgement	Accounting & Finance Analysis	Business Management	Crisis Management	Industry Knowledge	International Market Perspective	Leadership	Decision Making
Chairman	Yo Yuan Investment Corporation Representative: Ching-Shen Hong	✓		✓	✓	✓	✓	✓	✓
Director	Yo Yuan Investment Corporation Representative: Li-Ju Chen	✓	✓	✓	✓	✓		✓	✓
Director	Yo Yuan Investment Corporation Representative: Ling-wen Huang	✓	✓	✓	✓	✓		✓	
Director	Yo Yuan Investment Corporation Representative: Fu-Sheng Huang	✓		✓	✓			✓	✓
Director	Nice Enterprise Co., Ltd. Representative: Ching-Liang Chen	✓		✓	✓	✓	✓	✓	✓
Independent Director	Kuang-Chih Huang	✓		✓	✓		✓	✓	✓
Independent Director	Chi-Shan Hung	✓	✓	✓	✓			✓	✓
Independent Director	Chin-Cheng Kao	✓		✓	✓			✓	✓
Independent Director	Te-Tsai Lu	✓	✓	✓	✓		✓	✓	✓

The Company currently has 5 Directors (55.6%) and 4 Independent Directors (44.4%).

In terms of composition, the board consists of 2 female directors (22.2%) and 7 male directors (77.8%). Among them, 3 directors (33.3%) are employee representatives, including 1 director who also serves as a managerial officer. The proportion of directors concurrently serving as managerial officers does not exceed one-third of the total number of board seats. There are 4 independent directors, with 1 independent director having served for 3–4 years, while the other 3 independent directors are newly appointed for this term.

The age distribution of the board members is as follows: 22.2% are aged 50-59, 33.3% are aged 60-69, and 44.5% are aged 70 or above. All board members hold nationality from the Republic of China (Taiwan).—

The specific management objectives and achievements regarding board diversity are as follows:

Management Objectives	Achievement
Independent directors shall not be reappointed for more than 3 consecutive terms to maintain their independence.	✓
At least one-third of the board seats should possess with professional backgrounds in technology innovation, information systems, or accounting and finance.	✓
At least one-third of the independent directors should possess with professional backgrounds in accounting and finance, corporate governance or business management.	✓

2. If the board of directors of a listed company has less than one-third representation of either gender, the company should explain the reasons and outline measures to enhance gender diversity

The company's industry structure has historically been male-dominated, resulting in lower participation of female talent in this field, which has subsequently impacted the proportion of women in decision-making roles.

In the future, the company will actively seek and attract female professionals with expertise to join the board of directors. This initiative aims to enhance the company's corporate image and cultural values, foster a diverse, inclusive, and gender-equal decision-making environment, and increase the appeal to female professionals. These efforts will contribute to improving gender diversity within the board of directors.

3. Board of directors independence

The Company currently has 9 Board of Directors member, including 5 Directors and 4 Independent Directors. Independent Directors account for 44.44% of the Board, and all Independent Directors have served for less than 3 terms.

The Company's Independent Directors all comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and no Director or Independent Director violates the terms provided in Article 26-3 paragraphs 3 and 4 of the Securities and Exchange Act.

(II) Profile of the President, Vice Presidents, Assistant Vice Presidents, and Department Directors

March 30, 2025

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Education and work experience	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Ching-Shen Hong	Male	2011.3.4	4,870,000	1.78%	267,000	0.10%	-	-	Bachelor degree in Electrical Engineering, Kun Shan University Graduated from the Department of Business Import/Export Management, Vancouver Community College	Chairman, Sunonwealth Electric Machine Industry Co., Ltd. Chairman, Sunon Electronics (Kunshan) Co., Ltd. Chairman, Sunon Electronic (Foshan) Co., Ltd. Chairman, Sunon Electronics (Bei Hai) Co., Ltd. Chairman, Beihai Li Zhun Electronics Co., Ltd. Chairman, Sunon Inc. (United States) Chairman, Sunon SAS (France) Director, Sunon Corporation Chairman, Sunon Electronics India Private Ltd. (India) Director, Sunon Properties Philippines Corp. Director, Sunon Electronics Philippines Corp. Director, Suzhou Shengyixing Heat Transfer Technology Co., Ltd. Chairman, Yo Yuan Investment Corporation Executive Director, Sunon Cooling Technology (Huizhou) Co., Ltd. Director, Sunon Cooling Technology (Thailand) Co.	-	-	-	(Note1)
Executive Vice President	Republic of China	Simon Wu	Male	2021.2.1	-	-	5,000	0.00%	-	-	EMBA, National University of Kaohsiung	Director, Kunshan Feng Xin Rui Electronics Technology Co., Ltd. Director, Sunon Cooling Technology (Thailand) Co., Ltd.	-	-	-	-
Vice President and Director of the Finance Division Corporate Governance Officer	Republic of China	William Li	Male	2006.1.1	-	-	-	-	-	-	Master degree in Industrial Management, National Taiwan University of Science and Technology	Supervisor, Suzhou Shengyixing Heat Transfer Technology Co., Ltd. Supervisor, Beihai Li Zhun Electronics Co., Ltd. Director, Sunon Inc. Supervisor, Sunon Corporation Director, Sunon Electronics (Kunshan) Co., Ltd. Director, Sunon Electronic (Foshan) Co., Ltd. Director, Sunon Electronics (Bei Hai) Co., Ltd. Director, Sunon Properties Philippines Corp. Director, Sunon Electronics Philippines Corp.	-	-	-	-
President of Business Unit	Republic of China	Gavin Li	Male	2014.7.25	7,299	0.00%	-	-	-	-	Department of Mechanical Engineering, National Taipei Institute of Technology	-	-	-	-	-
President of Business Unit	Republic of China	Kuan-Hung Tseng	Male	2019.11.6	-	-	-	-	-	-	Master degree in Business Administration, Southern Taiwan University of Science and Technology	-	-	-	-	(Note2)

Vice President of Business Unit	Republic of China	Ranol Lin	Male	2024.7.1	-	-	-	-	-	-	Master degree, Institute of Management, National Sun Yat-sen University	-	-	-	-
Acting Vice President of Business Unit	Republic of China	Ru Chen Lin	Female	2024.7.1	-	-	-	-	-	-	Bachelor degree in Media Studies, University of California, Berkeley	-	-	-	-
Plant Director	Republic of China	Chao-Wang Chiu	Male	2022.2.1	5,000	0.00%	1,000	0.00%	-	-	Department of Electrical Engineering, Chin-Yi Institute of Technology	-	-	-	-
Plant Director	Republic of China	Chieh-Hung Lin	Male	2023.4.1	-	-	-	-	-	-	Bachelor degree in Electrical Engineering, Yuan Ze University	-	-	-	-
Vice Plant Director	Republic of China	Irenne Ng	Female	2025.3.6	-	-	-	-	-	-	Bachelor degree, University of the Philippines Open University	-	-	-	-

Note 1: Combined Chairman and CEO explanation and measures: The Company operates with a combined Chairman and CEO system which enhances operational efficiency and policy execution efficiency. Meanwhile, the Company continuously makes efforts to train and seek a suitable managerial candidate; additionally, the Chairman closely communicates with the Board of Directors regarding the Company's operations and strategic plans to effectively implement corporate governance.

Note 2: President of Business Unit Kuan-Hung Tseng resigned on February 28, 2025.

II. Remunerations to Directors (including Independent Directors), Supervisors, President, and Vice Presidents in recent years

(I) Director's remuneration

Remuneration to Ordinary Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)

Unit: Thousand NT\$; %

Title		Name	Director's remuneration								Ratio of total compensation (A+B+C+D) to net income		Pay received as an employee								Percentage of the total sums of A, B, C, D, E, F, and G on the net profit		Compensation from investee companies other than subsidiaries or the parent company
			Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Fees for conducting business(D)				Salary, bonuses and allowances(E)		Retirement pension (F)		Employee's remuneration(G)						
			The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company		All companies in the Financial Report		The Company	All companies in the Financial Report	
																	Cash amount	Stock amount	Cash amount	Stock amount			
Director	Chairman of the Board	Yo Yuan Investment Corporation Representative: Ching-Shen Hong	1,506	1,506	-	-	5,225	5,225	60	60	6,791 0.46	6,791 0.46	12,266	14,706	-	-	7,677	-	7,677	-	26,734 1.79	29,174 1.96	-
	-	Yo Yuan Investment Corporation Representative: Fu-Ing Hong Chen (Note 1)	120	120	-	-	-	-	20	20	140 0.01	140 0.01	520	520	-	-	-	-	-	-	660 0.04	660 0.04	-
	-	Yo Yuan Investment Corporation Representative: Li-Ju Chen	426	426	-	-	1,925	1,925	60	60	2,411 0.17	2,411 0.17	4,167	4,167	-	-	2,252	-	2,252	-	8,830 0.6	8,830 0.6	-
	-	Yo Yuan Investment Corporation Representative: Tseng-Cheng Lin (Note 2)	164	164	-	-	963	963	40	40	1,167 0.08	1,167 0.08	-	-	-	-	-	-	-	-	1,167 0.08	1,167 0.08	-

	-	Yo Yuan Investment Corporation Representative: Ling-wen Huang (Note 3)	263	263	-	-	481	481	30	30	774 0.06	774 0.06	1,879	1,879	-	-	1,993	-	1,993	-	4,646 0.32	4,646 0.32	-
	-	Yo Yuan Investment Corporation Representative: Fu-Sheng Huang (Note 3)	263	263	-	-	481	481	30	30	774 0.06	774 0.06	-	-	-	-	-	-	-	-	774 0.06	774 0.06	-
	-	Nice Enterprise Co., Ltd. Representative: Ching-Liang Chen	426	426	-	-	1,925	1,925	60	60	2,411 0.17	2,411 0.17	-	-	-	-	-	-	-	-	2,411 0.17	2,411 0.17	-
Independent Director		Chun-Hao Xin (Note 2)	656	656	-	-	-	-	40	40	696 0.05	696 0.05	-	-	-	-	-	-	-	-	696 0.05	696 0.05	-
		Mei-Hsiang Pai (Note 2)	656	656	-	-	-	-	40	40	696 0.05	696 0.05	-	-	-	-	-	-	-	-	696 0.05	696 0.05	-
		Chih-Ming Chen (Note 2)	849	849	-	-	-	-	60	60	909 0.06	909 0.06	-	-	-	-	-	-	-	-	909 0.06	909 0.06	-
		Kuang-Chih Huang	1,386	1,386	-	-	-	-	60	60	1,446 0.10	1,446 0.10	-	-	-	-	-	-	-	-	1,446 0.10	1,446 0.10	-
		Chi-Shan Hung (Note 3)	854	854	-	-	-	-	30	30	884 0.06	884 0.06	-	-	-	-	-	-	-	-	884 0.06	884 0.06	-
		Chin-Cheng Kao (Note 3)	854	854	-	-	-	-	30	30	884 0.06	884 0.06	-	-	-	-	-	-	-	-	884 0.06	884 0.06	-
		Te-Tsai Lu (Note 3)	788	788	-	-	-	-	30	30	818 0.06	818 0.06	-	-	-	-	-	-	-	-	818 0.06	818 0.06	-
1. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: The compensation for independent directors includes remuneration and business execution fees. The monthly remuneration takes into account the extent of the independent directors' participation in the company's operations and their responsibilities, while also referencing industry benchmarks for payment. Independent directors do not participate in the distribution of director compensation. In accordance with Article 29 of the Company's Articles of Incorporation, the Company shall distribute no more than 5% of the profits of the current year as remuneration for Directors and propose to Remuneration Committee and Board of Directors for resolution. 2. Except as disclosed above, remuneration received by directors in the latest year for services (e.g., acting as a non-employee consultant of the parent company/any company in the financial statements/investee) provided by the directors: None.																							

Note 1: Director, Fu-Ing Hong Chen, resigned on April 29, 2024.

Note 2: Director resigned after re-election of directors at the shareholders' meeting on June 14, 2024.

Note 3: Director was appointed after re-election of directors at the shareholders' meeting on June 14, 2024.

(II) Remunerations to President and Vice President

Remuneration to President (s) and Vice President (s) (Individual Disclosure of Names and Remuneration Items)

Unit: Thousand NT\$, %

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances, etc. (C)		Employee remuneration (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from investee companies other than subsidiaries or the parent company
		The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company		All companies in the Financial Report		The Company	All companies in the Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Ching-Shen Hong	6,165	7,774	-	-	6,101	6,932	7,677	-	7,677	-	19,943 1.34	22,383 1.50	-
Executive Vice President	Chin-Tzu Wu	4,117	4,117	-	-	2,913	2,913	4,032	-	4,032	-	11,062 0.75	11,062 0.75	-
Vice President	William Li	2,971	2,971	-	-	2,426	2,426	2,481	-	2,481	-	7,878 0.53	7,878 0.53	-
President of Business Unit (Note)	Kuan-Hung Tseng	3,270	3,799	-	-	1,168	1,480	-	-	-	-	4,438 0.30	5,279 0.35	-

Note: President of Business Unit Kuan-Hung Tseng resigned on February 28, 2025.

Remuneration to the Top Five Highest Remunerated Executives of a TWSE listed Company (Individual Disclosure of Names and Remuneration Items)

Unit: Thousand NT\$; %

Title	Name	Salary (A))		Retirement pension (B)		Bonuses and allowances, etc. (C)		Employee remuneration (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from investee companies other than subsidiaries or the parent company
		The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company		All companies in the Financial Report		The Company	All companies in the Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Ching-Shen Hong	6,165	7,774	-	-	6,101	6,932	7,677	-	7,677	-	19,943 1.34	22,383 1.50	-
Executive Vice President	Chin-Tzu Wu	4,117	4,117	-	-	2,913	2,913	4,032	-	4,032	-	11,062 0.75	11,062 0.75	-
Vice President	William Li	2,971	2,971	-	-	2,426	2,426	2,481	-	2,481	-	7,878 0.53	7,878 0.53	-
Director	Li-Ju Chen	1,802	1,802	-	-	2,365	2,365	2,252	-	2,252	-	6,419 0.43	6,419 0.43	-
President of Business Unit (Note)	Kuan-Hung Tseng	3,270	3,799	-	-	1,168	1,480	-	-	-	-	4,438 0.30	5,279 0.35	-

Note: President of Business Unit Kuan-Hung Tseng resigned on February 28, 2025.

(III) Managerial officer's name and the distribution of employee bonus

Unit: Thousand NT\$

	Title (Note 1)	Name	Stock amount	Cash amount	Total	Percentage of total bonuses to net profit after tax (%)
Managerial Officer	President	Ching-Shen Hong	-	7,677	7,677	0.51
	Executive Vice President	Chin-Tzu Wu	-	4,032	4,032	0.27
	Vice President and Director of the Finance Division	William Li	-	2,481	2,481	0.17
	Corporate Governance Officer					
	President of Business Unit	Chen-Hsueh Li	-	982	982	0.07
	President of Business Unit (Note 2)	Kuan-Hung Tseng	-	-	-	-
	Plant Director	Chao-Wang Chiu	-	682	682	0.05
	Plant Director	Chieh-Hung Lin	-	341	341	0.02
	Vice President of Business Unit	Ranol Lin	-	532	532	0.04
	Acting Vice President of Business Unit	Ru Chen Lin	-	322	322	0.02
	Vice Plant Director	Irenne Ng	-	322	322	0.02

Note 1: This refers to the disclosure of the employee compensation amounts (including stock and cash) in the most recent fiscal year allocated to managerial officers, as approved by the Board of Directors.

Note 2: President of Business Unit Kuan-Hung Tseng resigned on February 28, 2025.

(IV) Comparison of compensation paid by the Company and all the consolidated entities in the last two years to the company's Directors, Supervisors, President and Vice Presidents as a percentage to the net income after tax. Explanation on remuneration policies, standards and combination of the procedures in determining remuneration, and association with business performance and future risks:

- 1 The analysis of remunerations to the Company's Directors, Supervisors, President and Vice Presidents as a percentage of net profit after tax in the most recent year is provided in the table below:

Year	Total remuneration paid to Directors, Supervisors, the President, and Vice Presidents (thousand NT\$)		Total remuneration as a percentage of profit after tax (%)	
	The Company	All Companies in the Consolidated Financial Report	The Company	All companies in the Consolidated Financial Report
2023	66,205	68,706	4.96	5.15
2024	74,930	78,211	5.02	5.24

2 The policy, standards and packages of remuneration, procedure for making such decision, and relation to business performance and future risks:

(I) Policies, standards, and packages of compensation:

- ① The remuneration for Directors of the Company shall be determined in accordance with prevailing rates in the industry. Any profit of the Company shall be processed according to Article 29 of Articles of Incorporation, which states that when the Company makes a profit, it shall set aside no more than 5% as remuneration for Directors. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses.

Independent Directors are not eligible for the distribution of remuneration for Directors.

The Company evaluates the remuneration for Directors at regular intervals in accordance with the "Rules for Performance Evaluation of Board of Directors", and the reasonableness of the remuneration is reviewed by the Remuneration Committee and the Board of Directors.

- ② The Company's remuneration for managerial officers is based on the work allowances and bonuses in the Company's Remuneration Regulations to support and reward employees for their hard work and contributions in work. Other bonuses are also distributed based on the Company's annual business performance, financial conditions, and employees' individual performance.

If the company turns a profit, it shall be processed according to Article 29 of Articles of Incorporation, which states that it shall set aside no less than 2% as remuneration for employees.

To encourage employees to work together and to share the results of business operations, the Company established the "Employee Remuneration Incentive Regulations" as the basis for strengthening employees' sense of solidarity and implementation of reward measures.

- ③ The Company's payment of remuneration is based on the "Rules for Performance Evaluation of Board of Directors" and the results of evaluations conducted in accordance with the "Employee Remuneration Incentive Regulations" which applies to managerial officers and employees.

The performance evaluation and the reasonableness of salary and remuneration for Directors and managerial officers is reviewed by the Remuneration Committee and the Board of Directors each year. In addition to the personal performance achievement rate and contributions to the Company, the Company reviews the remuneration system in accordance with overall business performance, future risks of the industry, and development trends, as well as

actual business operations and related laws. The Company also evaluates the current corporate governance trends for providing reasonable remuneration to maintain a balance between sustainable management and risk management.

(II) Procedures for determining remuneration:

- ① The regular evaluation of the salary and remuneration for Directors and managerial officers is conducted based on the "Rules for Performance Evaluation of Board of Directors" and the results of evaluations conducted in accordance with the "Employee Remuneration Incentive Policy" which applies to managerial officers and employees. The performance evaluation of the Chairman is based on the results of the Company's annual business performance indicators related to its business operations, governance, and financial operations. The scope of the evaluation includes net profit before tax, customer satisfaction rate, and corporate governance evaluation indicators. The scope of the performance evaluation of the President includes the performance targets for main work duties such as operation safety management, supervision of the implementation of financial plans, revenue management, enhancement of internal control, and implementation of quality assurance and management.
- ② The results of the 2024 self-evaluation for the Board of Directors and each individual Director were excellent and very good, respectively.
- ③ The performance evaluation and the reasonableness of salary and remuneration for Directors and managerial officers is reviewed by the Remuneration Committee and the Board of Directors each year. In addition to the personal performance achievement rate and contributions to the Company, the Company reviews the remuneration system in accordance with overall business performance, future risks of the industry, and development trends, as well as actual business operations and related laws. The Company also evaluates the current corporate governance trends for providing reasonable remuneration to maintain a balance between sustainable management and risk management. The actual amounts distributed as remuneration for the Directors and managerial officers in 2024 were reviewed by the Remuneration Committee and filed to the Board of Directors for approval.

(III) Relation to business performance and future risks:

- ① The review of the payment standards and systems of Company's remuneration policy is based on the Company's overall business conditions. We also set payment criteria based on the performance attainment rate and contribution to increase the overall organization performance of the Board of Directors and the management departments. We also use the remuneration standards of the industry as a reference to ensure that the remuneration of the Company's management remains competitive in the industry and retain outstanding management talents.
- ② The performance targets of the Company's managerial officers meet the risk management requirements to ensure the management and prevention of risks within the scope of their duties. The Company also grades the results based on their actual performance and connects the results to the human resources and related salary and remuneration policies. The important decisions of the Company's management are made based on assessments of various risk factors. The performance of the relevant decisions reflects the profitability of the Company, and the remuneration of management personnel is connected to their risk management performance.

The Company's regular remuneration for Directors, President, and Vice Presidents are based on prevailing rates in the industry and do not incur future risks. The distribution of earnings and the sequence of distribution are specified in the Articles of Incorporation and

the approval of the shareholders' meeting shall be required before distribution. The remuneration is tied to the business performance and the Company's long-term development factors have been considered for the payment of remuneration and included in the review of the Remuneration Committee. Therefore, they do not incur future risks.

III. Implementation of corporate governance

(I) Board of Directors operating status

Board of Directors operating status

A total of 6 meetings of the Board of Directors were held in the most recent year (2024). Three of the meetings were for the 16th Board of Directors, and the other three were for the 17th Board of Directors. The attendance of Directors was as follows:

Title	Name	Attendance (voting and non-voting) in person B	Attendance by proxy	Attendance (voting and non-voting) in person rate (%) [B/A]	Remarks (Note) (A)
Chairman of the Board	Yo Yuan Investment Corporation Representative: Ching-Shen Hong	6	0	100	Re-election. Should attend 6 times.
Director	Yo Yuan Investment Corporation Representative: Fu-Ing Hong Chen	1	1	50	Resigned on April 29, 2024. Should attend 2 times.
Director	Yo Yuan Investment Corporation Representative: Li-Ju Chen	6	0	100	Re-election. Should attend 6 times.
Director	Yo Yuan Investment Corporation Representative: Tseng-Cheng Lin	3	0	100	Former director. Should attend 3 times.
Director	Yo Yuan Investment Corporation Representative: Ling-Wen Huang	3	0	100	Newly elected. Should attend 3 times.
Director	Yo Yuan Investment Corporation Representative: Fu-Sheng Huang	3	0	100	Newly elected. Should attend 3 times.
Director	Nice Enterprise Co., Ltd. Representative: Ching-Liang Chen	6	0	100	Re-election. Should attend 6 times.
Independent Director	Chi-Shan Hung	3	0	100	Newly elected. Should attend 3 times.
Independent Director	Chin-Cheng Kao	3	0	100	Newly elected. Should attend 3 times.
Independent Director	Te-Tsai Lu	3	0	100	Newly elected. Should attend 3 times.
Independent Director	Kuang-Chih Huang	6	0	100	Re-election. Should attend 6 times.
Independent Director	Chun-Hao Xin	3	0	100	Former director. Should attend 3 times.

Independent Director	Mei-Hsiang Pai	3	0	100	Former director. Should attend 3 times.
Independent Director	Chih-Ming Chen	3	0	100	Former director. Should attend 3 times.

Note: The company held a comprehensive director election at the shareholders' meeting on June 14, 2024.

Other matters required to be recorded:

- I. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:
 - (I) Items specified in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has established the Audit Committee and therefore complied with requirements in Article 14-5 of the Securities and Exchange Act.
 - (II) Aside from the above matters, other resolutions adopted by the Board of Directors to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.
- II. The Directors' avoidance of interest motion should indicate the names of the Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting:
 1. Date of Board of Director meeting: January 19, 2024, 15th meeting of the 16th Board of Directors
 Agenda: Discussion of the Company's 2023 year-end bonus for managerial officers.
 Directors with conflicts of interest: Ching-Shen Hong, Fu-Ing Hong Chen and Li-Ju Chen.
 Reasons for recusal and participation in voting: Directors, Ching-Shen Hong, Fu-Ing Hong Chen and Li-Ju Chen, were parties with a vested interest in the matter and, in accordance with the principle of recusal, did not participate in the discussion or voting on the proposal.
 2. Date of Board of Director meeting: March 7, 2024, 16th meeting of the 16th Board of Directors
 Agenda: Discussion of the Company's 2023 employee remuneration for managerial officers.
 Directors with conflicts of interest: Ching-Shen Hong, Fu-Ing Hong Chen and Li-Ju Chen.
 Reasons for recusal and participation in voting: Directors, Ching-Shen Hong, Fu-Ing Hong Chen and Li-Ju Chen, were parties with a vested interest in the matter and, in accordance with the principle of recusal, did not participate in the discussion or voting on the proposal.
 3. Date of Board of Director meeting: May 3, 2024, 17th meeting of the 16th Board of Directors
 Agenda: The company will implement an employee share ownership trust plan to retain and motivate employees. The plan will be funded by a corporate contribution, targeting eligible managers who meet the qualification criteria.
 Directors with conflicts of interest: Ching-Shen Hong and Li-Ju Chen.
 Reasons for recusal and participation in voting: Directors, Ching-Shen Hong and Li-Ju Chen, were parties with a vested interest in the matter and, in accordance with the principle of recusal, did not participate in the discussion or voting on the proposal.
 4. Date of Board of Director meeting: June 14, 2024, 1st meeting of the 17th Board of Directors
 Agenda: Appoint new Remuneration Committee members
 Directors with conflicts of interest: Chin-Cheng Kao and Chi-Shan Hung.
 Reasons for recusal and participation in voting: Directors, Chin-Cheng Kao and Chi-Shan Hung, were parties with a vested interest in the matter and, in accordance with the principle of recusal, did not participate in the discussion or voting on the proposal.
 5. Date of Board of Director meeting: August 8, 2024, 2nd meeting of the 17th Board of Directors
 Agenda: Proposal to adjust the remuneration of directors and functional committee members, meeting allowances, and the distribution ratio of directors' compensation.
 Directors with conflicts of interest: Ching-Shen Hong, Li-Ju Chen, Ching-Liang Chen, Ling-Wen Huang, Fu-Sheng Huang, Kuang-Chih Huang, Chi-Shan Hung, Chin-Cheng Kao and Te-Tsai Lu.
 Reasons for recusal and participation in voting: The proposal was voted on item by item, and all attending directors, except those who recused themselves due to conflicts of interest, agreed to pass it.
 6. Date of Board of Director meeting: August 8, 2024, 2nd meeting of the 17th Board of Directors
 Agenda: In accordance with the employee share ownership trust plan, the plan will be funded by a corporate contribution, targeting eligible managers who meet the qualification criteria.
 Directors with conflicts of interest: Ling-Wen Huang.
 Reasons for recusal and participation in voting: Director, Ling-Wen Huang, was a party with a vested interest in the matter and, in accordance with the principle of recusal, did not participate in the discussion or voting on the proposal.
 7. Date of Board of Director meeting: November 11, 2024, 3rd meeting of the 17th Board of Directors
 Agenda: In line with the revision of our company's employee share ownership trust plan, we propose to allocate corporate funds to eligible managers who meet the qualification criteria.

Directors with conflicts of interest: Ching-Shen Hong and Li-Ju Chen.

Reasons for recusal and participation in voting: Directors, Ching-Shen Hong and Li-Ju Chen, were parties with a vested interest in the matter and, in accordance with the principle of recusal, did not participate in the discussion or voting on the proposal.

III. Board of Directors (including functional committees) evaluation status:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Once every year	From January 1 to December 31, 2024	Board of Directors and members of the Board of Directors	Self-evaluation of the Board of Directors and self-evaluation of Directors	- The performance evaluation items of the Board of Directors include the following five categories: - Participation in the operation of the Company. - Improvement of the quality of the Board of Directors' decision making. - Composition and structure of the Board of Directors. - Election and continuing education of the Directors. - Internal control. - The performance evaluation items of the Board of Directors (self-evaluation or peer evaluation) include the following six categories: - Familiarity with the goals and missions of the Company. - Accountabilities of Directors. - Participation in the operation of the Company. - Management of internal relationship and communication. - The Director's professionalism and continuing education. - Internal control.
Once every year	From January 1 to December 31, 2024	Audit Committee and Remuneration Committee	Self-evaluation	The performance evaluation items of the Audit Committee and Remuneration Committee include the following five categories: - Participation in the operation of the Company. - Accountabilities of the Committee. - Improvement of the quality of the Committee. - Committee composition and member appointment. - Internal control.

IV. Programs this year and in the most recent year in strengthening the functionality of the Board (for example, set up an auditing committee, improve transparency, etc.) and execution evaluation.

The Company converted the supervisor system to the Audit Committee system on June 9, 2015. The audit and finance manager report the operations of audits and financial status to the Audit Committee each quarter. They maintain smooth communication and operations.

In order to implement corporate governance and enhance the functions of the Company's Board of

Directors as well as to establish performance targets so as to enhance the operational efficiency of the Board of Directors, the Company has established the Rules for Performance Evaluation of Board of Directors on May 7, 2020. The Company implements one internal performance evaluation each year and submits results to the Board of Directors before the end of the first quarter of the following year. The performance evaluation results are used as the basis for review and improvements as well as reference for remuneration, nomination, and continued appointment. The results of the 2024 board performance evaluation were reported to the Board of Directors on March 6, 2025 and its result is excellent.

(II) Audit Committee operating status

Audit Committee operating status

The Audit Committee convened a total of 5 meetings in the most recent year (2024). The attendance of Independent Directors was as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate(%) (B/A) (Note1, Note2)	Remarks (Note 3) (A)
Independent Director	Chun-Hao Xin	3	0	100	Former member. Should attend 3 times.
Independent Director	Mei-Hsiang Pai	3	0	100	Former member. Should attend 3 times.
Independent Director	Chih-Ming Chen	3	0	100	Former member. Should attend 3 times.
Independent Director	Kuang-chih Huang	5	0	100	Re-election. Should attend 5 times.
Independent Director	Chi-Shan Hung	2	0	100	Newly elected. Should attend 2 times.
Independent Director	Chin-Cheng Kao	2	0	100	Newly elected. Should attend 2 times.
Independent Director	Te-Tsai Lu	2	0	100	Newly elected. Should attend 2 times.

Note 3: The Company held a comprehensive election on June 14, 2024

Other matters required to be recorded:

- I. The date of the meeting of the Audit Committee, the term, contents of the proposals, objections, qualified opinions, and important recommendations of independent directors, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be specified under any of the following circumstances in the operations of the Audit Committee:
- (I) Items specified in Article 14-5 of the Securities and Exchange Act: None.

Audit Committee	Details of the proposal and subsequent developments	Matters stated in Article 14-5 of the Securities and Exchange Act	Any resolution not approved by the Audit Committee but approved by two thirds or more of all Directors
3rd Committee 13th meeting January 19, 2024	1. Discussion on the new loan Guarantee for BeiHai Li Zhun Electronics Co., Ltd. at Taishin International Bank Co., Ltd.	v	None
	2. Discussion on establishing a Philippine company to purchase land and construct staff dormitories	v	None
	Results of Audit Committee resolutions: Passed by all members of the Audit Committee.		
	The Company's response to Audit Committee opinions: Passed unanimously by all Directors in attendance.		
3rd Committee 14th meeting March 7, 2024	1. Ratification of the Company's 2023 Business Report, financial statements, and consolidated financial statements.	v	None
	2. The Company's 2023 earnings	v	None

		distribution proposal.		
		3. Review of the Company's 2023 Internal Control System Statement.	v	None
		Results of Audit Committee resolutions: Passed by all members of the Audit Committee.		
		The Company's response to Audit Committee opinions: Passed unanimously by all Directors in attendance.		
	3rd Committee 15th meeting May 3, 2024	1. Review of the consolidated financial statements for the first quarter of 2024.	v	None
		2. Proposal for increasing capital of Sunon Properties Philippines Corp. by USD 20 million.	v	None
		3. Discussion on the new loan Guarantee for BeiHai Li Zhun Electronics Co., Ltd. at HSBC (China).	v	None
		4. Internal adjustment of Accounting Firm: replacement of Certified Public Accountant (CPA)	v	None
		Results of Audit Committee resolutions: Passed by all members of the Audit Committee.		
		The Company's response to Audit Committee opinions: Passed unanimously by all Directors in attendance.		
	4th Committee 1st meeting August 8, 2024	1. Review of the consolidated financial statements for the second quarter of 2024.	v	None
		2. Discussion on increasing the Chairman's bank credit authorization amount.	v	None
		Results of Audit Committee resolutions: Passed by all members of the Audit Committee.		
		The Company's response to Audit Committee opinions: Passed unanimously by all Directors in attendance.		
	4th Committee 2nd meeting November 11, 2024	1. Review of the consolidated financial statements for the third quarter of 2024.	v	None
		2. Establishing the Company's "Internal Control System".	v	None
		3. Approving the engagement in derivative transactions.	v	None
		4. Amendment of the Company's "Corporate Governance Code of Practice".	v	None
		5. Amendment of the Company's "Audit Committee Charter"	v	None
		6. Amendment of the Company's "Board of Directors Meeting Rules".	v	None
		7. Discussion on the Company's 2025 Audit Plan.	v	None
		Results of Audit Committee resolutions: Passed by all members of the Audit Committee.		
		The Company's response to Audit Committee opinions: Passed unanimously by all Directors in attendance.		

(II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.

II. The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the

involvement in voting: None.

III. Independent Directors' communication with internal auditors and CPAs (including communication over the Company's financial and business status and the methods and results, etc.)

Communication between Independent Directors and internal auditors:

- (I) Communication policy between Independent Directors and internal auditors and accountants:
1. The Audit Plan for the following year shall be approved by the Audit Committee at the end of each fiscal year and filed to the Board of Directors for resolution.
 2. The audit progress shall be reported to Audit Committee each quarter.
 3. After the conclusion of an audit, the internal audit report shall be submitted to the Audit Committee (Independent Directors) for review before the end of the following month.
 4. The Audit Office and internal units shall track and reevaluate items that require improvements as proposed in the audit opinions, discovered discrepancies, and Statement on Internal Control and submit a written report on the improvement status to the Audit Committee.
 5. The evaluation of the effectiveness of the Company's internal control system and the Internal Control System Statement are submitted to the Audit Committee for review.
- (II) Communication between Independent Directors and internal auditors and accountants in 2024:

Date	Communication status	
January 19, 2024 Preparation meeting for the meeting of the Audit Committee	Attendees	Independent Directors Chun-Hao Xin, Mei-Hsiang Pai, Chih-Ming Chen, and Kuang-Chih Huang, and the internal auditor Tai-Hsiung Mao
	Communication items	Audit execution report for October 2023 to December 2023.
	Communication results	No objections at this meeting.
March 7, 2024 Preparation meeting for the meeting of the Audit Committee	Attendees	Independent Directors Chun-Hao Xin, Mei-Hsiang Pai, Chih-Ming Chen, and Kuang-Chih Huang, and the accountant Ching-Lin Li
	Communication items	Report on communication with governance units in 2023.
	Communication results	No objections at this meeting.
March 7, 2024 Preparation meeting for the meeting of the Audit Committee	Attendees	Independent Directors Chun-Hao Xin, Mei-Hsiang Pai, Chih-Ming Chen, and Kuang-Chih Huang, and the internal auditor Tai-Hsiung Mao
	Communication items	1. Audit execution report for January 2024 to February 2024. 2. 2023 Internal Control System Statement.
	Communication results	No objections at this meeting.
May 3, 2024 Preparation meeting for the meeting of the Audit Committee	Attendees	Independent Directors Chun-Hao Xin, Mei-Hsiang Pai, Chih-Ming Chen, and Kuang-Chih Huang, and the internal auditor Tai-Hsiung Mao
	Communication items	Audit execution report for March 2024.
	Communication results	No objections at this meeting.
August 8, 2024 Preparation meeting for the meeting of the Audit Committee	Attendees	Independent Directors Chi-Shan Hung, Chin-Cheng Kao, Te-Tsai Lu and Kuang-Chih Huang, and the internal auditor Tai-Hsiung Mao
	Communication items	Audit execution report for April to June 2024.
	Communication results	No objections at this meeting.
November 11, 2024 Preparation meeting for the meeting of the Audit Committee	Attendees	Independent Directors Chi-Shan Hung, Chin-Cheng Kao, Te-Tsai Lu and Kuang-Chih Huang, and the internal auditor Tai-Hsiung Mao
	Communication items	1. Audit execution report for July to September 2024. 2. The 2025 audit plan.
	Communication results	No objections at this meeting.

- IV. Key work items and implementation status of the Audit Committee for the year:
1. Regular communication of the audit report results with the internal auditor based on the annual audit plan.
 2. Communication between the Company's certifying CPA and the results of the audit of the financial statements.
 3. Review of the Financial Report.
 4. Assessment of the effectiveness of the internal control system.
 5. Matters involving the personal interests of Directors.
 6. Appointment, dismissal, or compensation of CPAs, as well as a review of the services provided.
 7. Material asset or derivatives transaction.
 8. Review of rules for assets, financial derivatives, loan provision, and endorsements and guarantees, as well as a review of transactions involving major assets, capital loans, and endorsements and guarantees.
 9. Raising capital from, issuing, or private placement of equity securities.
 10. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
 11. Compliance.

Note1: Where an Independent Director resigns before the end of the fiscal year, the "remark" column should be filled with the Independent Director's resignation date, whereas his/her percentage of attendance in person (%) should be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Note2: If Independent Directors are re-elected before the end of the fiscal year, incoming and outgoing Independent Directors should be listed accordingly, and the "remark" column should indicate whether the status of an independent director is "outgoing", "incoming" or "re-elected", and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

(III) Corporate governance implementation status and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company set and disclosed principles for practicing corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established a set of Corporate Governance Best Practice Principles on November 6, 2015. On November 11, 2024, the sixth amendment to these Principles became effective after being approved by the Board of Directors, and were disclosed on the Market Observation Post System and the Company's website.	No deviation.
II. The Company's shareholding structure and shareholders' rights and interests				No deviation.
(I) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures?	✓		(I) The Company has established a set of Corporate Governance Best Practice Principles after being approved through a Board of Directors resolution, and has set up a spokesperson and acting spokesperson system as well as the ir@sunon.com email account to effectively process shareholder suggestions or disputes.	
(II) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	✓		(II) The Company uses the shareholder register provided by the stock transfer agency as the source of information. The Company also pays attention to market information and changes in the shareholding status of insiders and regularly discloses information on major shareholders and the ultimate controllers of major shareholders.	
(III) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated companies?	✓		(III) The Company has established internal control procedures including the Procedures for Acquisition or Disposal of Assets, the Procedures for Loaning of Funds to Others, the Procedures for Making Endorsements and Guarantees, and the Regulations for the Supervision and Management of Subsidiaries after being approved by a Shareholders' Meeting resolution. Related risk management and firewall mechanisms have also been established.	
(IV) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on	✓		(IV) The Company's Ethical Corporate Management Operating Procedures, Ethical Corporate Management Operating Procedures and Code of	

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
information yet to be public on the market?				

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			Conduct, and Procedures for Handling Material Inside Information approved through a Board of Directors resolution stipulate that Board members shall recuse themselves should there be a conflict of interest with their job responsibilities. These Procedures also stipulate that Board members shall not act on information not yet disclosed to the public, or disclose this information to other persons, preventing insider trading. The Company has also stipulated in the Corporate Governance Best Practice Principles measures restricting stock transactions for insiders beginning on the date that they learn of information in the Company's financial report, or other information on the Company's business performance. These measures include (without limitation) restrictions on Directors conducting any stock transactions during the restriction period beginning thirty days before the annual financial report, and fifteen days before the publication of a quarterly financial report.	
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors developed and implemented a diversity policy for the composition of its members and specific management targets?	✓		(I) Please refer to the Director Information section on page 5 to page 6 of this Annual Report, and the Disclosure of Independent Directors section on page 10 to page 12 for the composition diversity of the Board of Director's and how diversity has been implemented.	No deviation.
(II) In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees?	✓		(II) In addition to establishing the Audit Committee and the Remuneration Committee, the Company also established the Sustainable Development Committee, Information Risk Management Committee, Occupational Safety and Health Committee and the Employee Welfare Committee. The Company shall establish other functional committees	No deviation.

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓		in the future based on requirements. (III) The Company has established the "Rules for Performance Evaluation of Board of Directors" which have been disclosed on the Market Observation Post System (MOPS) and the Company's website. According to Article 2 and Article 3 of the Company's "Rules for Performance Evaluation of Board of Directors", the Board of Directors shall conduct an internal performance evaluation of the Board of Directors based on the evaluation procedures and evaluation indicators specified in the Rules. The scope of evaluation includes the evaluation of the performance of the Board of Directors as a whole, individual directors, and functional committees. The evaluation is conducted through a questionnaire. The 2024 evaluation results were compiled by the Secretary of the Board and reported to the Board of Directors on March 6, 2025 as the basis for review and improvements. The results of the performance evaluation of the Board of Directors shall be used as the basis for the selection or nomination of Directors. The performance evaluation results for individual directors shall be used as the basis for their individual salary and remuneration.	No deviation.
(IV) Does the company periodically evaluate the level of independence of the CPA?	✓		(IV) The Company's Corporate Governance Best Practice Principles stipulates that the independence and competence of appointed accountants should be regularly evaluated, and the results submitted to the Audit Committee and the Board of Directors for approval. The Company requires that certified public accountant provide a Statement of Independence. The Audit Quality Indicators (AQI) report is used as a reference when evaluating auditors pursuant to the Accountant Independence and Competency Evaluation Standards (Note 1). The Company has confirmed that there are no financial interests or business relationships between the Company and the accountant apart from the fees provided for verification or financial tax services, that the accountant's family members do not violate independence requirements, and that the AQI indicators have been applied to confirm the performance of the accountant and accounting firm in terms of professionalism, quality control, independence, supervision, and innovation. These results have been submitted to Audit Committee and Board of Directors for	No deviation.

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			review and approved in March 2025.	
IV. Has the publicly-listed company appointed qualified and suitable number of corporate governance personnel and appointed a Corporate Governance Officer to handle governance related affairs (including but not limited to providing information necessary for Directors and Supervisors to perform their duties, aiding Directors and Supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		The Company's Board of Directors passed a resolution on May 6, 2021 to appoint the Vice President William Li as the Corporate Governance Officer. I. Main duties of the Corporate Governance Officer: 1. Handling of matters relating to Board of Directors meetings and shareholders' meetings in compliance with law; 2. Preparation of minutes of the Board of Directors meetings and shareholders' meetings; 3. Assistance in onboarding and continuing education of the Directors; 4. Provision of information required for performance of duties by the Directors; 5. Assistance in the Directors' compliance of law. 6. Report to the Board of Directors on the results of the Independent Director review, which reviewed whether each Independent Director had met legal requirements for the role when they were nominated and appointed, and during their term of service. 7. Handle matters related to changes to the Company's Directors. 8. Handle matters related to IRs and others described or established in the Articles of Incorporation or under contract. II. The corporate governance implementation in 2024 was as follows: 1. Report new amendments to regulations relevant to the Company's business operations or corporate governance to the Board of Directors and members of Functional Committees, when necessary. 2. Assist Directors in performing their duties by providing the necessary information and arranging continuing education. 3. Review the level of confidentiality for information and business secrets, and provide any required Company information to Directors and Functional Committee members. Maintain smooth communication between Directors, Functional Committee members, and managers responsible for the Company's business operations. 4. Responsible for matters related to the rules of procedures of Board of Directors, functional committees and shareholders' meeting as well as legal compliance of resolutions. (1) Confirmation that shareholders' meetings, Board of	No deviation.

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons											
	Yes	No	Summary												
			Director’s meeting, and Functional Committee meetings comply with laws and regulations and the Company’s corporate governance best practices and rules. (2) Prepare agendas for Board of Directors and Functional Committee meetings, and notify Directors and Committee members of the agenda seven days before the meeting. Convene meetings and provide information about the meetings, send out reminders for agendas items where recusals are required, and complete the minutes for each meeting within twenty days after the meeting. In 2024, 6 meetings of the Board of Directors, 5 meetings of the Audit Committee, and 5 meetings of the Remuneration Committee were convened. (3) Handle prior registration for shareholders’ meetings, prepare meeting notices, agenda handbook, meeting minutes within the statutory period, as well as handle registration of changes due to amendment of regulations and election of Directors. (4) Review announcements of important Board of Director’s resolutions to determine whether they constitute a material announcement, ensure that any material announcements are accurate and in compliance with the law, making sure that investors have been fairly provided with required transaction information. 5. Implement corporate governance affairs. 6. Purchase liability insurance for Directors and managerial officers, and report to the Board of Directors. 7. Engage with investors through IR conferences and shareholders’ meeting. III. Continuing education of the Corporate Governance Officer: <table><tr><th>Date of Training</th><th>Institution</th><th>Course Name</th><th>Course Hours</th></tr><tr><td>2024.05.16~2024.05.17</td><td rowspan="2">Securities & Futures Institute</td><td>Sustainability Disclosure Implementation Workshop</td><td>9</td></tr><tr><td>2024.10.04</td><td>2024 Insider Trading Prevention Awareness.</td><td>3</td></tr></table> The appointment, duties, and operations of the Corporate Governance	Date of Training	Institution	Course Name	Course Hours	2024.05.16~2024.05.17	Securities & Futures Institute	Sustainability Disclosure Implementation Workshop	9	2024.10.04	2024 Insider Trading Prevention Awareness.	3	
Date of Training	Institution	Course Name	Course Hours												
2024.05.16~2024.05.17	Securities & Futures Institute	Sustainability Disclosure Implementation Workshop	9												
2024.10.04		2024 Insider Trading Prevention Awareness.	3												

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			Officer have been disclosed on the Company's website.	
V. Has the Company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder area on the company website, as well as appropriately responded to important corporate and social responsibility issues of concern to stakeholders?	✓		A Stakeholder's Section has been set up on the Company's official website, and contact information for the Company's spokesperson and other related business departments has been provided, in order to respond to all stakeholders (including, without limitation, shareholders, employees, customers, and suppliers) on important corporate social responsibility issues they are concerned with. Please refer to the Company's official website https://www.sunon.com/CSRDetail.aspx?id=9AF723F62937C974 .	No deviation.
VI. Has the Company hired a professional agency to handle tasks and issues related to holding the shareholder's meeting?	✓		The Company has appointed the Transfer Agency Department of Grand Fortune Securities to handle tasks and issues related to organizing shareholder's meetings.	No deviation.
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status? (II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)? (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?	✓ ✓	 ✓	(I) The Company has set up a website (Website address: www.sunon.com , Chinese and English versions) to disclose the Company's finance, business, and corporate governance information. Information is regularly maintained and updated. (II) The Company has set up an English website (Website address: www.sunon.com , Chinese and English versions) Information provided in the investor services section has been collected and disclosed by the Company's Finance Department and Planning Department. The Company has also established and implemented a spokesperson system responsible for external communications. Information and video recordings of the Company's earnings calls have been provided on the Company's website. (III) The Company's financial reports have all been submitted to the Board of Directors after being approved by the Audit Committee within the announced period. Financial reports for the first, second, and third quarter, and monthly reports on business operations, have all been published and submitted before regulatory deadlines.	No material discrepancy.
VIII. Does the Company have other information that is helpful for understanding its status of corporate governance (including but not limited to employee	✓		(I) Employee rights, interests and well-being: The Company has always valued the protection of employee rights and benefits and we maintain communication with employees as well as smooth complaint channels.	No deviation.

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
rights and interests, employee well-being, investor relations, supplier relations, rights of interested parties, further education sought by Directors and Supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the taking out of liability insurance for Directors and Supervisors)?			We respect and protect employees' interests. The Company established the Employee Welfare Committee and the Sexual Harassment Complaint Processing Committee. We implement a pension system and provide group insurance, employee travel subsidies, bonuses for birthdays, childbirth, marriage, funeral, and performance, year-end bonus, and organize outdoor activities. We provide diverse education and training for employees and we have established an online learning platform, internal education and training, and subsidies for external training programs to encourage employees to study on the job. (II) Employee relations: To protect employees' health, the Company selects a qualified hospital each year to provide employees with health examinations and organize physical and mental health seminars. The Company organizes family day events to relieve work pressure and let employees' family members learn more about the Company and build cohesiveness. (III) Investor relations: The Company provides full information disclosure on the Market Observation Post System and the "Investor Services" section on the Company's website. We also provide contact information of the Company's spokesperson and investor mailbox to maintain harmonious relations with shareholders. (IV) Supplier relations: The Company has established the "Supplier Management Regulations" and established an online supplier platform to build solid partnerships with suppliers based on the principles of equality and reciprocity. (V) Stakeholder interests: The Company maintains smooth engagements with employees, investors, Directors, customers, and suppliers through multiple diverse channels to respect and protect their due interests. We also established a spokesperson system to respond to investors' questions with the aim of protecting the interests of stakeholders. (VI) Implementation of customer relations policies: The Company's business departments provide customers with solutions for products and other issues and maintain smooth communication channels with customers. (VII) Continuing education of Directors and Supervisors: The Company's	

Assessed areas	Implementation status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			Directors and Independent Directors are required to attend continuing education courses and meet requirements for courses on corporate governance. The Company continue to arrange appropriate continuous training courses for Directors and Independent Directors. (Please refer to the following table Note 2 for the status of continuing education) (VIII) Implementation of risk management policies and risk assessment standards: The Company has established the "Procedures for Acquisition or Disposal of Assets", "Procedures for Making Endorsements and Guarantees", and "Procedures for Loaning of Funds to Others" as the basis for risk management and assessment for the Company's operating units and auditing units in their execution of related businesses. (IX) Status of purchase of liability insurance for Directors and Supervisors: The Company has purchased liability insurance for Directors, Independent Directors, and key managerial officers, and reported the insurance purchase information to the Board of Directors on November 11, 2024. The insurance coverage period is from November 15, 2024 to November 15, 2025.	
IX. Please described improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement will be needed. (Leave this section blank if the company is not included in the evaluation process)				
Improvements			Proposed Priority Improvement Items	
No more than two Directors of the Company are spouses or second-degree relatives.			The Sustainability Report must be approved by the Board of Directors.	
The Board regularly references audit quality indicators (AQIs) to assess the independence and competence of Certified Public Accountants (CPAs).			Establishing specific measures to enhance corporate value, reporting to the Board, and disclosing information on the Market Observation Post System (MOPS).	

Note 1: Accountant Independence and Competency Evaluation Standards:

Evaluation items	Evaluation results	Have independence and competency requirements been met
Aspect One: Professionalism		
1. Do senior auditors possess the required auditing experience to carry out audit work?	Yes	Yes
2. Do accountants and senior auditors receive adequate education and training every year, and continuously acquire professional knowledge and skills?	Yes	Yes
3. Does the firm maintain enough sufficiently experienced auditors?	Yes	Yes
4. Does the firm possess sufficient professional personnel capable of supporting the audit team?	Yes	Yes
Aspect Two: Quality Control		
1. Are accountant workloads too heavy?	No	Yes
2. Are the accountants responsible for Engagement Quality Control Review (EQCR) devoting sufficient time towards reviewing audit cases?	Yes	Yes
Aspect Three: Independence		
1. Does the accountant have a direct or significant indirect financial interest in the Company?	No	Yes
2. Has the accountant obtained financing or endorsement guarantees from the Company?	No	Yes
3. Does the accountant have a close business relationship or potential employment relationship with the Company?	No	Yes
4. Has the accountant or a member of the audit team served the Company during the audit period as a director, manager, or in some other role where they had a significant impact on audit work?	No	Yes
5. Has the accountant provided non-audit services to the Company that may directly affect their audit work?	No	Yes
6. Has the accountant brokered shares or other securities issued by the Company?	No	Yes
7. Has the accountant defended the Company or represented the Company in negotiations during a dispute with a third party?	No	Yes
8. Does the accountant have a familial relationship with any of the Company's directors, managers, or employees who have a significant impact on audit work?	No	Yes
9. Has the appointed accountant and members of the audit team provided a statement of independence?	Yes	Yes
Aspect 4: Supervision		
1. Does the accountant have a record of receiving a disciplinary penalty from an Account Disciplinary Committee in the past two years?	No	Yes
Aspect Five: Innovation		
1. Does the accounting firm have the ability to innovate, and actively establish and implement specific plans to improve and ensure audit efficiency and quality?	Yes	Yes

Note 2: Status of continuing education of the Company's Directors in 2024

Title	Name	Date of course	Organizer	Course name	Duration of the course	Total hours of continuing education
Representative of institutional director	Ching-Shen Hong	2024/10/04	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	6 hours
		2024/11/18	Taipei Foundation of Finance	Corporate Governance Lecture – Sustainable Finance	3 hours	
Representative of institutional director	Li-Ju Chen	2024/10/04	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	6 hours
		2024/12/09	Taipei Foundation of Finance	Corporate Governance- IT Security- Personal Data Security Audit	3 hours	
Representative of institutional director	Ling-Wen Huang	2024/10/18	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	12 hours
		2024/11/08	Securities & Futures Institute	2024 Insider Trading Legal Compliance and Awareness Seminar	3 hours	
		2024/12/03	Taiwan Digital Governance Association	Corporate Sustainability and the Operation of Audit and Remuneration Committees	3 hours	
		2024/12/05	Chinese Financial and Economic Development Association	Global and Taiwan Economic Outlooks	3 hours	
Representative of institutional director	Fu-Sheng Huang	2024/09/20	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	12 hours
		2024/11/08	Securities & Futures Institute	2024 Insider Trading Legal Compliance and Awareness Seminar	3 hours	
		2024/11/23	Accounting Research and Development Foundation	Effective Internal Control over Sustainability Reporting	3 hours	
		2024/12/02	Taipei Foundation of Finance	Corporate Governance - Fair Customer Treatment Principles in the Financial Services Industry	3 hours	
Representative of institutional director	Ching-Liang Chen	2024/10/04	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	9 hours
		2024/11/12	Taiwan Corporate Management and Sustainable Development Association	Practices of the Board of Directors and Shareholders' Meetings of Listed Companies	3 hours	
		2024/11/12	Taiwan Corporate Management and Sustainable Development	Mergers and Acquisitions Strategies and Planning	3 hours	
Independent Director	Kuang-Chih Huang	2024/09/20	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	6 hours
		2024/11/08	Taipei Foundation of Finance	Corporate Governance: The Role of Controlling Shareholders and Accountability	3 hours	
Independent Director	Chi-Shan Hung	2024/04/12	Taiwan IR Association	Steering Corporate Wisdom Forward: Corporate Governance Leading the Way	3 hours	15 hours

Title	Name	Date of course	Organizer	Course name	Duration of the course	Total hours of continuing education
		2024/09/20	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	
		2024/11/08	Corporation Governance Association	Corporate Governance 3.0: Practical Analysis of Sustainability Reports	3 hours	
		2024/12/24	Taiwan Corporate Management and Sustainable Development	M&A Legal Framework and Case Sharing	3 hours	
		2024/12/24	Taiwan Corporate Management and Sustainable Development	Corporate Sustainability and Net-Zero Transition	3 hours	
Independent Director	Te-Tsai Lu	2024/09/20	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	12 hours
		2024/11/18	Taipei Foundation of Finance	Corporate Governance-Sustainable Finance	3 hours	
		2024/11/26	Accounting Research and Development Foundation	Common Deficiencies in Financial Statement Reviews and Issues with Asset Acquisition/Disposal	3 hours	
		2024/12/05	The Chinese Financial and Economic Development Association	Global and Taiwan Economic Outlooks	3 hours	
Independent Director	Chin-Cheng Kao	2024/10/18	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3 hours	12 hours
		2024/10/25	Securities & Futures Institute	2024 Insider Trading Legal Compliance and Awareness Seminar	3 hours	
		2024/11/13	Securities & Futures Institute	Challenges and Opportunities in Sustainable Development Pathways and Introduction of Greenhouse Gas Inventories	3 hours	
		2024/11/13	Securities & Futures Institute	Practices of Audit Committees	3 hours	

- (IV) If the Company has a Remuneration Committee, the composition and operation of the Committee shall be disclosed

Information on members of the Remuneration Committee

March 30, 2025

Criteria Identity Type Name		Professional Qualifications and Experience (Note 1)	Fulfillment of Independence Criteria	Number of other public companies in which the member also serves as a member of their compensation committee
Independent Director (Convener)	Chin-Cheng Kao	MBA in Management Science, National Chiao Tung University Bachelor degree in Psychology, National Taiwan University General Manager, Kai-Lue Enterprise Management Co., Ltd. General Manager, Pan-Asia Management Consultants Corporation Manager, China Productivity Center Special Assistant of the Chairman and Factory Director, Fu-I Fiber Industry Co., Ltd.	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act, and meet the requirements in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	-
Independent Director	Chi-Shan Hung	Master degree in Laws, National Cheng Kung University Bachelor degree in Public Finance, National Cheng Kung University Director-General of National Taxation Bureau of Kaohsiung, M.O.F. Director-General of National Taxation Bureau of the Southern Area, M.O.F. Deputy Director-General of the Taxation Administration, M.O.F. Independent Director, Hua Yu Lien Development Co., Ltd. Independent Director, Ping Ho Environmental Technology Co., Ltd. Independent Director, Nan Liu Enterprise Co., Ltd. Corporate Director Representative, Flexium Interconnect, Inc.	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act, and meet the requirements in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	3
Committee Member	Chih-Ming Chen	Master degree in Social Sciences, National Sun Yat-sen University BBA, Soochow University School of Law Judge and Chief Judge, Kaohsiung District Court Judge, Taiwan High Court Kaohsiung Branch Partner, Cheng Yang Attorneys-at-Law Managing Partner, Chih-Ming Attorneys-at-Law.	The individual, spouse, and relatives within the second degree of kinship do not violate the terms in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act, and meet the requirements in the Regulations Governing Appointment of Independent Directors and	-

			Compliance Matters for Public Companies.	
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Note 1: Does not have any of the conditions stated in the subparagraphs of Article 30 of the Company Act.

Operation of Remuneration Committee

- I. The Company's Remuneration Committee is comprised of three members.
- II. Current term for the members: June 14, 2024 – June 13, 2027; a total of 5 meetings of the Remuneration Committee were held in the most recent year (2024). The members' qualifications and attendance were as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)	Remarks (A)
Convener	Mei-Hsiang Pai	3	0	100	Former member. Should attend 3 times.
Committee member	Chun-Hao Xin	3	0	100	Former member. Should attend 3 times.
Convener	Chin-Cheng Kao	2	0	100	Newly-appointed. Should attend 2 times.
Committee member	Chi-Shan Hung	2	0	100	Newly-appointed. Should attend 2 times.
Committee member	Chih-Ming Chen	5	0	100	Re-election. Should attend 5 times.

Note: The Company held a comprehensive election on June 14, 2024

Other matters required to be recorded:

- I. In the event the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and number of the Board meeting, the content of the proposals, resolution from the Board of Directors, and the method the opinion from the Remuneration Committee was handled (e.g., if the salaries and compensations approved by the Board was higher than the suggested levels from the Remuneration Committee, please state the differences and reasons): None.
- II. If a member opposes a resolution the Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.
- III. Discussions and resolutions made by the Remuneration Committee and the Company's handling of opinions of the Committee members:

Date	Discussion items	Resolutions	The Company's response to opinions of the members
January 19, 2024	1. The 2023 year-end bonus for managerial officers 2. Adjustment of executive salaries	Passed by all members of the Committee in attendance	Submitted to the Board meeting and passed unanimously by all Directors in attendance
March 7, 2024	1. The 2023 remuneration distribution proposal for Directors and employees. 2. The 2023 employee	Passed by all members of the Committee in	Submitted to the Board meeting and passed unanimously by

		remuneration for managerial officers	attendance	all Directors in attendance
	May 3, 2024	1. The company will implement an employee share ownership trust plan to retain and motivate employees. The plan will be funded by a corporate contribution, targeting eligible managers who meet the qualification criteria	Passed by all members of the Committee in attendance	Submitted to the Board meeting and passed unanimously by all Directors in attendance
	August 8, 2024	1. Remuneration and distribution ratio for directors and functional committee members, as well as traffic allowances and director compensation. 2. Salary adjustment for the Company's executives. 3. Proposal to allocate Company funds for the addition of eligible managers to the Employee Stock Ownership Trust Plan.	Passed by all members of the Committee in attendance	Submitted to the Board meeting and passed unanimously by all Directors in attendance
	November 11, 2024	1. Amendment of Employee Salary Review Procedure. 2. Proposal to allocate Company funds for eligible managers to participate in the second Employee Stock Ownership Trust Plan.	Passed by all members of the Committee in attendance	Submitted to the Board meeting and passed unanimously by all Directors in attendance

- IV. The Company's Remuneration Committee shall consist of no fewer than three members appointed by resolution of the Board of Directors. One shall serve as the convener. The term of the members of the Remuneration Committee shall be the same as that of the Board of Directors by whom they were appointed. If the size of the Remuneration Committee is reduced below three due to the dismissal of one of the members, the Board of Directors shall convene a meeting and appoint additional Committee members within three months after the shortfall occurs.
- V. Roles and Responsibilities of the Remuneration Committee
- (I) Stipulate and review regularly the compensation policies, systems, standards and structures, and performance of directors and managers.
 - (II) Regularly review and adjust directors' and managers' remuneration.

Information on Members of the Nominating Committee and Operations: The Company does not have a Nominating Committee.

(V) Implementation status of sustainable development, deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the company established a governance structure for sustainable development, established an exclusively (or concurrently) dedicated unit to implement sustainable development, and have senior executives appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?	✓		The Company established the "Sustainable Development Committee" in April 2022 to take charge of promoting the Company's sustainable development tasks. The Committee is composed of seven members, with the Chairman serving as the Chairperson and the Corporate Governance Officer as the Executive Director. Together with one Director and four core operational executives, they jointly plan and implement the Company's sustainable development, setting short, medium, and long-term sustainable development plans. The Committee has established four execution groups under its jurisdiction: the Environmental Sustainability Group, the Green Supply Chain and Risk Management Group, the Employee Relations and Social Participation Group, and the Corporate Governance Group. These groups identify key sustainable issues concerning the Company's operations and stakeholders, develop response strategies, and establish work guidelines. Sustainable Development Committee reported to the Board of Directors each quarter regarding ESG activities and results as well as future plans and prospects. Dates of reports made to the Board of Directors in 2024 were March 7, May 3, August 8, and November 11, 2024. Implementation results for 2024 include (1) Identify sustainability issues that require attention, and create action plans to address these issues. (2) Amend goals and policies on sustainability-related issues. (3) Identifying and building consensus for material issues described in the Group's ESG Sustainability Report. (4) Education and training for greenhouse gas inventory system. (5) Received ISO50001 energy management system certification. (6) Implementation of internal carbon pricing control plan. (7) Implementation for reducing carbon emissions with supply chain. (8) Participated in the Big Leading the Small Subsidy Program created by the Industrial Development Administration of the Ministry of Economic Affairs. (9) Establish carbon footprint system. The Board of Directors reviews and supervises the Company's sustainable development strategy and the progress of various projects, providing guidance when necessary.	No deviation.

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof						
	Yes	No	Summary							
II. Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior managerial officers and reports its progress to the Board of Directors?	✓		The disclosed data covers the Company's sustainability performance at major locations from January to December 2024. The risk assessment boundary primarily includes the Company itself, encompassing sites in Taiwan, three production sites in China, and one production site in the Philippines. Additionally, due to the significant impact on key environmental topics, subsidiaries in the United States, Europe, and India are also included in the scope. The Sunonwealth Sustainable Development Committee has used the GRI 3 standards from the 2021 version of the GRI as a basis for establishing communications with internal and external stakeholders. The Committee has also taken into account industry issues, the UN Sustainable Development Goals, and the Sustainability Accounting Standards Board (SASB) standards to assess material ESG issues, establishing risk management policies and implementing specific measures to effectively identify, measure, assess, monitor, and control these risks, in order to reduce their impact. 8 material issues were identified in 2024, and the following risk management strategies have been established after an assessment: <table><tr><th>Material Issues</th><th>Risk Assessment Items</th><th>Description</th></tr><tr><td>Environment</td><td>Greenhouse gas inventory</td><td> 1. Regularly conduct greenhouse gas inventories following the ISO14064-1 standards, and continuously implement carbon reduction measures based on the inventory results. 2. Actively participate in the science-based targets initiative (SBTi). In the future, the Company shall implement carbon reduction targets in line with the path limiting global warming to 1.5°C, commit to halving Scope 1 and Scope 2 carbon emissions by 2030, and achieve net zero carbon emissions by 2050. </td></tr></table>	Material Issues	Risk Assessment Items	Description	Environment	Greenhouse gas inventory	1. Regularly conduct greenhouse gas inventories following the ISO14064-1 standards, and continuously implement carbon reduction measures based on the inventory results. 2. Actively participate in the science-based targets initiative (SBTi). In the future, the Company shall implement carbon reduction targets in line with the path limiting global warming to 1.5°C, commit to halving Scope 1 and Scope 2 carbon emissions by 2030, and achieve net zero carbon emissions by 2050.	No deviation.
Material Issues	Risk Assessment Items	Description								
Environment	Greenhouse gas inventory	1. Regularly conduct greenhouse gas inventories following the ISO14064-1 standards, and continuously implement carbon reduction measures based on the inventory results. 2. Actively participate in the science-based targets initiative (SBTi). In the future, the Company shall implement carbon reduction targets in line with the path limiting global warming to 1.5°C, commit to halving Scope 1 and Scope 2 carbon emissions by 2030, and achieve net zero carbon emissions by 2050.								

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
				3. Build a climate risk identification process for the Company based on the TFCF framework. Have different departments come together to discuss climate risks and opportunities, and develop response measures.
			Energy management	1. The Company follows a three-pronged strategy of energy conservation, energy purchase, and energy creation to effectively improve energy efficiency. 2. Continue purchasing green power to increase use of renewable energy resources by 7.2% each year. 3. The Company has already adopted the ISO 50001 Energy Management Standards for our Taiwan headquarters, and obtained external verification. In the future, we shall gradually introduce these standards to each of our overseas business locations in order to effectively control our energy usage rates and implement energy management goals.
			Raw materials management	1. Adopted a product carbon footprint system and provided guidance to suppliers on conducting greenhouse gas inventories, in order to complete collection of raw materials carbon footprint data. 2. The Company independently recycles reusable packaging materials, and returns these

Assessed areas	Implementation status					Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary			
					materials to suppliers to be reused in packaging for raw materials, allowing us to effectively reuse resources.	
			Social	Product quality and safety	1. The Company is committed to implementing product quality policies and measures to ensure that customers receive the best services and quality. 2. We constantly stay updated on international environmental laws and regulations, and requirements for managing chemical substances used for our products. We closely monitor hazardous substances with significant environmental impact, identifying and implementing controls for these substances. 3. The Sunonwealth Quality Management System has been established based on the ISO 9001, IATF 16949, and IEQC QC 080000 international standards. We have continuous renewed our certifications for these standards to ensure that they stay valid, ensuring that products meet customer needs and comply with laws and regulations.	
			Corporate governance	Economic Performance	1. Strengthen development of cooling modules and liquid cooling products, expand the scope of product services, and deepen customer partnerships. 2. Increase product exposure and expand market presence through	

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
				strategic alliances and brand partnerships. 3. Continue expanding market for AI server and automotive applications through the Company's leading product technology. 4. Improve our global manufacturing portfolio to meet NCNT requirements from customers, reducing geopolitical risks and increasing production flexibility.
			Risk response measures	1. Complete internal risk identification and assessment following risk management policies and procedures, and implement risk mitigation measures. 2. Regularly review and revise risk mitigation measures to reduce losses should a risk occur.
			Code of Ethics	1. Adhering to a corporate culture of ethical corporate management, the Company considers integrity, responsibility, fairness, and transparency to be our most important guiding principles, and has established policies and rules on ethical corporate management. 2. The Company has implemented a series of measures and management mechanisms, including signing ethical commitments and providing education and training on ethics from time to time. We have also

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			conducted due diligence checks on our suppliers. 3. The Company has established a variety of complaint and whistleblowing channels in order to mitigate the impact of any ethical corporate management or business ethics violations. 1. Complied with the laws and regulations of each operating location as a minimum requirement. 2. Established a governance system and implemented internal control mechanisms to ensure compliance with relevant laws and regulations. 3. Applied for patents for products developed by the Company in order to protect the Company's interests.	
III. Environmental issues (I) Has the Company established a proper environmental management system based on the characteristics of the industry? (II) Does the company endeavor to utilize energy more efficiently and use renewable materials that have low	✓ ✓		(I) The Company and our subsidiaries have all established environmental management systems in compliance with ISO14001 and hazardous substance management systems in compliance with IECQ QC 080000. We have also continued to obtain third-party verification of our compliance with these standards, and have carried out annual greenhouse gas emissions inventories in compliance with the ISO14064-1 standards in order to track and reduce our emissions, which have been publicly disclosed in our Sustainability Report and on our website. (https://www.sunon.com/csr.aspx) Kaohsiung Plant, Kunshan Plant, Sunon Electronics (Bei Hai), and Lizhun Electronics (Bei Hai), and the Philippines Plant have passed ISO 14001: 2015 (the effective period is September 3, 2023 to January 14, 2026) and IECQ QC080000 (the effective period is May 10, 2023 to April 6, 2026). (II) The Company has actively promoted various energy reduction measures and chosen to use high energy efficiency and energy	No deviation.

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
impact on the environment? (III) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to address issues?	✓		conserving equipment, reducing the total energy consumed by the Company and our products, expanded renewable energy usage rate, as well as introduced ISO50001 energy management system to optimize energy efficiency. As of 2024, the total electricity consumption reached 40,623,132.6 kWh, with the renewable energy usage rate achieving 42%. This marks a significant increase compared to the baseline year 2022 and the previous year's renewable energy usage rates of 1% and 10%, respectively. The company successfully met its annual target of increasing the renewable energy usage ratio by 7.2%. The raw materials used by the Company comply with the EU's RoHS, REACH, and halogen-free regulations. Materials are recycled and reused, and the pollution produced during our production process has been reduced, reducing our impact on the environment. (III) The Company's Sustainable Development Committee is the highest-ranking organization for climate change management. The Committee is composed of seven members, with the Chairman serving as the Chairperson and the Corporate Governance Officer as the Executive Director. Together with one Director and four core operational executives, they jointly plan and implement the Company's sustainable development They review the Company's climate change strategies and goals, manage climate change risks and opportunities, and examine the implementation status and discusses future plans each year. They lead the four major functional organizations for environmental protection, governance, supply chain, and HR in implementing climate change management tasks and regularly report to the Board of Directors. The Company identifies short, medium, and long-term climate risks and opportunities in accordance with the Recommendations of the TCFD published by the Financial Stability Board (FSB). We also identify feasible opportunities and develop countermeasures at the same time. The detailed descriptions of the Company's climate change risks and opportunities have been disclosed in the Company's Sustainability Report. (https://www.sunon.com/csr.aspx)	
(IV) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of	✓		(IV) 1. All plants and subsidiaries of the Company completed the 2024 greenhouse gas inventory in accordance with ISO 41064-1. As of the	

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																	
	Yes	No	Summary																		
waste in the last two years, and implement policies on greenhouse gas reduction, water use reduction, or waste management?			date of printing this annual report, the greenhouse gas inventory data for various factory sites in 2024 was still undergoing verification. We actively strengthen our policies, tools, and capabilities for responding to climate change to monitor and manage greenhouse gas emissions. <u>Greenhouse gas emissions in the past 2 years:</u> Unit: tons CO2e <table><tr><th></th><th>Y2023</th><th>Y2024</th></tr><tr><td>Scope 1</td><td>2,337.8</td><td>2,231.4</td></tr><tr><td>Scope 2</td><td>20,473.8</td><td>13,161.0</td></tr><tr><td>Scope 3</td><td>230,220.9</td><td>123,048.4</td></tr><tr><td>Total</td><td>253,032.5</td><td>138,440.8</td></tr><tr><td>Emission Intensity (Greenhouse gas emissions per million revenue)</td><td>19.59</td><td>9.47</td></tr></table> The total greenhouse gases of scope 1 and 2 emitted by the Company and our subsidiaries in 2024 totaled 15,392.4 tons CO2e, decreasing by 32.5% as compared to the previous year. The decrease was mainly due to gradually phase out high-energy-consuming equipment and increase the use of renewable energy. Indirect greenhouse gas emissions from Scope 3 procurement of raw materials accounted for approximately 89% of total emissions. To achieve greenhouse gas reduction targets, the Company plans to conduct emissions assessments for purchased materials and explore alternative low-carbon procurement strategies. Sunonwealth has submitted its commitment to the Science Based Targets initiative (SBTi) in 2023 and applied for target validation in February 2025. The Company will establish decarbonization goals aligned with the 1.5°C emissions reduction pathway and continue increasing its renewable energy adoption rate. 2. The Company does not generate industrial wastewater due to process factors and only discharges domestic wastewater. Even though, the Company has paid close attention to environmental issues on the conservation of water resources. We have implemented water conservation plans, including comprehensive		Y2023	Y2024	Scope 1	2,337.8	2,231.4	Scope 2	20,473.8	13,161.0	Scope 3	230,220.9	123,048.4	Total	253,032.5	138,440.8	Emission Intensity (Greenhouse gas emissions per million revenue)	19.59	9.47
	Y2023	Y2024																			
Scope 1	2,337.8	2,231.4																			
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Total	253,032.5	138,440.8																			
Emission Intensity (Greenhouse gas emissions per million revenue)	19.59	9.47																			

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																		
	Yes	No	Summary																			
			water conservation measures for water consumed during daily life activities, in order to optimize available water resources. <u>Water consumption in the past 2 years:</u> Unit: million liters <table><tr><th>Year</th><th>Total water consumption</th></tr><tr><td>2024</td><td>265.04</td></tr><tr><td>2023</td><td>299.54</td></tr></table> The Company has long been devoted to reducing the impact of our operations on the environment and responding to climate anomalies caused by climate change. We have actively promoted water conservation and waste reduction policies at each of our plants. The Company's water consumption was 265.04 million liters in 2024, reducing by 11.5% as compared to 299.54 million liters in 2023. The changes show that we have fully implemented the water and waste reduction policies. 3. The Company is committed to environmental protection, and has established policies for reducing waste. The Sustainable Development Committee conducts a performance review for these policies each year, and in 2024 the Company and our subsidiaries obtained ISO 14001 environmental management systems certification. <u>Waste output in the past 2 years:</u> Unit: metric tons <table><tr><th>Year</th><th>Hazardous waste</th><th>Non-hazardous waste</th><th>Total waste</th></tr><tr><td>2024</td><td>92.354</td><td>1,553.024</td><td>1,645.378</td></tr><tr><td>2023</td><td>148.448</td><td>897.154</td><td>1,045.602</td></tr></table> ✱ The Company's waste is cleaned and disposed of pursuant to laws and regulations. In 2023 we switched to categorizing waste according to type. In order to sustainably reuse resources, the Company's principle for treating waste is to first reuse waste within the plant, reducing use of raw materials. If waste cannot be reused, it is recycled instead, and then finally incinerated or buried. The Company and our subsidiaries produced a total of 1,645.379	Year	Total water consumption	2024	265.04	2023	299.54	Year	Hazardous waste	Non-hazardous waste	Total waste	2024	92.354	1,553.024	1,645.378	2023	148.448	897.154	1,045.602	
Year	Total water consumption																					
2024	265.04																					
2023	299.54																					
Year	Hazardous waste	Non-hazardous waste	Total waste																			
2024	92.354	1,553.024	1,645.378																			
2023	148.448	897.154	1,045.602																			

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof						
	Yes	No	Summary							
			metric tons of waste in 2024, an increase of 57.4% compared to the 1,045.602 metric tons produced in 2023. The primary reason for the increase in waste generation this year is the large-scale disposal of inventory items from discontinued models at the factory sites. In order to more effectively use resources, we have continued to adopt waste reduction and management measures to reduce output of hazardous industrial waste and increase reuse of recyclable waste. In the short term, by 2025, the company aims to reduce the waste generation index by 0.5%. In the medium term, by 2030, the target is a 1.9% reduction, and in the long term, by 2050, the goal is to achieve a 7.4% reduction in the waste generation index.							
IV. Social issues (I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Company has acknowledged and voluntarily complied with international human rights standards including the Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the UN International Labor Organization. We have also complied with labor laws and regulations, established an RBA Code of Conduct, and implemented measures pursuant to this Code of Conduct. Established various human rights policies to protect the basic rights of employees and stakeholders. Included provisions on human rights in the Company’s social responsibility policies and declarations, in order to ensure that suppliers and external contractors providing workers to the Company comply with the Company’s human rights protection policies. These suppliers and contractors are required to sign and comply with Company rules. The Company also conducts regular audits every year to ensure that human rights policies are being implemented. Please refer to the Company’s website for more information. The Company identifies human rights issues and develops a human rights policy along with risk mitigation measures. The Company's human rights management policies and specific human rights measures are summarized as follows: <table><tr><td>Human Rights Issues</td><td>Management Procedures</td><td>Preventive Measures</td></tr><tr><td>Non-</td><td>Anti-</td><td>There shall be no</td></tr></table>	Human Rights Issues	Management Procedures	Preventive Measures	Non-	Anti-	There shall be no	No deviation.
Human Rights Issues	Management Procedures	Preventive Measures								
Non-	Anti-	There shall be no								

Assessed areas	Implementation status					Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary			
			Discrimination	discrimination and anti-harassment management procedures	discrimination based on gender, nationality, religion, or health conditions, etc., when hiring, training, determining salary and compensation, promoting or adjusting salary, dismissing, or retiring employees.	
			Employee Freedom of Association	Freedom of association management procedures	Employees may independently organize employee representation groups and social groups without restriction from the Company, should doing so not violate any laws or regulations.	
			Child Labor	Management procedures prohibiting child labor and providing remediation in the event of abuse	The Global Human Resources Division verifies the identities of employees during recruitment, confirming that they are at least 16 years of age.	
			Adolescent Workers	Management procedures for underage, student, intern, and work-study employees	Evaluate the working conditions and potential risks that underage workers face. Provide required safety and education training and protective working gear, and prohibit adolescent workers from engaging in dangerous or hazardous work.	
			Forced Labor	Management	The Global Human	

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Has the Company established and implemented reasonable employee benefits (including remuneration, leave, and other benefits), and ensured business performance or results are reflected adequately in employee remuneration?	✓		procedures against punitive, forced, and prison labor Resources Division records employee working hours each month. Supervisors appropriately manage employee workloads to prevent issues such as employees working excessive overtime or not getting enough rest, which may potentially affect employee mental and physical health.	
			(II) The Company has established working rules and related human resource management regulations, which describe the basic wage paid to Company employees, working hours, vacation days, pension payments, national labor and health insurance payments, and occupational accident compensation provided to employees, all of which comply with the Labor Standards Act. The Company's remuneration policy provides for employee remuneration based on each employee's personal abilities, contribution, and performance. This remuneration is also positively correlated with business performance. <u>Employee compensation</u> The Company's year-end bonus system provides bonuses based on the Company's profits. After taking into consideration performance evaluation results for the year, bonuses are distributed to all employees in order to encourage all employees to work hard together to achieve the Company's goals. The employee remuneration is as stipulated in the Company's Articles of Incorporation. The Company shall allocate no less (including) than 2% of its profits for the year as employee remuneration. The Company shall allocate no less (including) than 3% of its profits for the year as junior employee remuneration. <u>Employee benefits</u> The Company has established an Employee Welfare Committee, and allocates certain % of the Company's total revenue as welfare funds	

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			for the year, planning for and providing various high-quality employee welfare benefits. They include: Welfare benefits such as employee vacation travel allowances, dinner party allowances, wedding gifts, birthday and three traditional holiday bonuses, family day events, and children education scholarships... etc. The Company has established an "Employee Stock Ownership Trust Plan," providing corresponding incentive bonuses to help employees save small amounts over the long term. This initiative aims to support employees in building flexible financial planning for short-, medium-, and long-term capital utilization. In terms of employee leave, employees receive two days off per week, and paid leave is provided pursuant to the Labor Standards Act. Employees can also apply for an unpaid leave of absence should they require a longer period of leave due to childcare needs, major injuries or illnesses, or other major incidents, allowing them to take care of their personal or family needs. <u>Diversity and equality at the workplace:</u> Achieve equal work compensation and equal promotion opportunities for men and women for performing the same work, promoting sustainable and inclusive economic growth. In 2024, 52% of the Company's employees are female, and 41% of managers are female. The Company attaches great importance to employee rights and welfare. We share surplus profits with our employees, maintain a good working environment, and provides comprehensive physical and mental care for all groups: (1) The Company has reached 1.44% of our employment target for employees with disabilities, and we have created customized job responsibilities, work environments, and work facilities for these employees. (2) Implement friendly workplace measures for empowering women, allowing employees of all genders to work in harmony. <u>Business performance is reflected in employee salaries</u> Article 29 of the Articles of Incorporation Should the Company make a profit for the year, at least 2% of this profit shall be allocated as employee remuneration, and no more than 5% of this profit shall be allocated as directors' remuneration. However, if the Company has accumulated losses, the Company	

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?	✓		shall set aside a part of the surplus profit first for making up the losses. Should the Company make a profit for the year, it shall allocate no less than (including) 3‰ of the profits for salary adjustments or bonuses for junior employees. However, if the company has accumulated losses, these losses must be offset first. The recipients of employee remuneration in the form of shares or cash must include employees of the Company who meet a set of specific criteria. <u>Overall salary policy</u> The Company adjust salaries after taking into consideration market salary surveys conducted every year, basing changes on market salary levels, economic trends, and the performance of each employee, in order to continue offering competitive salaries. In 2024, the Company adjusted salaries by an average for 3-4% for both management and non-management positions in the Taiwan region. (III) 1. The Company pays close attention to the physical health of all employees and safety in the work environment. In addition to regular health examination for employees each year, the Company also works with hospitals to provide employees with consultation and care services for their physical and mental health to create a healthy workplace. We implement inspections through management by wandering about in the workplace and propose improvement plans for areas with potential risks or individual cases with the aim of improving safety in the workplace environment. 2. In 2024, the disabling injury frequency rate (FR) in Taiwan was 0 and the disabling severity rate (SR) was 0. The Company conducts individual reviews of occupational injuries in the workplace and implements solutions across the board to implement improvements and prevent recurrence of similar incidents. 3. The Company organized an emergency escape drill in the first half and the second half of 2024. The drills included personnel evacuation, explanation of the operation of fire safety facilities, guidance for personnel evacuation meeting points in response to extreme weather, and functional drills of the emergency response teams. 4. Each work site in Taiwan conducts CO2 gas concentration	

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof								
	Yes	No	Summary									
(IV) Has the Company established an effective career development and capability training program for employees?	✓		measurements every six months in accordance with local regulations to monitor the air quality in the workplace and to maintain a comfortable workplace environment for employees. 5. Each work site in Taiwan conducts measurements of hazardous factors (hazardous gas and noise) every six months in accordance with local regulations to monitor the air quality in the workplace and to ensure safety and health in the workplace environment for employees. 6. The Company and its subsidiaries have obtained ISO45001 certification (August 24, 2023 to December 30, 2025). 7. Workplace safety training and awareness in the past two years <table><tr><th>Year</th><th>Training participants</th><th>Training hours</th></tr><tr><td>2024</td><td>52,759</td><td>439,157 hours</td></tr><tr><td>2023</td><td>40,641</td><td>401,747 hours</td></tr></table> 8. The number of fire incidents in 2024 was 2: (1) A fire occurred in the information data center, with no casualties reported. (2) A fire broke out in the silent room due to improper cleaning of solder pins, but no casualties reported. The company has thoroughly reviewed and implemented improvement measures: (1) The information data center has been integrated into the fire automatic alarm system, and automatic fire suppression devices have been activated. (2) Chemical management in the workshop has been strengthened, with strict prohibition on bringing ignition sources into the factory. Additionally, employee safety training has been enhanced. Fire evacuation drills are conducted twice a year, and annual fire inspection and maintenance reports are submitted to the fire department for acknowledgement. Hazard identification cards (H CARD) have been created. (IV) The Company develops training system courses in four major categories including new employees, professional functions, management functions, and self-development. We also promote training courses and projects in different areas based on the Company's annual objectives to continuously improve organizational competitiveness and employee functions. Career training in the past two years	Year	Training participants	Training hours	2024	52,759	439,157 hours	2023	40,641	401,747 hours
Year	Training participants	Training hours										
2024	52,759	439,157 hours										
2023	40,641	401,747 hours										

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof														
	Yes	No	Summary															
(V) Do the company’s products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or customer protection and grievance procedure policies implemented?	✓		<table><tr><th>Year</th><th>Training participants</th><th>Training hours</th></tr><tr><td>2024</td><td>64,617</td><td>488,179</td></tr><tr><td>2023</td><td>42,940</td><td>307,696</td></tr></table> The Company has established a digital online learning platform and continues to develop digital courses for employees to learn at anytime from anywhere. Online learning courses for the past two years <table><tr><th>Year</th><th>Number of students</th></tr><tr><td>2024</td><td>26,770</td></tr><tr><td>2023</td><td>20,311</td></tr></table> (V) The Company has followed relevant laws, regulations, and international norms in terms of the marketing and labeling of products and services. The international norms include compliance with ISO9001, IECQ QC080000, IATF16949, the EU's REACH and RoHS regulations, and ban on conflict minerals. The Company has met all regulatory requirements. The Company fully respects customers' privacy and abides by confidentiality agreements and the Personal Data Protection Act. We use the refined designs and applications of the information security system and emphasize data/information confidentiality and unlinkability of the purpose of use to ensure the confidentiality of the data/information. We set up a customer service section and provide a channel for dedicated personnel to process complaints. We also conduct customer satisfaction surveys to protect the rights and interests of our customers.	Year	Training participants	Training hours	2024	64,617	488,179	2023	42,940	307,696	Year	Number of students	2024	26,770	2023	20,311
Year	Training participants	Training hours																
2024	64,617	488,179																
2023	42,940	307,696																
Year	Number of students																	
2024	26,770																	
2023	20,311																	
(VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	✓		(VI) Our Company's sustainable supply chain management focuses on three main pillars: Sustainability Standards, Risk Identification, and Management Mechanisms. Establishing sustainability standards that require suppliers to adhere to. Using risk identification tools to detect high-risk factors and employing various management mechanisms to enhance supply chain management The suppliers that the Company had worked together with in 2024															

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof							
	Yes	No	Summary								
			have met 100% of the following criteria. <table><tr><td rowspan="6">Supplier evaluation</td><td>All suppliers must pass the supplier evaluation, and comply with the Supplier Code of Conduct.</td></tr><tr><td>Suppliers of raw materials for the Company’s production processes must have obtained ISO9001 quality management system certification.</td></tr><tr><td>Contractors for plant operations and other related operations must have obtained ISO45001 occupational safety and health management system certification.</td></tr><tr><td>Responsible Business Alliance (RBA) Code of Conduct supplier evaluation. 100% of suppliers have submitted the supplier declaration and self-evaluation documents.</td></tr><tr><td>Suppliers must have obtained valid factory registration certificates issued by the government and the ISO14001 environmental management certification, based on their business category.</td></tr><tr><td>Green supply chain management: The Company has implemented the hazardous material management system IECQ QC 080000, established a hazardous substance management system, and implemented the green product management system.</td></tr></table> Supplier audits The Company implements annual supplier evaluations and continuously assesses suppliers. The supplier evaluations include evaluations of supplier quality, delivery, service, and technology, in order to improve our overall supply chain competitiveness. No suppliers were disqualified according to the results of the 2024 supplier audit.	Supplier evaluation	All suppliers must pass the supplier evaluation, and comply with the Supplier Code of Conduct.	Suppliers of raw materials for the Company’s production processes must have obtained ISO9001 quality management system certification.	Contractors for plant operations and other related operations must have obtained ISO45001 occupational safety and health management system certification.	Responsible Business Alliance (RBA) Code of Conduct supplier evaluation. 100% of suppliers have submitted the supplier declaration and self-evaluation documents.	Suppliers must have obtained valid factory registration certificates issued by the government and the ISO14001 environmental management certification, based on their business category.	Green supply chain management: The Company has implemented the hazardous material management system IECQ QC 080000, established a hazardous substance management system, and implemented the green product management system.	
Supplier evaluation	All suppliers must pass the supplier evaluation, and comply with the Supplier Code of Conduct.										
	Suppliers of raw materials for the Company’s production processes must have obtained ISO9001 quality management system certification.										
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	Suppliers must have obtained valid factory registration certificates issued by the government and the ISO14001 environmental management certification, based on their business category.										
	Green supply chain management: The Company has implemented the hazardous material management system IECQ QC 080000, established a hazardous substance management system, and implemented the green product management system.										
Please refer to the Company’s Sustainability Report for more information on sustainable supply chain management and implementation.											

Assessed areas	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainability reports? Does the company obtain third-party assurance or guarantees for the reports above?	✓		The Company's Sustainability Report complies with the GRI Standards issued by the Global Sustainability Standards Board (GSSB), the Standards for the Electrical & Electronic Equipment Industry issued by the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD) framework published by the Financial Stability Board (FSB). As of the publication date of this Annual Report, the 2024 Sustainability Report is being assured, and complete assurance information shall be disclosed in the Sustainability Report. The 2023 sustainability report has been assured. Please refer to the Company's Sustainability Report for the verification methods and results.	No deviation.
VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from such principles: The Board of Directors approved the establishment of the "Corporate Social Responsibility Best Practice Principles" in November 2015 and revised the Principles in March 2017, January 2022 and March 2023. The Principles were renamed the Sustainable Development Best Practice Principles to strengthen the implementation of corporate social responsibility. The Company regularly reviews the implementation of the Principles and makes improvements accordingly. There have been no major deviations.				
VII. Other key information useful for explaining status of the Company's sustainable development practices: The former Chairman of the Company founded the "Shehng-Yuan Children Development and Adult Support Services Center" to take care of children with severe disabilities and founded the "Sunonwealth Charity Foundation" to organize various charity events (donations to the disadvantaged, regular care for low-income households and children's welfare) to contribute to social welfare. He also promoted the <i>Liao-Fan's Four Lessons</i> to purify people's minds. Our employees are also dedicated to charity activities. Please refer to the Company's Sustainability Report for the related public welfare promotion.				

Climate information of public companies

Implementation status of climate-related information

Item	Implementation status											
1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and the management.	Board of Directors Members of the Board of Directors have long been concerned about climate change, and each member has a full understanding of the importance and impact of climate change. The Sustainability Committee reports progress on climate-related management measures to the Board of Directors every quarter, including information on supply chain reduction plans, education and training on greenhouse gas inventory systems, participation in evaluations under the International Carbon Disclosure Project (CDP), and energy saving and waste reduction management. Date of reports made to the Board of Directors in 2024: March 7, May 3, August 8, and November 11. Management The Sunonwealth Sustainability Development Committee, under the supervision of the Board of Directors, is the highest-level sustainable development unit within Sunonwealth. The Committee is composed of seven members, with the Chairman serving as the Chairperson and the Corporate Governance Officer as the Executive Director. Together with one Director and four core operational executives, they jointly plan and implement the Company's sustainable development. Four task groups have been established under the Committee, each responsible for different functions and responsibilities: the Environmental Sustainability Task Group, the Supply Chain Management Task Group, the Human Resources and Society Task Group, and the Corporate Governance Task Group. The Executive Director coordinates these four task groups to implement the Company’s sustainable operations philosophy.											
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances (short, medium, and long-term) of the Company.	Sunonwealth mainly identifies the operational and financial impact caused by prioritized transformation and physical risks and opportunities, and discusses short-term, medium-term, and long-term operational strategies and countermeasures. Short-term is defined as within the next 3 years, medium-term as within the next 10 years, and the long-term as more than 10 years ahead in the future. <table><tr><th>Risks and Opportunities:</th><th>Term</th><th>Impact</th><th>Response Measures</th></tr><tr><td>Transformation Risks</td><td> - Short-term: Energy price fluctuations, supply chain disruptions, and energy transition. - Medium-term: Greenhouse gas emissions management, greenhouse gas reduction targets, energy transition, low- </td><td>Business shutdowns may lead to declines in revenue, energy price fluctuations resulting in increased operating costs, and energy transition needs increasing capital expenditures.</td><td>1. Introduce strategies for reducing carbon footprints and other environmental impacts, such as strategies for improving energy efficiency, establishing green energy autonomy through solar panels, introducing energy storage equipment, increasing the use of green electricity, and reducing energy consumption.</td></tr></table>				Risks and Opportunities:	Term	Impact	Response Measures	Transformation Risks	- Short-term: Energy price fluctuations, supply chain disruptions, and energy transition. - Medium-term: Greenhouse gas emissions management, greenhouse gas reduction targets, energy transition, low-	Business shutdowns may lead to declines in revenue, energy price fluctuations resulting in increased operating costs, and energy transition needs increasing capital expenditures.	1. Introduce strategies for reducing carbon footprints and other environmental impacts, such as strategies for improving energy efficiency, establishing green energy autonomy through solar panels, introducing energy storage equipment, increasing the use of green electricity, and reducing energy consumption.
Risks and Opportunities:	Term	Impact	Response Measures									
Transformation Risks	- Short-term: Energy price fluctuations, supply chain disruptions, and energy transition. - Medium-term: Greenhouse gas emissions management, greenhouse gas reduction targets, energy transition, low-	Business shutdowns may lead to declines in revenue, energy price fluctuations resulting in increased operating costs, and energy transition needs increasing capital expenditures.	1. Introduce strategies for reducing carbon footprints and other environmental impacts, such as strategies for improving energy efficiency, establishing green energy autonomy through solar panels, introducing energy storage equipment, increasing the use of green electricity, and reducing energy consumption.									

		carbon technology development, and carbon price fluctuations. • Long-term: Increased cost of greenhouse gas emissions (emissions cap/carbon tax/energy tax).		2. Invest in carbon offset projects, purchase carbon emission allowances, etc. 3. Actively apply for government programs subsidizing investment into equipment necessary for energy transition, reducing the financial pressure on the Company.
	Physical risks	• Short and medium term: Increasing severity of extreme weather events such as typhoons and floods. • Long-term: Average temperatures rise.	Increased operating or maintenance costs, typhoons or floods potentially affecting factory operations, leading to production lines suspending work, in turn resulting in decreased revenues.	1. Establish a climate risk management system, incorporating this system into the corporate risk management framework, and explore the development of a climate risk budget to cover potential losses resulting from natural disasters. At the same time, the Company will evaluate whether to include insurance costs into financial plans, in order to compensate for financial losses incurred by the Company's operations due to natural disasters.
	Market opportunities	• Short and medium term: Demand for low-carbon products and services, and policy incentives. • Long-term: Low-carbon transformation of supply chains.	Increase the share of revenue contributed by green products, green products become more competitive.	1. Continue developing high-efficiency and low power consumption products. 2. Work together with supply chain partners to create low-carbon/low power consumption/recyclable and reusable products and services solutions. 3. Strengthen communications with the government and stakeholders, participate in establishing and implementing relevant policies, seek out government support and incentives.
Please refer to the Company's Sustainability Report for more information.				
3. Describe the financial impact of extreme climate events and actions for transformation	Extreme climate events may cause production plants to be shut down due to power outages, cause weather conditions that prevent production employees from getting to work, cause flooding leading to financial losses, and disrupt transportation by damaging roads, among other impacts. Transition efforts shall cause operating costs to rise due to the international carbon tariff pressures, product carbon footprint requirements, carbon fees, or carbon taxes, lead to higher R&D costs due to the adoption of innovative green technologies and increase CAPEX attributing to energy transition requirements. These			

	changes shall result in higher expenditures, impact the value of our existing assets or lead to assets being written off, and increases to our debt liabilities. However, a successful transition would also lead to higher long-term profits and benefit corporate sustainability development.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Sustainability Development Committee sets up four major functional organizations, utilizing methods such as literature collection, expert consultation, climate risk scenario analysis tools, industry case studies, and empirical rules to identify, assess, and manage climate-related risks and opportunities. It also formulates strategies and objectives accordingly. Furthermore, risk response measures have been promoted, ensuring that risk management plans and related measures for controlling risk are effective. Together with the Company's internal audit functions, these actions shall ensure that all of the Company's operational risks have been effectively controlled.
5. If scenario analysis is used to assess the resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and main financial impacts used in the analysis.	The Company does not currently conduct scenario analysis assessments.
6. If the Company has a transformation plan for managing climate-related risks, describe the contents of the plan and the metrics and targets used to identify and manage the physical and transformation risks.	In order to achieve net zero carbon emissions by 2050, Sunonwealth has created a low-carbon transition plan setting direct emissions from business operations (Scope One) and indirect emissions from energy use (Scope Two) together to decrease by 6.25% emissions as an annual target. While regarding to indirect emissions caused by our value chain (Scope Three), we also set an annual target by lowering 2.5% emissions. Future plan details include: I. Continue to proactively and independently reduce carbon emissions through developing energy saving manufacturing equipment, optimizing production efficiency and energy usage efficiency. II. Increase renewable energy usage rate gradually year over year. The Company shall also promote these measures to the supply chain, taking concrete action to support the low-carbon energy transition. III. The Company shall invest into net zero carbon emission technologies and participate in carbon offset projects to offset unavoidable carbon emissions, or emissions that cannot be avoided with current technological limitations. V. Introduce renewable and low-carbon materials and continuously develop product technology with motor and energy efficiency advantages.
7. If internal carbon pricing is used as a tool for planning, describe the basis of the pricing.	The Company has already taken into consideration of international carbon market prices, the carbon fees and taxes set by greenhouse gas regulations, and the Company's internal carbon reduction costs to create an internal carbon price. This internal carbon price is used to assess investments into new equipment, where the cost of carbon emissions from energy consumed by the equipment or released due to fugitive emissions from air conditioning across the equipment's lifespan is valued using this price. This allows us to quantify the specific cost of all future carbon emissions that a new piece of equipment will generate, allowing us to more rigorously weigh the costs and benefits of investing into new equipment to reduce carbon emissions.
8. If climate-related targets are set, describe the	Sunonwealth has announced that we shall achieve net zero carbon emissions by 2050. Based on the science-

activities they cover, the scope of greenhouse gas emissions, planned schedule, and the annual progress. If carbon offsets or renewable energy certificates (RECs) are used to achieve the target, describe the source and quantity of carbon credits to be used for the offsetting or the quantity of renewable energy certificates (RECs).	based targets initiative (SBTi), we have established a path for reducing carbon emissions in line with the scenario to limit temperature increases to 1.5°C, and have committed to halving carbon emissions by 2030 and achieving net zero carbon emissions by 2050, while at the same time implementing a renewable energy transition plan. In the future, we shall gradually increase our use of renewable energy year by year. Total Scope 1 and 2 carbon emissions in 2024 amounted to 15,392 metric tons of CO₂e, a decrease of 37% compared to the base year of 2022. Our renewable energy utilization rate reached 42% in 2024.
9. Greenhouse gas inventory and assurance conditions, reduction goals, strategies, and specific action plans (separately describe in sections 1-1 and 1-2).	Greenhouse gas inventory and assurance, reduction targets, strategies, and specific action plans are as described in the table below.

1-1 Greenhouse gas inventory and assurance conditions for the Company in the past two years

1-1-1 Greenhouse gas inventory information

Describe the emitted volume (tons CO ₂ e), intensity (tons CO ₂ e/million yuan), and data scope for greenhouse gases in the past two years.					
2024 Greenhouse gas emissions					
Company	Scope 1	Scope 2	Intensity of Scope1&2 (tCO ₂ e/million revenue)	Scope 3	Intensity of Scope3 (tCO ₂ e/ million revenue)
Parent Company	117.157	2,160.877	0.210	2,215.558	0.204
Subsidiary	2,114.199	11,000.155	3.489	120,832.838	32.150
Total	2,231.356	13,161.032	1.053	123,048.396	8.414
2023 Greenhouse gas emissions					
Company	Scope 1	Scope 2	Intensity of Scope1&2 (tCO ₂ e/million revenue)	Scope 3	Intensity of Scope3 (tCO ₂ e/ million revenue)
Parent Company	128.782	2,385.035	0.261	1,430.684	0.148
Subsidiary	2,209.046	18,088.761	6.196	228,790.198	69.840
Total	2,337.827	20,473.797	1.766	230,220.882	17.826
The organization's boundaries this year includes the following locations: Sunonwealth Electric Machine Industry Co., Ltd. (Kaohsiung headquarters, Kaohsiung Factory, and Taipei Office), Sunon Electronics (Kunshan) Co., Ltd., Sunon Electronics (Bei Hai) Co., Ltd., Lizhun Electronics (Bei Hai) Co., Ltd., Sunon Electronics Philippines Corp., Sunon INC., Sunon SAS., Sunon Electronics India Private Limited.					

Note 1: Direct emissions (Scope One, directly emitted by sources owned or controlled by the Company), indirect emissions from energy (Scope Two, indirect greenhouse gas emissions from the electricity, heat, or steam consumed) and other indirect emissions (Scope Three, emissions generated by the Company's activities which are not indirect emissions from energy, but are generated from emission sources owned or controlled by other companies).

Note 2: The data boundaries for direct emissions and indirect emissions from energy shall be processed based on the schedule set forth in Article 10, paragraph 2 of the Standard. Information on other indirect emissions may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol, or the ISO 14064-1 standards published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated based on the product/service unit, or on revenues. However, the Company must at least provide data calculated based revenues (NT\$ million).

1-1-2 Greenhouse Gas Assurance Information

Describe how assurance operations have been conducted in the past two years as of the date of publication of the Annual Report, including the assurance scope, the organization providing assurance, assurance standards, and the assurance opinions issued.

As of the publication date of this Annual Report, data for 2024 is currently being assured by the responsible assurance organization, and complete assurance information shall be disclosed in the Sustainability Report.

2023 Greenhouse Gas Assurance Information

Company	Assurance Scope	Assurance Organization	Assurance Standards	Assurance Opinions Issued
Parent Company	Scope 1, 2 and 3	DNV Business Assurance Co., Ltd.	ISO 14064-3	The greenhouse gas inventory report, prepared in compliance with ISO 14064-1:2018 and verified by DNV Business Assurance Co., Ltd. (DNV) in accordance with ISO 14064-3:2019, has undergone: Reasonable assurance verification for Categories 1 and 2. Limited assurance verification for Categories 3 and 4.
Subsidiary	Scope 1, 2 and 3	DNV Business Assurance Co., Ltd.	ISO 14064-3	The greenhouse gas inventory report, prepared in compliance with ISO 14064-1:2018 and verified by DNV Business Assurance Co., Ltd. (DNV) in accordance with ISO 14064-3:2019, has undergone: Reasonable assurance verification for Categories 1 and 2. Limited assurance verification for Categories 3 and 4.

The organization's boundaries this year includes the following locations: Sunonwealth Electric Machine Industry Co., Ltd. (Kaohsiung headquarters, Kaohsiung Factory, and Taipei Office), Sunon Electronics (Kunshan) Co., Ltd., Sunon Electronics (Bei Hai) Co., Ltd., Lizhun Electronics (Bei Hai) Co., Ltd., Sunon Electronics Philippines Corp., Sunon INC., Sunon SAS., Sunon Electronics India Private Limited.

Note 1: Process based on the schedule set forth in Article 10, paragraph 2 of the Standards. Should the Company fail to obtain a complete assurance opinion for its greenhouse gas emissions before the date of publication of the Annual Report, state that "complete assurance information shall be disclosed in the Sustainability Report". Should the Company not have prepared a Sustainability Report, it should state that "complete assurance information shall be disclosed on the Market Observation Post System". The Company should then also disclose complete assurance information in its Annual Report the following year.

Note 2: The assurance institution must meet the regulations for assurance in the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies.

Note 3: Please refer to the best-practice templates of the Corporate Governance Center, Taiwan Stock Exchange Corporation for the information to be disclosed.

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

Describe the baseline year used, greenhouse gas data, reduction targets, strategies, specific actions plans, and progress made towards achieving reduction targets.

Since 2022, the Company has conducted annual greenhouse gas (GHG) inventories, regularly assessing and controlling organizational GHG emissions. The year 2022 was established as the baseline year. The baseline year emissions are as follows: Scope 1 emissions-2,148.659 tCO₂e, Scope 2 emissions- 22,281.158 tCO₂e and Scope 3 emissions- 158,673.764 tCO₂e.

Sunonwealth submitted a statement of commitment to the Science Based Targets initiative (SBTi) in 2023, committing to a target to reduce direct emissions from operational activities (Scope 1) and indirect emissions from energy use (Scope 2) by 6.25% each year, in line with the scenario where temperature rise is limited to 1.5°C, and pledging to halve carbon emissions by 2030 and achieve net zero carbon emissions by 2050.

To achieve net zero carbon emissions by 2050, Sunonwealth has established a low-carbon transition plan, which includes:

- I. Actively invest in independent carbon reduction capabilities, continue developing energy-saving process equipment, and improve energy productivity and utilization efficiency.
 - II. Increase the proportion of renewable energy each year, and promote these measures to the supply chain, taking concrete action to support the low-carbon energy transition.
 - III. The Company shall invest into net zero carbon emission technologies and participate in carbon offset projects to offset unavoidable carbon emissions, or emissions that cannot be avoided with current technological limitations.
 - IV. Adopt recycled and low-carbon materials, and continue developing product technologies for producing more efficient and energy-saving motors.
- Compared to the base year of 2022, Sunonwealth took action this year to replace our major energy-consuming equipment, and increased the number of ways we use renewable energy. This has resulted in a total reduction of 9,037 tCO₂e in Scope 1 and Scope 2 emissions, a 37% reduction. In the future, in addition to continuing our own efforts to reduce emissions, we will also expand these efforts to the supply chain. By actively negotiating, communicating, and encouraging our suppliers to reduce carbon emissions alongside us, we look to move towards achieving net zero emission together.

Note 1: Information should be processed in accordance with the schedule set forth in Article 10, paragraph 2 of the Standards.

Note 2: The baseline year shall be the year of the consolidated financial report for which inventory within the provided boundaries is completed. For example, pursuant to Article 10, paragraph 2 of the Standards, companies with total capital in excess of NT\$10 billion shall complete their inventory of the 2024 consolidated financial report in 2025, which sets the baseline year as 2024. Should the Company have completed their inventory of the consolidated financial reports in an earlier year, the earlier year shall be used as the baseline year instead. Additionally, data for the baseline year can be calculated for a single year, or as an average of multiple years.

Note 3: Please refer to the best-practice templates of the Corporate Governance Center, Taiwan Stock Exchange Corporation for the information to be disclosed.

(VI) Implementation of ethical corporate management, deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and reasons for deviation

Assessed areas	Implementation status			Deviation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for the said deviation
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and approaches				No deviation.
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and stated its policies and practices in its Memorandum or external correspondence to maintain business integrity? Are the Board of Directors and the senior management committed to fulfilling this commitment?	✓		(I) The Board of Directors of the Company has established the "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Code of Conduct" to specify the Company's ethical management policies and measures. The Board of Directors and management are committed to the effective implementation of ethical corporate management policies and enforcement during internal management activities and business activities.	
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		(II) The applicable scope of the "Ethical Corporate Management Operating Procedures and Code of Conduct" established by the Company includes the subsidiaries of the Company. It expressly prohibits bribery, provision of illegal political donations, inappropriate charity donations or sponsorship, providing or accepting unreasonable presents, hospitality or other improper benefits. The Company also regularly analyzes and evaluates business activities with greater risks of unethical conduct for amendments of the "Ethical Corporate Management Operating Procedures and Code of Conduct" and related internal control systems. The Company strictly follows the preventive measures specified in all subparagraphs under Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" to prevent unethical conduct.	
(III) Does the Company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? Does the	✓		(III) The Company has established the "Ethical Corporate Management Operating Procedures and Code of Conduct" to require Directors, managerial officers, and employee	

Assessed areas	Implementation status			Deviation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for the said deviation
	Yes	No	Summary	
Company review the policies on a regular basis?			from engaging in unethical conduct and actively increases their awareness of such requirements. The Company and subsidiaries have established rigorous accounting systems, internal control systems, and audit systems to prevent unethical conduct. They encourage internal and external personnel to report illegal and unethical conduct. The Company also continues to review and amend the systems.	
II. Full implementation of ethical management principles (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? (II) Does the Company have a unit responsible for business integrity on a full-time basis under the Board of Directors, which will report the business integrity policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? (III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓ ✓ ✓	✓	(I) The Company stipulates related ethical clauses in contracts signed with customers and suppliers to prevent the Company and its employees, customers, suppliers, and stakeholders from engaging in bribery, provision of illegal political donations, inappropriate charity donations or sponsorship, providing or accepting unreasonable presents, hospitality or other improper benefits. (II) Although the Company has not set up a unit that specializes (or is involved) in promoting ethical corporate management and reports to the Board of Directors, the Company's professional managerial officers perform their duties in accordance with the authorization and we have established Employee Work Rules and related regulations to meet ethical management requirements. (III) The Company's "Ethical Corporate Management Best Practice Principles" and the "Ethical Corporate Management Operating Procedures and Code of Conduct" specify regulations for avoidance of conflicts of interest including procedures to be implemented when there is a conflict of interest involving a Director, managerial officer, or other stakeholders attending a meeting of the Board of Directors on a voting or non-voting basis, or the legal entity they represent. The Company's "Code of Ethical Conduct" specifies that employees may not take advantage of their positions in the Company to obtain improper benefits for themselves, their spouses, parents, children, or any other relative within the	No material discrepancy.

Assessed areas	Implementation status			Deviation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for the said deviation
	Yes	No	Summary	
(IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits? (V) Did the Company periodically provide internal and external training programs on integrity management?	✓ ✓		second degree of kinship. (IV) The Company has established effective accounting and internal control systems to implement business integrity. Before formulating annual audit plans, the Company evaluates the risks of audit operations and assigns weights (risks of unethical conduct are evaluated and assigned weighted scores in accordance with the two risk indicators including the degree of internal control and the financial exposure). The Company compiles all weighted scores for risks and the Audit Office formulates the audit work items and audit frequencies based on the risks. It also submits audit plans (including risk assessments) to the Audit Committee and the Board of Directors for review in accordance with regulations. The Audit Office conducts audits after obtaining approval. (V) To guide help each location of operations and the Company's stakeholders understand and implement the Company's Ethical Corporate Management Policy, the Company has continuously implemented a series of measures and management mechanisms, including the signature of relevant documents and organization of relevant training courses on a regular basis. We also conduct due diligence on suppliers to facilitate review and selection. The Company's Human Resources Department has organized education and training on ethical corporate management, including courses on business ethics, business secrets and legal knowledge, and prevention of conflicts of interest. In 2024, 39,080 total participants attended these courses, and 325,869 hours of education and training were provided in total.	
III. Implementation of the Company's whistleblowing system (I) Has the Company established concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	✓		(I) The Company has established a whistleblowing and rewards system in our Ethical Corporate Management Best Practice Principles in order to proactively prevent	No deviation.

Assessed areas	Implementation status			Deviation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for the said deviation
	Yes	No	Summary	
(II) Has the Company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms? (III) Has the Company adopted measures for protecting the whistleblower against improper treatment or retaliation?	✓ ✓		unethical behavior. Whistleblowing channels have been disclosed on the Company's website, and we have also assigned qualified personnel dedicated to handling whistleblowing complaints. (II) The Company has established comprehensive procedures and confidentiality mechanisms for case acceptance, investigation processes, investigation results, and relevant documents. (III) The Company's protection measures for whistleblowers shall include maintaining the confidentiality of the identity of the whistleblowers and the contents of their reports. The Company must also protect whistleblowers from inappropriate disciplinary actions due to their whistleblowing.	
IV. Enhancing information disclosure Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System?	✓		The Company has established the "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Code of Conduct" and disclosed the results in the Sustainability Report each year. The information is also disclosed on the Market Observation Post System and Company's website.	No material discrepancy.
V. If the Company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", describe difference with the principles and implementation status: No material discrepancy.				
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management: (Such as the status of the Company's efforts to review and correct its Principles for Honest Business Practices): 1. The Company strictly complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, regulations for listed companies, and other related regulations for business operations which are used as the basis for ethical corporate management. 2. Please refer to the https://www.sunon.com "Ethical Corporate Management Best Practice Principles, Ethical Corporate Management Operating Procedures and Code of Conduct, and Sustainability Report on the Company's official website.				

(VII) Critical information that can enhance the understanding of the Company's corporate governance practices shall also be disclosed:
 Please refer to page 26 of the Annual Report (III. Implementation of corporate governance).

(VIII) Status of implementation of internal control system

1. Internal Control System Statement

Please refer to the Public Information Observation Post: Corporate Governance/Internal Control Section/Announcement of Internal Control System Statement
(<https://mops.twse.com.tw/mops/#/web/t06sg20>)

2. If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: None.

(IX) Important resolutions adopted in shareholders' meeting and Board of Directors' meeting in the past year and up to the date of report

1. Resolutions of all shareholders in attendance in the general shareholders' meeting on June 14, 2024 and the status of implementation

Resolution	Implementation status
Passed the 2023 Business Report and Financial Statements.	-
Passed the Company's 2023 earnings distribution proposal.	The record date for distribution was set as July 9, 2024, and the distribution was fully completed on the payment date of July 29, 2024. (Cash dividend per share was NT\$3.5)
The re-election of the Company's Directors	The change was registered with the Ministry of Economic Affairs on July 15, 2024.

2. Important resolutions adopted by the Board of Directors in 2024 and up to the publication of the Annual Report on March 30, 2025

Date of meeting	Resolution
January 19, 2024	I. Passed the Company's 2024 Business Plan. II. Set the record date for the issuance of new shares in Q4 2023 due to the third domestic convertible bonds conversion. III. Discussion on the new loan guarantee for BeiHai Li Zhun Electronics Co., Ltd. IV. Discussion on establishing a Philippine company to purchase land and construct staff dormitories. V. Passed the Company's 2023 year-end bonus for managerial officers. VI. Adjust the compensation of the Company's managerial officers.
March 7, 2024	I. Passed this Company's 2023 Business Report, financial statements, and consolidated financial statements. II. Passed the Company's 2023 remuneration distribution proposal for board members and employees. III. Passed the Company's 2023 earnings distribution proposal. IV. Passed the re-election of the Company's Directors. V. Passed the proposal for the time and location of the 2024 general shareholders' meeting. VI. Passed the Company's 2023 Internal Control System Statement. VII. Passed the Company's 2023 employee remuneration for managerial officers.
May 3, 2024	I. Passed the Consolidated Financial Report of the Company for Q1 2024. II. Passed the nomination of Director candidates. III. Passed the capital increase for the Philippine Subsidiary, Sunon Properties Philippines Corp. IV. Passed to provide additional loan endorsement and guarantee for the Subsidiary, Beihai Li Zhun Electronics Co., Ltd. V. Approved the internal adjustment of Certifying Accountants by the Accounting Firm.

Date of meeting	Resolution
	VI. Passed to implement an Employee Stock Ownership Trust Plan and allocate Company contributions for eligible managers.
June 14, 2024	I. Passed the election of the Chairman of the Board. II. Passed appointment of new members to the Remuneration Committee.
August 8, 2024	III. Passed the Consolidated Financial Report of the Company for Q2 2024. IV. Passed to establish the Sustainability Development Committee Organizational Regulations of the Company. V. Passed to increase the authorized amount of bank credit for the Chairman. VI. Passed to promote the personnel of the Company's managerial officer. VII. Passed to adjust the compensation, traffic allowance, and distribution ratio of remuneration for the Company's Directors and functional committee members. VIII. Passed to adjust the compensation of the Company's managerial officer. IX. Passed to allocate Company contributions from the Employee Stock Ownership Trust Plan to newly eligible managerial officers.
November 11, 2024	I. Passed the Consolidated Financial Report of the Company for Q3 2024. II. Passed the Company's Internal Control System. III. Approved the engagement in derivative transactions. IV. Amended the Company's Corporate Governance Best Practice Principles. V. Amended the Company's Audit Committee Charter. VI. Amended the Company's Board Meeting Rules. VII. Amended the Company's Employee Salary Approval Guidelines. VIII. Passed the Company's 2025 Audit Plan. IX. Passed in accordance with the Employee Stock Ownership Trust Plan to allocate Company contributions for newly eligible Managerial officers.
January 17, 2025	I. Passed the Company's 2025 Business Plan. II. Passed the Company's 2024 year-end bonus for managerial officers. III. Passed the promotions of the Company's managerial officers. IV. Passed the adjustments on the compensation of the Company's managerial officers. V. Passed the Company's 2024 employee remuneration for managerial officers.
March 6, 2025	I. Passed the Company's 2024 Business Report, financial statements, and consolidated financial statements. II. Passed the Company's 2024 remuneration distribution proposal for board members and employees. III. Passed the Company's 2024 earnings distribution proposal. IV. Passed the definition of junior employees. V. Passed amendment of the Company's Articles of Incorporation. VI. Passed the Internal Control System for the Payroll Cycle. VII. Passed the amendment of the Company's Employee Salary Approval Guidelines. VIII. Passed the evaluation on the Independence and Competence of the Company's Certifying Accountants. IX. Passed the arrangements for the 2025 Annual Shareholders' Meeting of the Company. X. Passed the Company's 2024 Internal Control System Statement. XI. Passed the appointment and compensation of the managerial officer.

- (X) Dissenting or qualified opinion of Directors or Supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: None.

IV. Information on fees to CPA

- (I) Audit fees and non-audit fees paid to certifying accountants, the firm of the certifying accountants, and its affiliates and the nature of the non-audit services:

Information on CPA fees

Unit: thousand NT\$

Name of the CPA Firm	Name of CPAs	Duration of audit	Audit fees	Non-audit fees	Total	Remarks
Crowe Horwath (TW)	Ching-Lin Li Kuo-Ming Li	2024.01.01- 2024.03.31	3,265	116	3,381	Non-audit fees included typing fees and fees for changing the Company's business registration.
	Kuo-Ming Li Lin-Wen Huang	2024.04.01- 2024.12.31				

Please provide a detailed description of the services provided in exchange for non-audit fees: (e.g., tax certification, assurance, or other financial consulting services)

- (II) If the Company changes accounting firm and the amount of audit fee paid in the year of change is less than that in the year before, information shall be disclosed: None.
- (III) If the audit fee is more than 10% less than that paid in the previous year, information shall be disclosed: None.

V. Information on Replacement of CPAs: The accounting firm internally adjusted the certifying accountants effective from the second quarter of 2024.

VI. The Chairman, President and Financial or Accounting Managerial Officer of the Company who had worked for the Independent CPA or the affiliate in the past year: None.

VII. Share transfer by Directors, Supervisors, Managerial Officers, and shareholders holding more than 10% interests and changes to share pledging by them

(I) Change in the shares held by the Directors, Supervisors, managerial officers, and major shareholders

Title	Name	2024		2025 up to March 30	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Director	Yo Yuan Investment Corporation Institutional shareholder representative: Ching-Shen Hong Li-Ju Chen Ling-Wen Huang Fu-Sheng Huang	175,000	-	-	2,000,000
Director	Nice Enterprise Co., Ltd. Institutional shareholder representative: Ching-Liang Chen	-	-	-	-
Independent Director	Kuang-Chih Huang	-	-	-	-
Independent Director	Chi-Shan Hung	-	-	-	-
Independent Director	Chin-Cheng Kao	-	-	-	-
Independent Director	Te-Tsai Lu	-	-	-	-
Chairman of the Board and President	Ching-Shen Hong	-	-	-	-
Vice President and Director of the Finance Division	William Li	-	-	-	-
Executive Vice President	Chin-Tzu Wu	-	-	-	-
President of the Business Unit	Chen-Hsueh Li	-	-	-	-
President of Business Unit	Kuan-Hung Tseng (Note)	-	-	-	-
Plant Director	Chao-Wang Chiu	-	-	-	-
Plant Director	Chieh-Hung Lin	-	-	-	-
Vice President of the Business Unit	Ranol Lin	-	-	-	-
Acting Vice President of the Business Unit	Ru Chen Lin	-	-	-	-
Vice Plant Director	Irenne Ng	-	-	-	-

Note: President of Business Unit, Kuan-Hung Tseng, resigned on February 28, 2025.

- (II) Share transfer information: None.
- (III) Share pledge information: Please refer to the Public Information Observation Post: Shareholding Changes/Insider Pledge(Unpledge) Section/Announcement of Insider Pledge(Unpledge) (https://mopsov.twse.com.tw/mops/web/STAMAK03_1).

VIII.Information on the relationship between any of the top ten shareholders

Date: March 30, 2025

Name	Shares held by the person		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree).		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Yo Yuan Investment Corporation Representative: Ching-Shen Hong	15,000,000	5.49%	-	-	-	-	Representative of Guang Sheng Investment Corporation	Mother-son	-
							Ching-Shen Hong	Oneself	-
							Representative of Guang Xing Investment Co., Ltd.	Spouse	-
Fu-Ing Hong Chen	14,707,000	5.38%	-	-	-	-	Representative of Guang Sheng Investment Corporation	Oneself	-
							Representative of Yo Yuan Investment Corporation	Mother-son	-
							Ching-Shen Hong	Mother-son	-
							Representative of Guang Xing Investment Co., Ltd.	Daughter-in-law	-
Guang Sheng Investment Corporation Representative: Fu-Ing Hong Chen	10,137,000	3.71%	-	-	-	-	Representative of Yo Yuan Investment Corporation	Mother-son	-
							Ching-Shen Hong	Mother-son	-
							Representative of Guang Xing Investment Co., Ltd.	Daughter-in-law	-
Yi Peng Co., Ltd. Representative: Chin-Hua Wang	7,863,000	2.88%	-	-	-	-	-	-	-
Sunonwealth Charity Foundation	5,970,000	2.18%	-	-	-	-	-	-	-
Ching-Shen Hong	4,870,000	1.78%	267,000	0.10	-	-	Representative of Guang Sheng Investment	Mother-son	-

Name	Shares held by the person		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree).		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
							Corporation		
							Representative of Yo Yuan Investment Corporation	Oneself	-
							Fu-Ing Hong Chen	Mother-son	-
							Representative of Guang Xing Investment Co., Ltd.	Spouse	-
Citi custodies the Norwegian Central Bank's investment account.	4,584,000	1.68%	-	-	-	-	-	-	-
Standard Chartered custodies the VanEck Emerging Markets High Dividend Fund.	4,261,329	1.56%	-	-	-	-	-	-	-
Guang Xing Investment Co., Ltd. Representative: Li-Ju Chen	4,216,000	1.54%	-	-	-	-	Ching-Shen Hong	Spouse	-
							Fu-Ing Hong Chen	Mother-in-law	-
							Representative of Yo Yuan Investment Corporation	Spouse	-
							Representative of Guang Sheng Investment Corporation	Mother-in-law	-
Nice Enterprise Co., Ltd.	4,006,813	1.47%	-	-	-	-	-	-	-

IX. The shareholding of the Company, Director, Supervisor, Managerial Officers and an enterprise that is directly or indirectly controlled by the Company in the invested company and the calculation of the consolidated shareholding percentage

Consolidated shareholding percentage

March 30, 2025; Unit: share; %

Investee (Note)	Investment by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Sunon INC.	150,000	100.00	-	-	150,000	100.00
Sunon SAS.	50,000	100.00	-	-	50,000	100.00
Sunon Deutschland GmbH	-	-	-	100.00	-	100.00
Sunon Corporation	4,400	100.00	-	-	4,400	100.00
Sunonwealth Electric Machine Ind. (H.K.) Ltd.	799,999	99.99	1	0.01	800,000	100.00
BVI Successful Century Co., Ltd.	33,880,000	100.00	-	-	33,880,000	100.00
Sunon Electronics (Kunshan) Co., Ltd.	-	-	-	100.00	-	100.00
BVI Sunon International Ltd.	14,630,000	100.00	-	-	14,630,000	100.00
Sunon Electronic (Foshan) Co., Ltd.	-	-	-	100.00	-	100.00
Sunon Electronics (Bei Hai) Co., Ltd.	-	-	-	100.00	-	100.00
Beihai Li Zhun Electronics Co., Ltd.	-	-	-	100.00	-	100.00
Sunon Electronics India Private Limited	1,099,999	99.99	1	0.01	1,100,000	100.00
Sunon Properties Philippines Corp.	16,435,026	99.99	3	0.01	16,435,029	100.00
Sunon Electronics Philippines Corp.	8,615,687	99.99	3	0.01	8,615,690	100.00
Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	-	-	-	49.00	-	49.00
Kunshan Feng Xin Rui Electronics Technology Co., Ltd.	-	-	-	25.00	-	25.00

Sunon Cooling Technology (Huizhou) Co., Ltd.	-	-	-	100.00	-	100.00
Sunon Cooling Technology (Thailand) Corp.	200,000	100.00	-	-	-	100.00

Note: Long-term investment calculated by equity method.

C. Funding Status

I. Source of Capital Shares

(I) Capital Formulation Process

Unit: Share, NTD

Year/ month	Issuance price	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital Shares	Subscriptions paid with property other than cash	Others
2003.03	10	200,000,000	2,000,000,000	180,909,906	1,809,099,060	Converted from corporate bonds	None	Note 1
2003.08	10	240,000,000	2,400,000,000	197,443,061	1,974,430,610	Recapitalizati on of retained earnings	None	Note 2
2003.08	10	240,000,000	2,400,000,000	196,000,061	1,960,000,610	Treasury stock liquidation	None	Note 3
2005.10	10	240,000,000	2,400,000,000	199,860,062	1,998,600,620	Recapitalizati on of retained earnings	None	Note 4
2006.08	10	300,000,000	3,000,000,000	205,765,864	2,057,658,640	Recapitalizati on of retained earnings	None	Note 5
2007.04	10	300,000,000	3,000,000,000	206,990,989	2,069,909,890	Converted from corporate bonds	None	Note 6
2007.07	10	300,000,000	3,000,000,000	210,011,908	2,100,119,080	Converted from corporate bonds	None	Note 7
2007.09	10	300,000,000	3,000,000,000	223,006,342	2,230,063,420	Recapitalizati on of retained earnings	None	Note 8
2007.10	10	300,000,000	3,000,000,000	228,854,472	2,288,544,720	Converted from corporate bonds	None	Note 9
2008.01	10	300,000,000	3,000,000,000	231,306,446	2,313,064,460	Converted from corporate bonds	None	Note 10
2008.04	10	300,000,000	3,000,000,000	230,283,446	2,302,834,460	Treasury stock liquidation	None	Note 11
2008.09	10	300,000,000	3,000,000,000	245,123,935	2,451,239,350	Recapitalizati on of retained earnings	None	Note 12
2008.10	10	300,000,000	3,000,000,000	245,798,630	2,457,986,300	Converted from corporate bonds	None	Note 13

2009.02	10	300,000,000	3,000,000,000	241,265,630	2,412,656,300	Treasury stock liquidation	None	Note 14
2009.02	10	300,000,000	3,000,000,000	244,337,901	2,443,379,010	Converted from corporate bonds	None	Note 15
2009.03	10	300,000,000	3,000,000,000	245,006,573	2,450,065,730	Converted from corporate bonds	None	Note 16
2009.07	10	300,000,000	3,000,000,000	245,307,776	2,453,077,760	Converted from corporate bonds	None	Note 17
2009.08	10	300,000,000	3,000,000,000	257,524,671	2,575,246,710	Recapitalization of retained earnings	None	Note 18
2009.10	10	300,000,000	3,000,000,000	257,847,455	2,578,474,455	Converted from corporate bonds	None	Note 19
2010.01	10	300,000,000	3,000,000,000	257,929,732	2,579,297,320	Converted from corporate bonds	None	Note 20
2012.08	10	300,000,000	3,000,000,000	250,929,732	2,509,297,320	Treasury stock liquidation	None	Note 21
2023.11	10	500,000,000	5,000,000,000	272,524,358	2,725,243,580	Converted from corporate bonds	None	Note 22
2024.02	10	500,000,000	5,000,000,000	273,443,669	2,734,436,690	Converted from corporate bonds	None	Note 23

Note 1: Approved in the Jing-Shou-Shang No. 09201090890 Letter from the Ministry of Economic Affairs dated March 28, 2003.

Note 2: Approved in the Jing-Shou-Shang No. 09201259550 Letter from the Ministry of Economic Affairs dated August 29, 2003.

Note 3: Approved in the Jing-Shou-Shang No. 09201259550 Letter from the Ministry of Economic Affairs dated August 29, 2003.

Note 4: Approved in the Jing-Shou-Shang No. 09401206610 Letter from the Ministry of Economic Affairs dated October 26, 2005.

Note 5: Approved in the Jing-Shou-Shang No. 09501191390 Letter from the Ministry of Economic Affairs dated August 28, 2006.

Note 6: Approved in the Jing-Shou-Shang No. 09601086420 Letter from the Ministry of Economic Affairs dated April 24, 2007.

Note 7: Approved in the Jing-Shou-Shang No. 09601151490 Letter from the Ministry of Economic Affairs dated July 4, 2007.

Note 8: Approved in the Jing-Shou-Shang No. 09601230910 Letter from the Ministry of Economic Affairs dated September 19, 2007.

Note 9: Approved in the Jing-Shou-Shang No. 09601251720 Letter from the Ministry of Economic Affairs dated October 16, 2007.

Note 10: Approved in the Jing-Shou-Shang No. 09601321820 Letter from the Ministry of Economic Affairs dated January 4, 2008.

Note 11: Approved in the Jing-Shou-Shang No. 09701084940 Letter from the Ministry of Economic Affairs dated April 11, 2008.

Note 12: Approved in the Jing-Shou-Shang No. 09701226650 Letter from the Ministry of Economic Affairs dated September 5, 2008.

Note 13: Approved in the Jing-Shou-Shang No. 09701262270 Letter from the Ministry of Economic Affairs dated October 17, 2008.

Note 14: Approved in the Jing-Shou-Shang No. 09801016130 Letter from the Ministry of Economic Affairs dated February 4, 2009.

Note 15: Approved in the Jing-Shou-Shang No. 09801016130 Letter from the Ministry of Economic Affairs dated February 4, 2009.

Note 16: Approved in the Jing-Shou-Shang No. 09801052300 Letter from the Ministry of Economic Affairs dated March 18, 2009.

Note 17: Approved in the Jing-Shou-Shang No. 09801161450 Letter from the Ministry of Economic Affairs dated July 24, 2009.

Note 18: Approved in the Jing-Shou-Shang No. 09801183550 Letter from the Ministry of Economic Affairs dated August 13, 2009.

Note 19: Approved in the Jing-Shou-Shang No. 09801244400 Letter from the Ministry of Economic Affairs dated October 21, 2009.

Note 20: Approved in the Jing-Shou-Shang No. 09901001160 Letter from the Ministry of Economic Affairs dated January 8, 2010.

Note 21: Approved in the Jing-Shou-Shang No. 10101182680 Letter from the Ministry of Economic Affairs dated August 31, 2012.

Note 22: Approved in the Jing-Shou-Shang No. 11230216060 Letter from the Ministry of Economic Affairs dated November 22, 2023.

Note 23: Approved in the Jing-Shou-Shang No. 11330019840 Letter from the Ministry of Economic Affairs dated February 17, 2024.

(II) Categories of outstanding shares

March 30, 2025

Category of shares	Authorized capital			Remarks
	Outstanding shares (listed)	Unissued shares	Total	
Registered common shares	273,443,669	226,556,331	500,000,000	-

(III) Information on shelf registration: Not applicable.

II. List of major shareholders

March 30, 2025

Shares	Shares held (shares)	Shareholding ratio
Name of major shareholder		
Yo Yuan Investment Corporation	15,000,000	5.49%
Fu-Ing Hong Chen	14,707,000	5.38%
Kuang Sheng Investment Development Co., Ltd.	10,137,000	3.71%
Yi Peng Co., Ltd.	7,863,000	2.88%
Sunonwealth Charity Foundation	5,970,000	2.18%
Ching-Shen Hong	4,870,000	1.78%
Citi custodies the Norwegian Central Bank's investment account.	4,584,000	1.68%
Standard Chartered custodies the VanEck Emerging Markets High Dividend Fund.	4,261,329	1.56%
Guang Xing Investment Co., Ltd.	4,216,000	1.54%
Nice Enterprise Co., Ltd.	4,006,813	1.47%

III. Dividend policy and implementation status

(I) Dividend policy established in the Articles of Incorporation

The Board of Directors shall, pursuant to Article 29 of the Articles of Incorporation, determine the distribution of dividends and formulate appropriate ratios of cash and stock dividends based on requirements for operations and capital expenditures. It shall file a proposal to the shareholders' meeting for approval. However, cash dividends shall not be lower than 20% of the distributed amount in the year.

(II) Proposed dividend distribution in the shareholders' meeting this year

The Company's 2024 earnings distribution proposal was approved by the Board of Directors on March 6, 2025. The Company shall issue cash dividends of NT\$3.7 per share, subject to approval at the shareholders' meeting and the Board of Directors shall be authorized to set the record date for stock dividends and distributions.

(III) Any expected material changes to the dividend policy shall be explained.

There are no material changes to the Company's dividend policy.

IV. The effects of the stock dividends proposed by the shareholders' meeting on the Company's business performances and earnings per share

The Company has no plans for granting stocks in this shareholders' meeting and it is not required to compile a financial forecast for 2025. Therefore, it does not have related estimates on the profit or loss, estimated earnings per share, or other mandatory items with which to evaluate the impact on the Company's business performance and earnings per share.

V. Remuneration of employees, directors and supervisors

- (I) Quantity or scope of compensation for employees, Directors, And Supervisors as prescribed by the Articles of Incorporation

In the event the Company makes a profit during the fiscal year, it shall set aside no less than 2% of the profits as employee remuneration and no more than 5% as remuneration for Directors. However, a sum shall be set aside in advance to pay down any outstanding cumulative losses. In the event that our Company generates profits in a given year, we shall allocate no less than 3‰ for salary adjustments or compensation distribution to junior employees. However, if the company still has accumulated losses, these should be offset.

The employee, Director and supervisor remuneration shall be distributed in the form of stock or cash. The aforementioned distribution shall be approved with a majority vote at a meeting attended by more than two thirds of the Directors and shall be reported at the shareholders' meeting.

The distribution of employee remuneration in stocks or cash shall include employees of affiliated companies that meet the criteria specified in the Company Act.

- (II) The basis for estimating the amount of employee, Director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company appropriates remuneration for employees and Directors proportionally based on the profitability. As the remuneration for employees and Directors are distributed in cash, the calculation of the number of shares is not required. In addition, there is no difference between the actual number of distributed funds and the estimated amount.

- (III) Information on the distribution of employees' remuneration passed by the Board of Directors

1. The distribution of remuneration for employees and Directors passed by the Board of Directors on March 6, 2025 is as follows: (no discrepancy with the estimated amount)

Remuneration for employees - cash	NT\$ 44,000,000
Remuneration for employees - stocks	NT\$ 0
Director's remuneration	NT\$11,000,000

2. The proposed employee stock remuneration allocation as a ratio of the net income for the period and the total employee remuneration: 0.

- (IV) Actual appropriation of remuneration for employees, Directors and Supervisors in the previous year

The actual remuneration for employees - cash of NT\$39,800,000 distributed in the previous year was the same as the estimated amount in the proposal passed by the Board of Directors. The actual remuneration for Directors in cash of NT\$10,000,000 distributed

in the previous year was the same as the estimated amount in the proposal passed by the Board of Directors.

VI. Buyback of treasury stock: None.

VII. Corporate bond issuance status: None.

VIII. Issuance of preferred stocks: None

IX. Issuance of global depositary receipts (GDR): None

X. Exercise of employee stock option plan (ESOP): None.

XI. Restricted stock awards: None.

XII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.

XIII. Implementation of capital allocation plan: None.

D. Business Overview

I. Business activities

(I) Business scope

1. Main businesses

- (1) Cooling fans, cooling modules, and drum fans
- (2) Related components for fans
- (3) Materials and components

2. Proportion of major business activities

Business category	Proportion of 2024 revenue
DC cooling fans, cooling modules, and drum fans	74.9%
AC cooling fans	2.9%
Materials and components	22.2%
Total	100.0%

3. The Company's current products

(1) Fans

- DC cooling fans, drum fans
- AC cooling fans, drum fans
- EC fans, centrifugal fan
- Mighty Mini Fan
- High-grade IP protection fan
- Explosion prevention fans

(2) Motors

- DC automotive brushless motor
- EC high-efficiency motor

(3) Fan Tray products

(4) Cooling module

- Heat pipe
- Vapor chamber

(5) Liquid cooling module

- Water-cooled heat dissipation panel/water-cooling radiator
- Water pump/water-cooling distributor/water pipe quick connectors
- Integrated water-cooled heat exchangers

(6) Green building ventilation fan/Flow2 One-AHR ventilation fan

(7) High-volume low-speed (HVLS) large industrial ceiling fans, standing fans, wall fans

4. New products under development

- (1) Development of fan products with higher energy efficiency and longer life

- (2) Development of weather-resistant energy-saving protection fans
- (3) Development of low-noise high-performance blades
- (4) Development of ultra-slim active cooling module products
- (5) Development of high-efficiency and reliable water-cooling systems
- (6) Development of high-performance AC to DC fan modules
- (7) Development of ultra-thin active liquid cooling module products

(II) Industry Overview

1. Current trends and outlook of the industry

As the computing and networking functions of electronic, communication, and portable products continue to increase, the temperature of these products during use also continues to increase. Under such trends, products have become increasingly compact and equipped with powerful display and processing capacity. The consumers' demand and product development trends have set the stage for the greatest opportunities in the heat dissipation application industry. Additionally, the rise in popularity of the ChatGPT chatbot has focused the market's attention on generative AI. Research agency TrendForce estimates that demand for high-end AI servers from the four major North American cloud service providers shall reach 60% in 2024, and is expected to achieve compound annual growth of 28% until 2027, making the business visibility for the AI server market extremely high. As the computing power of AI chips continues to increase, their thermal design power (TDP) has also grown. NVIDIA's latest AI superchip, GB200, delivers computational performance 30 times greater than its predecessor, H100, with a TDP reaching as high as 2700 watts. In the future, cooling technologies shall become the key, which would also drive demand for liquid cooling technologies. At the same time, rising ESG awareness also means that the importance of energy-conserving cooling technologies is increasing by the day.

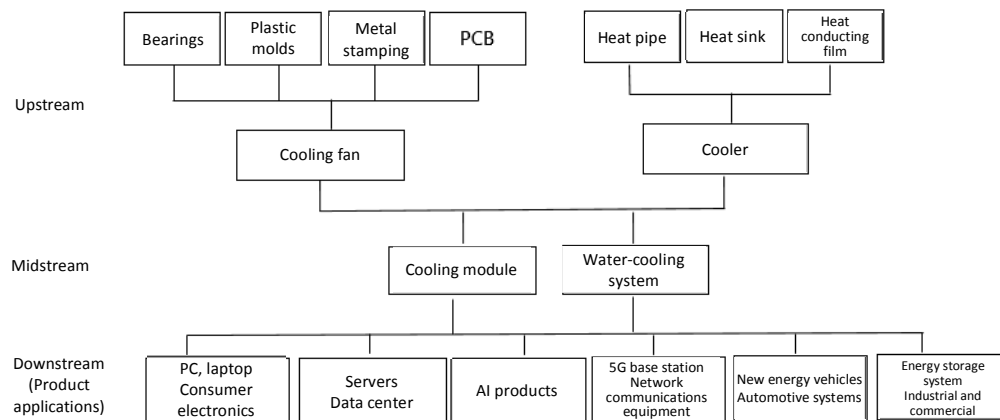
The hardware components of cooling solutions mainly include cooling fans, cooling fins, heat pipes, and thermal pads. The diverse applications for various cooling components include computers, servers, communication, consumer electronics, automotive electronics, industrial equipment, and optoelectronic industry. As Taiwan manufacturers hold most of the global OEM orders for computer and electronic equipment, they retain the advantages for the development of the cooling product industry. They have become the largest buyers and suppliers of cooling components.

The continuous updates of electronics products have fueled the growth of heat dissipation products as demand continued from computer, communication, servers, and consumer electronics as well as new applications such as automotive electronics, handheld electronics products, virtual reality, IoT, artificial intelligence, and high-performance computing. Heat dissipation component manufacturers therefore actively increase their production scale to expand their market share. In addition, the increase in the speed and performance of electronic products means increased demand for heat dissipation and also pushes companies to continue to enhance R&D capacity and launch

high-level heat dissipation products to satisfy functional demands of new applications and products. They also work hard to develop niche products and increase profitability.

2. Relationships with suppliers in the industry's supply chain

Currently, the Company's main products include cooling fans and cooling modules. The upstream industries for the Company's cooling fans are mainly composed of manufacturers of bearings, IC, copper materials, plastic molds, and PCB boards, while the upstream industries for the Company's coolers are manufacturers of heat pipes, copper (aluminum) heat sinks, and heat conducting films, and the upstream industries for the Company's cooling modules include the upstream manufacturers for both cooling fans and coolers. The Company also has many downstream industries, including the information industry, high-performance computing products, cloud data centers, network communications equipment, 5G base stations, new energy cars, automotive electronics, EV charging points, energy storage systems, industrial and commercial equipment, and the home electronics, video, and audio industries. The relationship between these upstream, midstream, and downstream industries are as described in the figure below:



3. Product development trends and competition

(1) Product development trends

A. Ongoing expansion of applications

The heat dissipation market started with applications for personal computers (including desktop and notebook computers) and network communications equipment. As technology progresses and electronic products continue to improve, applications were expanded to consumer electronic products such as handheld projectors, tablet computers, and virtual reality devices. In automotive electronics applications, the requirements for heat dissipation expanded from the vehicle media entertainment system to the smart cockpit control systems, smart connectivity systems, smart air detection systems, smart seat ventilations, wireless charging modules, smart car lights, and ADAS autonomous driving control systems. As building laws are updated and the air quality issue in Mainland China and nearby

areas became the focus of attention, applications in related products for green building and air cleaning began to rise.

The launch of advanced AI chatbots like ChatGPT, DeepSeek, and Grok 3 has ignited a new wave of AI investment, driving global tech giants including xAI, Google, Amazon AWS, and Microsoft to significantly expand capital expenditures. These companies are heavily investing in AI server procurement to train large language models (LLMs), which is accelerating server shipment growth and boosting average selling prices (ASPs). This trend is also fueling demand for upgraded thermal modules and advanced liquid cooling solutions to manage high power densities in next-gen AI hardware. According to DIGITIMES Research, the global generative AI market is expected to grow rapidly, reaching \$40 billion in 2024 and expanding to \$1.5 trillion by 2030.

As AI development matures, applications ranging from cloud servers and AI computing chips to various AI terminal devices will accelerate implementation across various fields, such as in the industrial, retail, and medical fields, shall also accelerate. This would drive demand for computing power from data centers, driving the proliferation of diverse high-performance computing solutions.

B. Enhanced functions and high cooling efficiency

As each generation of CPUs are replaced at ever higher speed, cooling component manufacturers must use design improvements and R&D in materials to develop cooling solutions that can dissipate heat at high watts quickly and provide high efficiency, long durability, low noise, low vibration, low energy consumption, low starting voltage, high torque, high temperature resistance, and dust-proof capabilities to resolve product cooling issues.

C. Slim designs

The product design of cooling components continues pursue the goals of "light, slim, short, and small" and the thickness of mainstream specifications continues to become slimmer. For instance, the thickness of cooling fans for laptop computers has progressed from 10mm to 5.2mm. New models even require less than 3mm and we continue to develop even slimmer cooling components for virtual reality devices.

D. Environmental protection and energy conservation

As global warming exacerbates, the future of energy transformation will be focused on green and low-carbon energy. According to the IEA report, the share of renewable energy (especially from solar power systems) in global electricity supply is expected to grow from 30% to 37% in 2026. A good heat dissipation system is a key element for maintaining stable operations of energy storage systems. Sunonwealth provides comprehensive cooling fan and cooling module products with high protection ratings. They provide high-performance heat dissipation as well as IP68, the highest dust and waterproof rating, and GR-487-rated protection against salt fog. We offer customized liquid cooling modules and comprehensive technical

evaluation services to quickly satisfy customer demand for optimal thermal solutions for storage systems. They meet the requirements for renewable energy systems such as energy storage systems (ESS) and PV inverters that operate in harsh environments.

Under global net zero carbon emissions policies, energy conservation and carbon reduction trends, and more rigorous environmental protection laws in the future, customers will be driven to adopt more energy efficient components. These trends shall become a new driver of growth for the Company's products.

(2) Product competition

The competition of heat dissipation components in various application industries is divided into standard products and project products. Competition for standard products is governed by the highest guiding principles of "reliability", "price", and "channel penetration". Standards products have no material differences in terms of performance and customer choose suitable products based on prices and requirements for reliability. The Company maintains a good brand image and product reliability and our products are usually those with the highest long-term customer demand. In terms of channel operations, the Company has more than one thousand sales representatives and distributors across the world to achieve the highest market penetration rate. In terms of project products, "coordinated design capacity", "technical intensification level", and "customer satisfaction" are the highest guiding principles. The Company must design solutions with customers during the initial stages of product design. We usually face unprecedented specifications and technical demands for cooling and our design capabilities and technology intensification have become our best advantages. After receiving customer certifications of products, the key to competition is determined by the Company's production and operation capacity, scale of mass production, quality assurance, and ability to lower costs and serve customers.

In terms of technical capabilities, the Company's team is proficient with the core technologies for liquid cooling solutions, and in assembling modules that include various direct liquid cooling solutions, Rear Door Heat Exchanger (RDHx) modules, and Reservoir and Pump Unit (RPU) modules. Among these modules, the Open Loop Direct Liquid Cooling Module has been successfully implemented in multiple different types of rack servers, allowing the Company to provide high-performance and energy conserving final cooling products and technical services for data centers, consumer electronics devices, energy storage systems and kinetic batteries, and communications base stations.

Additionally, the Company has expanded the application of liquid pump technology to high-performance laptops. We have developed a pump for closed loop liquid-cooling modules that can be used for laptop cooling system, enhancing the cooling performance of high-performance laptops.

The Company has also developed a water pump used in chemical liquid tanks as part of an immersion cooling system, able to improve cooling performance through moving the coolant liquid around. Experimental results show that this technology can reduce the temperature of liquid in this environment by approximately 16°C.

(III) Overview of technology and R&D

Year Item	2024	January 1 to March 30, 2025 (self-closing number)
Research spending (thousand NT\$)	892,634	251,412
Proportion of R&D expenses in business revenue (%)	6.1%	6.0%
Successfully developed technologies and products	1. VG 220*53 high-speed cloud computing fan 2. VG 220*74 high-speed cloud computing fan 3. VG 220*51 energy storage waterproof and dustproof fan 4. 1U & 2U server CPU heat pipe module 5. 6-in-1 all-smart bathroom heater fan 6. Ultra-thin laptop fan, VC and heat pipe cooling module	1. FD24 Telecom fan tray 2. All-in-One 240mm liquid cooling module 3. CDU liquid cooling and distribution unit 4. Sidecar Water-to-Air liquid cooling cabinet 5. 4U high-flow liquid cooling pump 6. Large-sized EC fans and blowers

(IV) Long- and short-term business plans

1. Short-term business plan

The development of AI technology and 5G high-speed networks makes it possible to achieve smart connections between all devices. Different devices have been converted into smart and connected electronic products, and they have rapidly expanded into industries and daily life, while increasing the demand for heat dissipation technology. We shall use the Company's technology advantages and market share in this sector for more active expansion. By leveraging Sunonwealth's technological advantages and global market share in this field, we have maintained operations in the laptop and server markets and actively expanded our market share in communications equipment, electric vehicles, industrial energy storage and emerging industries. We have already achieved significant results with purchase orders from major global brands. Additionally, in line with energy conservation and carbon reduction trends, Sunonwealth's product lines for large-scale EC fans and large industrial ceiling fans have gradually become more complete. These products are used in general building ventilation and heating equipment, and has led to the Company's more active development of the general ventilation project market. For our regional market operations, in the short-term we will further develop our sales channels in India and emerging Asia-Pacific markets, helping to continue growing the Company's sales performance.

2. Long-term business development plans

(1) The Company shall replenish human resources for sales in all channels and end

customers and intensify the development of global channels and target customers. We shall also implement KPI and project management for sales personnel and markets to improve project success rates and sales performance.

- (2) We shall enhance the development of cooling modules and water-cooled products, and integrate air-cooled and water-cooled technologies. The corresponding heat dissipation solutions must include more diverse applications of active and passive heat dissipation components. We have also developed liquid-cooled heat dissipation solutions. We shall expand products on a greater level to improve overall competitiveness.
- (3) The rapid growth in 5G communications equipment, high-performance AI cloud computing, and industrial energy storage has created development opportunities in different sectors for new products and new applications. The Company shall expand investment in R&D in these sectors and enhance plans for energy storage products to maintain lead in technologies and products and consolidate our leading position in the market.
- (4) In response to global energy conservation and carbon reduction trends, the Company shall support the plans of major international customers for attaining net zero emissions, and ESG sustainable development goals. We shall help customers improve ventilation and heat dissipation and recommend solutions. We shall also pursue market opportunities in green buildings and air cleaning and expand the applications for technologies and products.
- (5) The Company shall respond to future environmental and energy conservation regulations to demonstrate the superior technologies and advantages of the energy efficiency of the Company's motors and develop new products and new markets.

II. Market, production and sales

(I) Market analysis

1. Sales regions of main products

Year Region	2024	2023
Asia	77.3%	70.9%
Europe	16.8%	19.8%
America	5.7%	8.1%
Others	0.2%	1.2%
Total	100.0%	100.0%

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

(1) Market share

Sunonwealth products are used in a wide variety of industries, and we are one of the leading cooling manufacturers for mainstream industries globally. We are able to provide complete cooling fan, cooling module, and liquid cooling systems, meeting the cooling needs of the most advanced technologies in each industry.

The strong demand for AI servers, driven by the rapid growth of artificial intelligence applications, has significantly boosted the shipment volume of AI cooling fans. In the server product applications requiring substantial cooling solutions, Sunonwealth accounts for approximately 20% of the global market share, ranking among the top three globally. Sunonwealth is a key supplier to the world's largest server brands, including DELL, HPE, Amazon AWS, Meta, and Microsoft. In the field of thermal solutions for 5G networking equipment such as routers and switches, Sunonwealth is also a major supplier to the world's leading network equipment manufacturer. With the growth driven by trends like 5G Fixed Wireless Access (FWA) and next-generation WiFi-7 upgrades, the networking industry is experiencing steady expansion. This development is expected to increase the average selling price of thermal products in the networking sector, further driving growth in Sunonwealth's server and networking business.

In the automotive market, driven by the rapid adoption of electric vehicles (EVs) and autonomous driving technologies, the demand for automotive thermal solutions continues to grow. Since 2022, Sunonwealth has introduced various automotive thermal products into mass production for major automakers. These products are integrated into systems such as intelligent driving systems, smart cockpit control systems, intelligent connectivity systems, air quality detection systems, wireless charging modules, and smart vehicle lighting. As a result, Sunonwealth's automotive revenue grew steadily in 2024, accounting for 11% of its total revenue. This segment is expected to provide long-term growth momentum for Sunonwealth's overall revenue.

(2) Future market supply, demand, and future growth

Due to the advancement and rapid commercialization of 5G and AI technologies and the rapid growth in data centers and base stations, the demand for servers and communications equipment will continue to grow. Artificial intelligence fueled growth in high-speed computing and new energy vehicles and ADAS and autonomous driving in various stages have increased the demand for cooling applications. The arrival of the AI era has made cooling issues more urgent. In order to seize more business opportunities in the cooling products industry, Sunonwealth has continued to expand our products and technologies, starting with initially producing fans and fan trays, before gradually expanding to supplying heat pipes, heat plates, heat sinks, cooling modules, 3D VC, water-cooling plates, pump, water distribution units (CDU) and liquid-cooling modules, while also extending and integrating active and passive component thermal solution services to meet the diverse needs of the market.

Sunonwealth has extended its pump technology to high-performance laptops by developing ultra-thin pumps for closed-loop liquid cooling modules. These pumps can be embedded into laptop cooling systems, enhancing the cooling efficiency of

high-performance laptops. This innovation is expected to become a new growth driver for the company in the laptop application sector.

On the other hand, environmental, social, and governance (ESG) has become major trends as global initiatives for net-zero emissions, low-carbon transformation, and environmental commitments have been adopted. Referred to as the “digital and green dual-axis transformation”, these transitions have become important topics that companies cannot ignore. The Company shall continue to develop energy-conserving cooling solutions in the future.

At the same time, the new energy market for global industries has maintained rapid growth. Sunonwealth has been deeply involved in the new energy applications market for many years, and has continued to promote innovative new technologies, developing more efficient and reliable product and systems solutions. We have continued our strategy of comprehensively expanding the products and services we offer in order to meet the diverse needs of the market. Development of cooling technologies for some high-end energy storage products have high technical barriers to entry, and these products are difficult to replace once they have entered the supply chain, all of which contribute to our medium-term growth momentum and further solidifies our market position as an industry leader.

Looking back at the more mature IT market, the Company has changed to focusing primarily on markets with more advanced cooling requirements, such as high-end, ultra-thin, business-use, and AI PC products. Sunonwealth shall in the future continue to provide the most advanced cooling solutions for new technologies and accelerate the penetration rate of new technologies into the market to maintain optimal performance for long-term operations.

3. Competitive niches

- (1) Our own brand "SUNON" retains leading market positions and an excellent brand image.
- (2) The Company retains the most patents and intellectual properties in the industry which increases the entry barriers of the industry.
- (3) We have strong capacity for coordinated design with system manufacturers, rapid response speed, and strong customized manufacturing capabilities.
- (4) Product diversification, and the maturing of liquid-cooling technology applications, allows the Company to meet the different needs of different customers.
- (5) Products have simple structures and are easy to assemble. We have large production scale with high production efficiency and low production costs.
- (6) Highest level of vertical integration and comprehensive key components and technologies.
- (7) Dense network of distribution channels to provide the broadest and fastest response to customer demands.

4. Favorable and unfavorable factors to long-term development and response measures

Favorable factors	
1. Adoption of AI technology and continued improvements to CPU computing performance has led to increases in operating temperatures, driving demand for more high-density and high-end cooling products. 2. Demand for computing and cooling continues to increase and market demand remains stable and strong. 3. Customers begin to demand slimmer and high-performance cooling products and the development favors those with leading technologies. 4. More rigorous environmental protection and energy conservation laws encourage customers to switch to more energy-efficient high-performance motors and fans. 5. Development in IoT, AI, 5G communication equipment, and high-performance computing generate more demand. 6. New processors continue to be launched for server platforms. These performance upgrades lead to trends for machines to be continuously replaced. 7. Government policies worldwide are heavily investing in AI infrastructure, driving exponential growth in computing power demand and fueling the next wave of robust growth momentum. 8. The depreciation of the NTD and RMB help increase the sales price and gross profit margin.	
Unfavorable factors	Response measures
1. Global geopolitics are trending toward bloc confrontation	1-1. Increase production capacity of the Philippines plant 1-2. Accelerate the expansion project for the Philippines plant
2. Increase in labor costs in China and high labor turnover increase production costs	2-1. Speed up the introduction of automated production equipment and fixture tools and reduce demand for human labor 2-2. Streamline the production line organization and layout to reduce use of manpower 2-3. Initiate research on actions, time, and methodology to improve the balance, efficiency, and productivity on the production line
3. U.S. tariff increases and escalation of the trade war	The company flexibly adjusts its strategies in response to the U.S. tariff increases and escalating trade war under the Trump administration to ensure continuous growth of different products in the new policy environment.
4. Increasing pressure from price-cutting competition among peers	4-1. By leveraging advanced heat dissipation technologies, the company enhances

	product competitiveness and introduces high-margin, premium thermal solutions to avoid destructive price wars. 4-2. Reduce labor costs and expand production scale to achieve economies of scale.
5. An increasing number of new competitors are entering the thermal solution industry	Develop next-generation products by staying ahead of trends, enhancing core competitiveness, and offering more diverse and efficient thermal solution options.

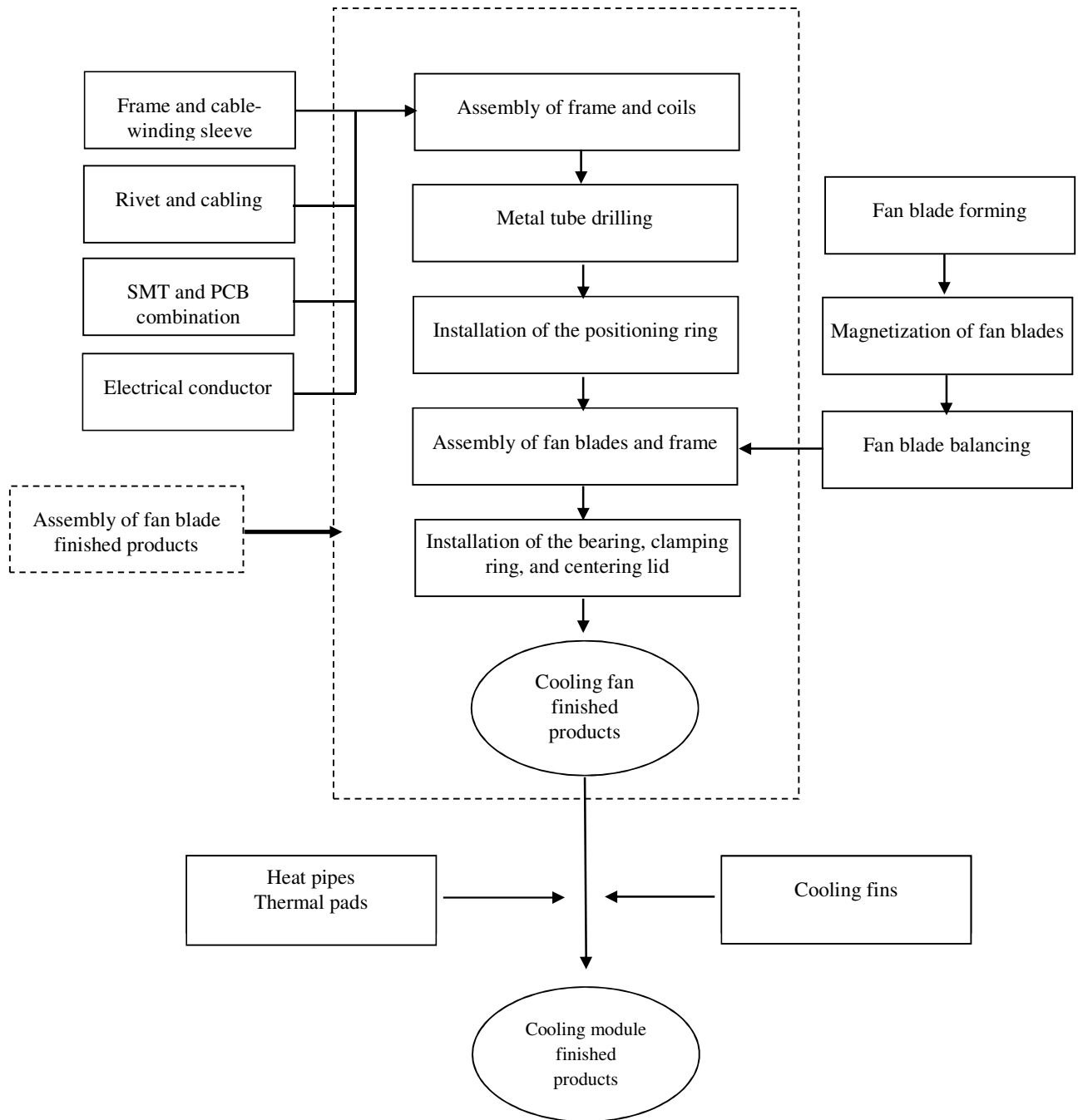
(II) Application and production of main products

1. Important applications of main products

Applications	Application products
Computer and office equipment industry	Mining machines, gaming CPU coolers, DT/AIO CPU coolers, graphics card/IC coolers, notebook computer coolers, hard disk boxes, uninterruptible power supply systems, (micro) projectors, workstations, photocopiers, mini computers
Server and communication industry	Server system/power supply, workstation system/power supply, telecommunication equipment, network communication equipment, switches, routers, storage disc arrays
Industrial and medical equipment industry	Industrial equipment, freezing equipment, measurement equipment, vending machines, ATMs, public information stations, cash registers, security surveillance equipment, drones, industrial automation equipment, industrial computers, solar power generation equipment, wind power generation equipment, energy storage equipment, industrial drives, industrial inverters, inverters, charging stations, robots, and uninterruptible power systems (UPS)
Household electrical appliance industry	Game consoles, video streaming devices, STB video converters, digital video recorders, LED TVs, stereo equipment, kitchen equipment, air-conditioning, refrigerators, microwave ovens, induction cookers, dish washers
Automotive electronics industry	LED lights, car chiller and air-conditioning systems, car air-conditioning sensors, car seat ventilation systems, car information, communication, and entertainment equipment, DC/DC converters in car battery boxes, camera systems, ADAS, ECU, HUD

2. Production process of main products

Production process chart of cooling fans and cooling modules



(III) Supply status of primary raw materials

Main materials	Supply status
Plastic materials	Stable source with supply price fluctuations tied to crude oil prices
IC	The Company must increase inventory in response to the shortages or increased supply lead time of certain types of IC.
Passive components	Prices have stabilized and the supply is stable.
Bearings	Stable source with supply price fluctuations tied to steel prices
Enameled wire	Stable source with supply price fluctuations tied to copper prices
Stamping parts	Stable source with supply price fluctuations tied to steel prices
Machining equipment parts	Stable source with supply price fluctuations tied to steel prices
Heat pipes	Stable source with supply price fluctuations tied to copper prices
Aluminum casting boards	Stable source with supply price fluctuations tied to aluminum prices

(IV) Customers who accounted for more than 10% of the purchase (sales) in any of the last two year

1. Suppliers who accounted for more than 10% of the total purchases in any of the last two years: None
2. Customers who accounted for more than 10% of the total sales in any of the last two years: None

III. Employee information

Employee information for the last two years till the publication date of the Annual Report

Year		2023	2024	As of March 30, 2025 of the current fiscal year (Note)
Number of employees	Direct employees	4,300	5,094	5,691
	Indirect employees	2,201	2,395	2,422
	Total	6,501	7,489	8,113
Average age (year)		31	32	32
Average years of service		2.56	3.08	2.78
Academic qualifications	PhD	0.1%	0.04%	0.04%
	MA	2.9%	2.5%	2.4%
	University/College	17.7%	18.0%	17.8%
	Senior high school	11.5%	24.8%	25.5%
	Below high school	67.8%	54.7%	54.3%

Note : The information for the current year should be reported up to the date of publication of the annual report.

IV. Environmental protection expenditure information

- (I) Total losses and penalties incurred due to environmental pollution in the most recent year as of the publication date of this Annual Report
The Company has not suffered any losses due to environmental pollution incidents, nor have we been penalized after an inspection from an environmental protection agency.
- (II) The Company has not incurred losses, compensation, or penalties as a result of environmental pollution. The Company places great emphasis on environmental protection and energy conservation in product design and R&D and we adopt green designs that reduce consumption of components and save energy and electricity. The production process requires complete compliance of suppliers with the related substance control declaration standard for the environment in RoHS directive in terms of the production process and raw materials. We expressly specify regulations on prohibited substances and we the product R&D process must also meet environmental protection requirements.
The Company received ISO 14001, ISO 9001, ISO50001, ISO45001, IECQ QC080000, IATF 16949, and RBA certification for environmental management system, energy management system and quality system. These records demonstrate the Company's commitment to environmental protection.

V. Employees-employer relations

- (I) Employee welfare measures, continuing education, training, retirement system and their status of implementation, as well as agreements between the employer and employees and measures for protecting employee rights and interests
1. Employee benefits
 - A. Employee bonuses: Year-end bonus, performance bonus, business bonus, R&D bonus, patent and creation bonus, and referral bonus, etc.
 - B. Employee health examinations, health seminars, physician consultations, sports clubs, and family day activities, etc.
 - C. The Company provides employees with labor insurance and health insurance in accordance with related regulations and we also have group insurance and travel insurance for employees on business trips.
 - D. Establishment of the Employee Welfare Committee for promoting employee welfare benefit plans such as spring feast, employee vacation travel allowances, dinner party allowances, birthday and three traditional holiday bonuses, wedding gifts, bereavement support, children's education scholarships, senior employee award medal, club activity subsidy, and signing agreements with partner stores, etc.
 - E. Establishing an Employee Share Ownership Trust (ESOT) allows employees to fully enjoy the stable returns of shareholder value while maintaining their autonomy. This initiative enhances employee welfare and assists in planning for retirement or resignation.
 2. Employee continuing education and training
The Company provides comprehensive training for new recruits to enhance their understanding of company products and related regulations and increase their understanding of the corporate culture. We also organize professional training courses and management training in accordance with the Company's annual plans to encourage employees and increase their sense of solidarity so that they can grow with the Company and achieve goals together.
 3. Retirement system
With regard to the retirement system and implementation status, the Company follows related regulations in the Labor Standards Act and established the Employee Retirement Regulations. For employees who opt for the old pension system, the Company appropriates pension reserves within 2% of the actual salary and deposit it into the dedicated account in the Central Trust of China. Pension is paid from this account and the Company provides supplementary payment for any shortfall when the pension is paid. For employees who opt for the new pension system, the Company sets aside 6% of the salary as pension. The parts proposed by employees are deposited in accordance with their wishes within the legal specified scope.
 4. Labor-management relations and employee rights maintenance measures:
The Company values employee feedback and provides several communication channels (e.g., employee opinion box and online communication platform) to facilitate communication and coordination between employees and the employer. We seek to learn truly understand employees' opinions and ideas on the management and benefit system, and we emphasize bilateral communication with employees to achieve a harmonious relationship between employees and the employer.
- (II) Losses arising as a result of labor disputes in the recent year up until the publication date of this annual report: None.

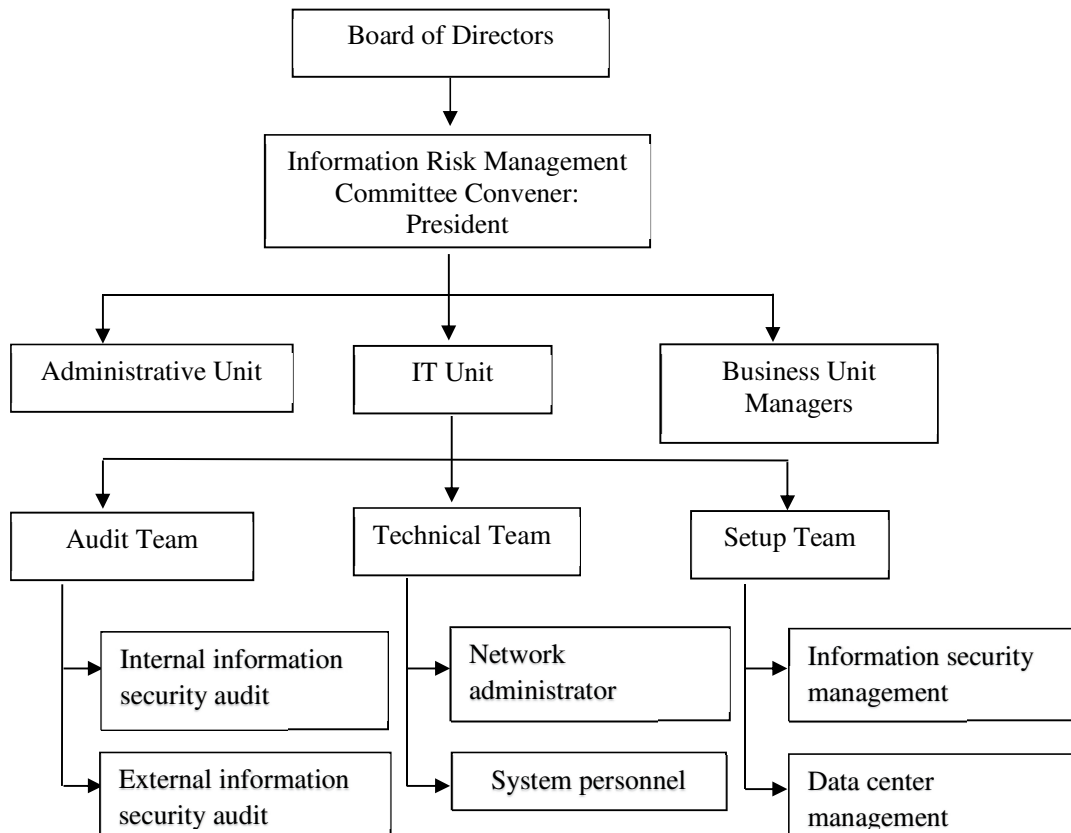
VI. Information Security Management

(1) Information Security Policy

1. Enhance staff knowledge and skills.
2. Prevent data leakage.
3. Implement daily maintenance and operations.
4. Ensure service availability.

(2) Information security risk management framework

1. Sunonwealth established the "Information Risk Management Committee" and the Company's President serves as the chief convener. It oversees the employees of the IT units who are assigned to the Information Security Setup Team, Information Security Technical Team, and Information Security Audit Team, and processes the establishment and implementation of information security and protection policies and compliance audits. The managers of administration and business units serve as members of the committee to review and make decisions on information security and information protection policies and ensure the effectiveness of information security management measures.
2. The Committee convenes regular (quarterly) meetings to review the implementation status and report to the Board of Directors.
3. The Company's information security framework is as follows.



(3) Specific management measures:

1. Information security management:

- (1) The Company has introduced and established ISO 27001:2022 Information Security Management Systems standards and policies in 2023, and in the same year obtained certification through a third-party audit. Through risk management measures such as regularly conducting information asset inventories and information security assessments, we have invested sufficient resources to maintain an effective information security management system.
- (2) Set information security collective defense mechanisms, improve information security protection, train information security talents, and ensure the continuous operations of the Company.
- (3) Examine information security measures and regulations, pay attention to information security issues, and formulate response plans to ensure their appropriateness and effectiveness.

2. Training:

- (1) All new employees of the Company must receive information security training.
- (2) The Company regularly organizes information security awareness programs to strengthen employees' awareness of information security risks.
- (3) Strengthen ISMI management capabilities, arrange courses on ISO27001:2022 standards.
- (4) Conduct social engineering drills and have employees with insufficient information security awareness undergo additional training.

3. Defense in Depth:

- (1) Hardware level: Implement access controls and video surveillance of secure or restricted areas, and ensure that environmental controls (electricity, fire safety, humidity, etc.) are operating effectively, in order to mitigate losses or damage from climate change, natural disasters, and other human factors.
- (2) Employee level: Establish and implement multi-factor authentication mechanisms for login systems and important servers, and enforce access permissions for the Company's internal employees and external contractors.
- (3) Network level: Build an external IPS and firewall to prevent external hacking attacks. Regularly review network defense policies. Segment internal networks, and implement controls for network access services. Monitor internal and external network traffic. Websites without security certifications are blocked from access, strengthening webpage filtering mechanisms.
- (4) System level: All internal systems must have endpoint detection and response software (EDR) and antivirus software installed, perform regular vulnerability and other detection scans, and install required security patches based on risk levels or manufacturer announcements. Use automated scripts to detect, analyze issues, and respond appropriately.
- (5) Application software level: Unlicensed software is managed through a software whitelist, and licenses must be obtained for all software before use.
- (6) Personal device level: Private laptops and mobile phones may not be connected to the Company's internal network. The Company provides employees with personal mobile devices, and requires specific programs and information security protection software to be installed to protect the device from malware and to prevent data leaks.
- (7) Data protection level: Implement policies preventing data leaks, set restrictions on accessing and printing important data, and strictly manage the transmission and physical transport of data and documents.

4. Information Security Incident Management:
The Company will make a material information announcement and notify the relevant authorities pursuant to the Taipei Stock Exchange Corporation Procedures for Verification and Disclosure of Companies with Listed Securities. In the event of a major information security incident, the Company will make notifications, handle the incident, collect evidence, and implement operations to rectify the situation pursuant to the relevant laws and policies.
5. Business Continuity Management:
 - (1) Important information systems or equipment are equipped with cluster infrastructure and monitoring and control mechanisms to ensure their availability.
 - (2) Create a dual backup system with local and remote backups to prevent losses from system damage due to natural disasters or other threats, and ensure the integrity and usability of the system and data.
 - (3) Create data backups following hard drive data protection strategies, and conduct drills to verify the availability of backup data.
- (4) Plan implementation status for 2024
 1. Information security management:
 - (1) The Company has continued to pass and obtain ISO 27001:2022 Information Security Management Systems certification from October 2023 onwards, keeping our certification valid. (Validity period: 2023/11/06 - 2026/11/05).
 - (2) The Information Security Management Committee convened 4 meetings this year, where information security policies and the implementation of information security protections were discussed.
 2. Training:
 - (1) All new Company employees have participated in and fully passed information security training.
 - (2) The Company promotes awareness of email information security each month, mainly to enhance employee awareness against social engineering emails.
 - (3) The Company organized 1 email social engineering drill (1000 people) this year to enhance employees' response and awareness of information security risks.
 3. Defense in Depth:
 - (1) Implement physical security management policies based on regulations.
 - (2) Continue implementing multi-factor authentication for important systems.
 - (3) Continue strengthening analysis of trends for network and system attacks, and improving defense strategies.
 - (4) Strictly manage the installation and safe usage of application software.
 - (5) Strictly manage the transmission of data and implement measures for preventing data leaks.
 4. Security incident management:
 - (1) Incident Reporting and Management:
On February 19, 2024, our company experienced a ransomware attack. Upon detecting system anomalies, the IT department immediately alerted relevant internal units and activated the cybersecurity incident response mechanism. External experts were also engaged to assist in addressing the incident. Affected systems were swiftly identified, audited, and restored. Simultaneously, we reviewed and strengthened existing information security policies and system architecture to assess the risks, potential losses, and impacts on business operations and assets caused by this incident. Response strategies were developed accordingly. This incident did not result in significant operational impacts or losses to the company. In compliance with legal requirements, we disclosed material information and reported the event to the relevant authorities.
 - (2) Evidence Collection and Remediation:

Based on the forensic analysis and investigation of this cybersecurity incident, it is inferred that the hacker obtained company employee credentials through social engineering. The attacker then used cloud access to infiltrate the internet gateway device at an overseas factory and encrypted files. In response to the increasing threats and risks of hacker attacks, the cybersecurity unit has strengthened internal staff cybersecurity training and optimized suspicious email filtering mechanisms. The IT team has enhanced monitoring and early warning of network threat behaviors, implemented multi-factor authentication, and deployed coordinated defense mechanisms to reduce information security risks and prevent similar attacks from recurring.

5. Business Continuity Management:

Continuously implement system redundancy, data backup, and business continuity drills to mitigate operational impacts and risks caused by any factors.

(5) Information security risks and response measures

To maximize the interest of the Company, employees, shareholders, and stakeholders, Sunonwealth established risk management regulations to identify different types of risks. We identify, evaluate, and quantify the risk management procedures in the response measures to reduce potential risks to a tolerable level.

1. Sunonwealth takes the following risk management measures to avoid potential crises and possible losses.

Information System Risks	
Implementation method	
(1)	Prioritize the use of automated scripts to detect, analyze, and respond automatically.
(2)	If normal operations cannot be restored, the issue shall be processed in accordance with the backup recovery management regulations.
(3)	Network equipment is designed with a stacked redundancy framework so that a single point of failure does not cause interruption of services.
(4)	All known anomalies and detections are processed with automated scripts.
(5)	When receiving an alert warning, the person in charge shall implement corresponding measures within the specified deadline.
(6)	Major physical servers in the Group consist mainly of those with cluster infrastructure and single-point failures do not occur.
(7)	Take system snapshots and create backup copies of contents in accordance with the hard drive data protection regulations, and activate remote server room backup mechanisms.

2. Network and information security management mechanisms during the pandemic

Importance to Operations	Control and Management Mechanisms
I. In an environment with constantly evolving external AI information security threats, Sunonwealth uses information security governance and high-tech protection to protect the data and interests of all	1. Readiness level assessment: We adopted the readiness indicators used by the industry to set targets and assess the progress. 2. Long-term investment plans: We formulate five-year (2024-2029) long-term plans for information security with gradual implementation and optimization. 3. Focus on key risks: Identify and establish key indicators and focus on protection against key risks.

stakeholders. II. In response to the rising information security threats in the wake of the pandemic, Sunonwealth seeks to protect the corporate website and operations by adopting a defense-in-depth approach, strengthening information security, and expanding the scope of international certification for information security and personal data protection. We aim to increase overall operation security and personal data protection to avoid major contingencies and penalties and do our best to protect the information security reputation and image of the Company.	1. External enhancement (zero trust): (1) We adopted a defense-in-depth approach (packet cleaning) and collective defense (anti-virus + firewall + information security equipment) mechanisms to improve the protection and security in all aspects of information security. (2) We use whitelist control and management mechanisms to require approval before operations to control access to external websites, activation of applications, mail list, and content review. (3) We use two-factor authentication to verify the identity of the user logging into the system. (4) Recover the user's access rights for installing software and restore devices to the original default settings after log out. (5) Use customized programmable security response mechanisms to implement visualized and automated management of external risks. (6) Centralized management and retention shall be implemented for all operation records and system logs. (7) Use the detection network alarm mechanism to immediately forward notifications regarding anomalies to the mobile device of the person in charge. 2. Internal enhancement (zero contact/zero loss): (1) Use information security awareness campaigns, social engineering exercises, and information security equipment to reduce the risks of attacks on internal computers. (2) Use an integrated virtual and real terminal environment to achieve physical isolation and data security protection. (3) Use mobile extension to create a remote work environment and reduce clustering infection. (4) Take snapshots and create backup copies in accordance with the hard drive data protection regulations to ensure the integrity of the data and system. (5) Establish dual-layer insurance mechanisms for remote servers to ensure the security of the data and system. 3. Management regulations: The Company has obtained the ISO/IEC 27001:2022 international information security management system certification in 2023 to ensure the security of internal and external data. We shall improve the Company's overall information security and take steps to maintain
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	the market competitiveness of Sunonwealth and protect the interests of customers and partners.
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- (6) Significant information security incidents:
Please refer to page 112 of this annual report for (4) Plan implementation status for 2024.
- (7) Reported the specific information security operations for 2024 and 2025 Q1 to the Board of Directors on March 7, 2024, May 3, 2024, August 8, 2024, November 11, 2024, and March 6, 2025 and disclosed the information security risk management information on the Company's website (<https://www.sunon.com/CSRDetail.aspx?id=772E93B11ADF8653>).

VII. Important contracts

Nature of the contract	Contracting parties	Commencement date/expiration date	Main contents	Restriction clauses
Land use rights assignment contract	Kunshan Economic and Technological Development Zone Agriculture, Industry, and Business Corporation	2000.10.27~2050.09.14	Land use rights to 48,688 square meters of land to the north of Nanbin Road in Kunshan Economic and Technological Development Zone for the construction of plants and employee dormitory.	None
Land use rights assignment contract	Hermosa Ecozone Development Corporation	2020.06.30~2095.06.29	Land use rights for 137,096 square meters of land in Lot 1 Block 12, Hermosa Ecozone Industrial Park for construction of plants.	None

E. Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial conditions

Main reasons and impact of any material change in the Company's assets, liabilities, or shareholders' equity during the past two years; in the case of material impact, describe future response plans

Unit: thousand NT\$; %

Item \ Year	December 31, 2023	December 31, 2024	Change (amount)	Percentage of change %
Current assets	9,576,060	11,438,169	1,862,109	19.45
Property, plant and equipment	2,171,464	2,460,697	289,233	13.32
Intangible assets	23,956	53,211	29,255	122.12
Non-current assets	3,038,671	3,560,192	521,521	17.16
Total assets	12,614,731	14,998,361	2,383,630	18.90
Current liabilities	4,720,730	6,082,219	1,361,489	28.84
Non-current liabilities	675,273	995,880	320,607	47.48
Total liabilities	5,396,003	7,078,099	1,682,096	31.17
Share capital	2,734,437	2,734,437	0	-
Capital surplus	1,518,788	1,518,788	0	-
Retained earnings (Note)	3,265,688	3,803,699	538,011	16.47
Other equity	-300,185	-136,662	163,523	54.47
Total equity	7,218,728	7,920,262	701,534	9.72
Where the change is 20%, the reasons shall be analyzed as follows: 1. The increase in intangible assets is due to higher costs incurred from the purchase of computer software. 2. The increases in current liabilities, non-current liabilities, and total liabilities are attributable to higher operating revenues, which led to increases in borrowings, accounts payable, and deferred income tax liabilities. 3. The increase in other equity is due to the rise in foreign currency translation differences arising from the conversion of financial statements of overseas operating units.				

Note: Retained earnings include statutory surplus reserves, special reserve, and undistributed earnings.

II. Financial performance

Indicate the main reasons for any material changes to the operating income, net profit, and net profit before tax as well as the expected sales and its basis, and the possible impact on the Company's future financial operations and response plans

- (I) Main reasons and impact of any material change in the company's operating income, net profit, and net profit before tax in the last two years

Unit: thousand NT\$; %

Item \ Year	2023	2024	Change (amount)	Percentage of change %
Net revenue	12,914,685	14,623,817	1,709,132	13.23
Operating costs	9,313,327	10,467,118	1,153,791	12.39
Gross profit	3,601,358	4,156,699	555,341	15.42
Operating expenses	2,070,983	2,480,028	409,045	19.75
Operating net profit	1,530,375	1,676,671	146,296	9.56
Non-operating income and expenses	221,213	305,063	83,850	37.90
Net income before tax	1,751,588	1,981,734	230,146	13.14
Income tax expenses	417,654	489,641	71,987	17.24
Current period net profit	1,333,934	1,492,093	158,159	11.86
Other comprehensive income	-42,291	166,494	200,785	493.69
Total comprehensive income of the period	1,291,643	1,658,587	366,944	28.41
Comprehensive income attributable to net profit of owners of parent company	1,291,643	1,658,587	366,944	28.41
Analysis and description for items with changes of over 20% are as follows:				
1. The increase in operating expenses is due to the rise in operating revenue.				
2. The increase in total non-operating income and expenses is attributable to higher interest income, increased net foreign exchange gains, and reduced financial costs.				
3. The increase in other comprehensive income is due to the rise in foreign currency translation differences from the conversion of financial statements of overseas operating units.				
4. The increase in total comprehensive income for the period and total comprehensive income attributable to owners of the parent company is due not only to higher operating revenue but also to effective control of operating costs and increased non-operating income, resulting in improved profitability.				

- (II) Expected sales and its basis, and the possible impact on the Company's future financial operations

For more information on expected sales and its basis, please refer to the Letter to Shareholders on page 1 for an overview of the Business Plan of this year. If the expected sales volume is reached, it would generate positive effects on the Company's finance and business.

III. Cash flow

- (I) Analysis and explanation on the change in cash flow in the most recent year and improvement plans for insufficient liquidity

Unit: %

Item \ Year	2023	2024	Change (%)
Cash flow ratio	46.07	27.65	-39.98%
Cash flow adequacy ratio	123.21	117.56	-4.59%
Cash reinvestment ratio	18.33	7.76	-57.67%
The analyses for items with changes of over 20% are as follows: The decrease in the cash flow ratio is due to an increase in current liabilities, driven by higher operating revenue, which led to increases in borrowings, accounts payable, and deferred income tax liabilities. The decline in the cash reinvestment ratio is attributable to higher cash dividends, increased equipment purchases, and greater working capital requirements.			

- (II) Cash flow analysis for the coming year

Unit: thousand NT\$

Cash balance, beginning	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Estimated cash surplus (deficit)	Estimated remedial measures for cash inadequacy	
					Investment plans	Financing plans
4,678,438	1,800,000	-1,112,000	-511,742	4,854,696	-	-
1. The estimated cash flow changes in 2025 are analyzed as follows: (1) Operating activities: The Company expects the net profit before tax in the following year to increase compared to the previous year and net changes in operating assets and liabilities related to business activities to generate cash inflow. We expect net cash inflow of approximately NT\$1,800,000 thousand. (2) Investing activities: The Company expects to invest NT\$102,000 thousand as part of our strategic collaborations, a cash outflow of NT\$350,000 thousand for regular equipment updates, and to invest NT\$660,000 thousand into the construction of the new Philippines plant, resulting in a total cash outflow of approximately NT\$1,112,000 thousand. (3) Financing activities: Pay cash dividends totaling NT\$1,011,742 thousand, and raise NT\$500,000 thousand in loans, which will lead to a cash outflow of approximately NT\$511,742 thousand. 2. The expected cash balance is NT\$4,854,696 thousand and there are no instances of cash inadequacy.						

IV. The effects that significant capital expenditures have on financial operations in the recent year

To disperse the risks of concentrated production and reduce operating cost in the wake of the trade war between China and the United States, the Company's Board of Directors resolved in the meeting on November 1, 2019 to invest US\$20,000,000 in the establishment of SUNON Properties Philippines Corp. and invest US\$5,000,000 in the establishment of SUNON Electronics Philippines Corp. SUNON Properties Philippines Corp. will own the land and plant in the Philippines and SUNON Electronics Philippines Corp. will engage in product manufacturing. The Company shall reduce the dividends distribution ratio and obtain medium to long-term loans for the investment. The Company's financial structure remains robust after the financing. The new plant in the Philippines commenced mass production and shipments in 2022 Q4. The Company had increased its capital by US\$7,000,000 and US\$20,000,000 in 2023 and 2024, respectively, in order to expand production capacity and to plan for the building of new plant facilities. The investment company described above shall be financed by a moderate reduction to the dividend distribution ratio and by obtaining medium to long-term loans. In 2023, the Company issued NT\$1,200,000,000 in unsecured convertible corporate bonds in order to repay these loans, and all convertible bonds have already been converted that same year. The Company's financial structure remains sound.

To make up for the loss of the production capacity in Foshan Plant, the Company established Sunon Electronics (Bei Hai) Co., Ltd. in 2021 with own capital of RMB 40,000,000 from Sunonwealth Foshan Plant and RMB 20,000,000 from Sunon Electronics (Kunshan). There is no material impact on the financial structure. Sunon Electronics (Bei Hai) commenced mass production and shipments in 2022. The company achieved economies of scale in 2023, which maintained the overall production capacity of the Group, effectively reduced production costs, and generated positive effects on the Company's finance and business.

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year

Investee company	Cumulative investment amount (thousand NT\$)	Investment policy	Main reason for profits or losses	Improvement plans
Sunon Electronics (Kunshan) Co., Ltd.	USD 34,431	Development of cooling module products and cooperation with laptop market customers	Recognized NT\$271,73 thousand in profits from investment in 2024. Profitability decreased due to the change of the product mix.	Continue to develop niche new products, intensify vertical integration, and cooperate with customers in passive cooling components.

Investee company	Cumulative investment amount (thousand NT\$)	Investment policy	Main reason for profits or losses	Improvement plans
Sunon Electronic (Foshan) Co., Ltd.	USD 50	Provide services to customers in the Pearl Delta region.	Recognized NT\$204,119 thousand in profits from investment in 2024. Recognition of profits from the investment in Sunon Electronics (Bei Hai).	The company has transitioned into a trading company that provides services to specific customers.
Sunon Electronics (Bei Hai) Co., Ltd.	USD 10,000	Disperse investment risks and serve as the backup or alternate base for the production base in the Pearl Delta area.	Recognized NT\$434,343 thousand in profits from investment in 2024. Production efficiency increased due to the success of the economy of scale.	Expand production scale and increase cost advantages.
Lizhun Electronics (Bei Hai) Co., Ltd.	RMB 60,000	It made up for the loss of the production capacity in Foshan Plant and is used as a production site for domestic customers in China.	Recognized NT\$304,509 thousand in profits from investment in 2024. Production efficiency increased due to the success of the economy of scale.	Expand production scale and increase cost advantages.
SUNON PROPERTIES PHILIPPINES CORP.	NTD 948,195	Disperse risks by setting up production sites outside Greater China and holding land and plant	Recognized NT\$25,502 thousand in losses from investment in 2024, due to PP&E depreciation and amortization.	Profitability can be improved after the start of production.
SUNON ELECTRONICS PHILIPPINES CORP.	NTD 485,208	Disperse risks by setting up production sites outside Greater China and engaging in product manufacturing and sales.	Recognized NT\$36,583 thousand in losses from investment in 2023. This is due to output not yet reaching economies of scale and high fixed costs leading to losses.	Profitability shall be improved after production achieves economies of scale.

Note: Cumulative investment amount that exceed 5% of paid-up capital.

The major investment plan for the following year is the construction of the new plant with investment from Sunon Properties Philippines Corp. The plant will be leased to Sunon Electronics Philippines Corp. for product manufacturing and sales.

VI. Risk management and evaluation

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures

1. Changes in interest rates and response measures

To effectively curb excessively high inflation, the U.S. Federal Reserve began aggressively raising interest rates in 2022, ending years of accommodative monetary policy. Following the Fed's lead, both the European Union and Taiwan also implemented rate hikes. Although the Federal Reserve initiated rate cuts in the second half of 2024, the pace of easing has been slow. Consequently, companies in mainland China that rely heavily on U.S. dollar-denominated loans continue to bear significant interest burdens. To stimulate the stagnant economic growth rate, Mainland China has adopted a loose monetary policy by continuing to lower the reserve ratio and stimulate the economy. The subsidiaries in Mainland China therefore switched to borrowing in RMB to reduce interest expenses. The Company alternates between loans in NTD, USD, and EUR to reduce interest rates. When long-term changes are expected on the interest rate market, we use interest rate exchange contracts to lock in long-term interest rates and avoid material impact caused by interest rate fluctuations.

2. Impact of interest rates changes and response measures

In the past year, the depreciation of NTD has contributed to an increase in revenue and gross profit margin, and the depreciation of the RMB decreased operating costs and increased the gross profit margin, which benefit the Company's profitability. The Company prioritizes natural hedging policies to reduce the risks of exchange rate fluctuations. We create USD liability positions for purchases denominated in USD to automatically offset USD foreign-currency asset positions generated from sales. The natural hedging policy minimizes losses from exchange rates in the event of material foreign exchange rate fluctuations. However, we remain affected by customers' payment customs on the income end for currencies that can be used. We are affected by the place of occurrence of the costs and expenditures and we thus remain exposed to USD net assets and RMB net liabilities positions and we must continue to reduce our exposure to risks associated with these two currencies. In addition, the Company's policies also permit operations in foreign exchange derivatives to reduce risks. Where necessary, the Company can respond accordingly.

3. Impact of inflation and response measures

The loose monetary policies of world governments and measures taken to stimulate economic recovery have increased market concern for inflation. Countries have increased interest rates and taken austerity and other measures to prevent further deterioration of inflation. Although inflation data have improved, they have not yet returned to safe levels and we must pay closer attention than ever before to the potential impact of inflation.

(II) Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and

derivatives transactions:

The Company strictly prohibits high-risk investment and high-risk operations in derivatives. Based on the transactions conducted in recent years, the investment products consisted only of investments in repurchase bills with low risks. Transactions were in compliance with the Company's policies and resulted in profits. The Company's derivatives only involved foreign exchange DF and NDF investments with low risks. Transactions were in compliance with the Company's policies and resulted in profits. The Company only organizes in loans between affiliates of the Group and completely follows related regulations in all procedures to meet corporate governance requirements. In addition, the Company assisted the sub-subsidiaries companies in China, Sunon Electronics (Kunshan) Co., Ltd., Sunon Electronic (Foshan) Co., Ltd., and Sunon Electronics (Bei Hai) Co., Ltd. in obtaining bank loan credits by providing endorsement and guarantee. As the three sub-subsidiaries are wholly-controlled companies, there are no uncontrollable risks. The Company shall maintain a low-risk operation policy to respond to future risks.

Loans provided for others, endorsements and guarantees, and transactions in derivatives are processed in accordance with the Company's "Procedures for Loaning of Funds to Others", "Procedures for Making Endorsements and Guarantees", and "Procedures for Acquisition or Disposal of Assets".

(III) Future R&D programs and expected R&D investment

R&D Program Contents	Estimated R&D expenditures
1. Development of fan products with higher energy efficiency and longer life 2. Development of weather-resistant energy-saving protection fans 3. Development of low-noise high-performance blades 4. Development of ultra-slim active cooling module products 5. Development of high-efficiency and reliable water-cooling systems 6. Development of high-performance AC to DC fan modules 7. Development of ultra-thin active liquid cooling module products.	Annual R&D expenses will be 5% to 8% of business revenue

(IV) Major changes in government policies and laws at home and broad, the impact on Company finance and business, and response measures

In the recent trade war between China and the United States, the United States increased import tariffs on products directly produced and sold by China to the United States. As most of the Company's products are produced in Mainland China, a very low percentage (less than 3%) of products are included in the scope of increased tariffs. The Company takes measures to transfer the costs and transferred the cost of increased tariffs to customers. Other products were sold to other customers in Mainland China who assemble our products into other products for sales in the United States. This accounts for

a larger portion of sales but as the Company's products account for a low percentage of materials used in the customers' products, the place of production of the Company's products will not affect the designation of the place of production of the customers' products and we therefore do not need to relocate our production site. However, if these customers transfer production back to Taiwan or to Mexico or directly to the United States, the changes would affect the Company's logistics and warehouse storage methods and increase costs marginally. Overall, the tariffs would have little impact on the Company's finance and business and the Company has prepared response measures for all possibilities.

In addition, the Company's related units collect information on important changes to domestic and foreign policies and laws to ensure that all our finance and business activities meet local regulatory requirements and quickly adapt to changes in policies and laws.

(V) Impact of recent technological changes (including information security risks) and market changes on finance and business of the Company, and response measures

The Company has set up dedicated units to conduct research on changes in upstream and downstream sectors of the electronics industry in Taiwan and abroad. We also participate in domestic and foreign exhibitions and seminars to obtain the latest information on industry development and provide related information to R&D, sales, and management to use as reference for technology development and business strategies. The latest technology development trends are mostly favorable to the Company's development. The new Purley server platforms will increase demand for more sophisticated cooling solutions. The rise of AI, IoT, and Industry 4.0 applications will bring forth greater and more high-end cooling demand. 5G communication devices and AI applications will also increase demand for cooling products. The automobile industry's demand for cooling has progressed from luxury and optional devices to standard equipment and devices for computing heat dissipation. These technological advances have increased the sophistication of cooling products and will continue to expand the market which will help power the Company's medium and long-term development. The Company shall make full use of our advantages in these technologies and our lead in the market to accelerate market expansion and widen the gap between the Company and competitors.

(V-1) Impact of damage to the information system on the Company's business operations and the response measures

We created a system with high-availability cluster infrastructure and remote backup for the IT system to ensure uninterrupted system services. Remote backup can use high-speed Internet to backup system information to a remote server at reasonable costs. The DR fault-tolerant transfer uses virtualization technology and server hardware for mutual backup. In the event of hardware damage or software system collapse, we can painlessly switch to a different server to continue operations and keep system services uninterrupted.

The Company regularly executes various server room disaster response drills and conducts drills for disaster recovery. We restore backup data to verify the feasibility of

backups and reduce the risks of system service interruptions due to unforeseen natural disasters or human errors. We also ensure that the required recovery time for system interruptions is within the set goals.

(V-2) Risks and countermeasures for cyberattacks

As cyberattacks continue to grow in terms of the sophistication of the methodology, there are no permanent fixes in the industry. As such, the Company has established the Information Security Policy as the guiding principle for information security protection and established related information security management regulations and operating procedures. The management organize quarterly information security meetings to review the Company's current information security measures and formulate improvement plans. We provide explanation and propose response measures for the following risks that we may encounter in business operations.

1. Virus threats

The sources of computer viruses may be malicious websites, illegitimate attachments, or portable storage media. The Company has therefore established multiple layers of defenses and inspections and installed a reputable anti-virus system in all terminals. We adopt centralized controls for surveillance and protection to reduce the risks of infections and attacks from malicious programs.

2. Cyberattacks

Internet hacker attacks cause the most direct impact on the Company's operations. In addition to establishing necessary protection measures including segmentation of major networks and access authorization control, firewalls, intrusion detection, and mechanisms for blocking attacks, we will also fix the security vulnerabilities based on information security vulnerability reports to minimize loopholes and the possibilities of attacks.

3. Ransomware attacks

After the ransomware attack on February 19, 2024, the company conducted a thorough review of its login authentication mechanisms and data backup procedures. The attack was carried out by external threat actors who used social engineering techniques to obtain employee credentials, enabling them to deploy ransomware on internal servers. Moving forward, the company will prioritize strengthening employee cybersecurity awareness through education and training programs, as well as conducting social engineering drills to enhance preparedness against such threats.

(VI) Impact of corporate image change on risk management and response measures

The Company has always maintained a good reputation for high quality and advanced technologies. There were no crisis involving the change of corporate image in the most recent year up to the publication date of the Annual Report.

(VII) Expected benefits and possible risks of mergers and acquisitions as well as the responding measures: Not applicable

(VIII) Expected benefits and possible risks of factory expansions as well as the response

measures

In response to the changing dynamics following the U.S.-China trade war, the Company resolved during its board meeting on November 1, 2019, to invest in the construction of a new factory in the Philippines. The Company has also continued to expand its production capacity at this facility to diversify production risks and achieve cost reduction benefits. The Company has financed the expansion of the plants with its own capital and bank loans, and the financial risks remained under control after the financing.

(IX) Risks associated with over-concentration in purchase or sale and response measures

The Company's suppliers and customers are dispersed and we maintain solid long-term relationships with suppliers and customers. There are no cases of over-concentration of purchases or sales.

(X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures

There has been no significant transfer of company shares by Directors, Supervisors, or major shareholders with more than 10% of shares in the most recent year and up to the publication date of this Annual Report.

(XI) Effects that changes in management have on the Company as well as risk and response measures: The Company completed the new term board election on June 14, 2024, with the Chairman concurrently serving as the general manager, and there is no risk of change in management control.

(XII) Litigation or non-litigation events: None

(XIII) Other significant risks and response measures: None.

VII. Other important matters: None.

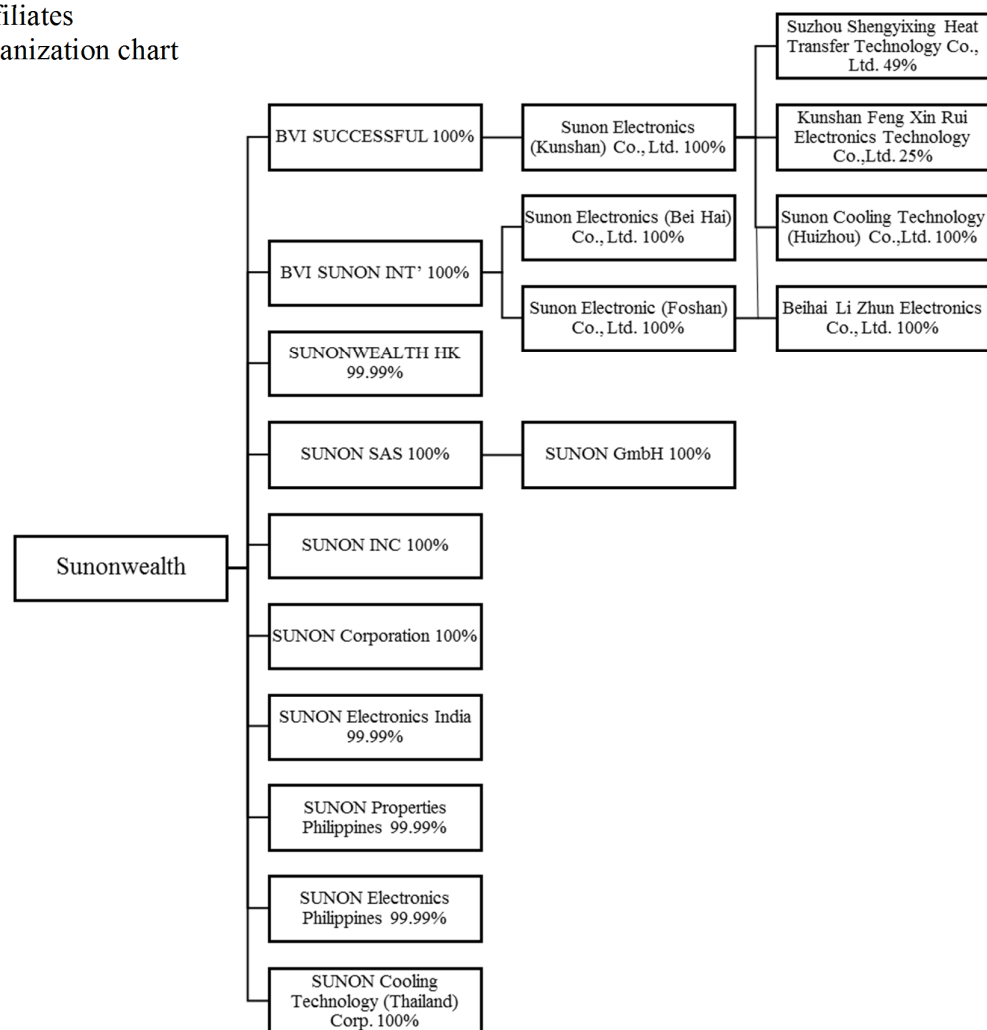
F. Special Disclosures

I. Profiles of affiliates and subsidiaries

(I) Consolidated Business Report of Affiliates

1. Overview of affiliates

(1) Affiliate organization chart



(2) Basic information of affiliated enterprises

March 30, 2025; Unit: thousand NT\$

Enterprise name	Date of establishment	Address	Paid-in capital	Main business or core products
Sunon INC.	1998.12.24	1760 Yeager Ave, La Verne, CA 91750	US1,500	Manufacturing and assembly of electronic components and import and wholesale of various electronic and electrical components
Sunon SAS.	1999.12.30	66, avenue des Pepinieres, 94832 FRESNES CEDEX – FRANCE	EUR500	Import and wholesale of various electronic and electrical components
Sunon Deutschland GmbH	2000.09.01	Lebacher Strabe 4, 66113 Saarbrücken.	EUR25	Import and wholesale of various electronic and electrical components
Sunon Corporation	2000.07.07	202, Itou Bld., 1-1-20, Tsujido, Fujisawa Shi, Kanagawa Ken, 251-0047, Japan	JPY15,000	Production and sales of fans
Sunonwealth Electric Machine Ind. (H.K.) Ltd.	1992.07.30	Room 14-1402, Hong Kong and Macau Building, 156-157 Connaught Road Central, Sheung Wan, Hong Kong	HKD800	Import and wholesale of various electronic and electrical components
BVI Successful Century Co., Ltd.	2000.07.07	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	US33,880	General investment and trade
Sunon Electronics (Kunshan) Co., Ltd.	2000.09.19	No. 168 Nanbin Road, Kunshan, Jiangsu Province, China	US34,399	Production and sales of brushless DC motors and fans
BVI Sunon International Ltd.	1997.01.15	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	US14,630	General investment and trade
Sunon Electronic (Foshan) Co., Ltd.	2006.03.20	Shop B234, Building 1, Zijincheng, Xiayi Dawei Industrial Zone, Guicheng, Nanhai District, Foshan City, Guangdong Province	US50	General investment and trade
Sunon Electronics (Bei Hai) Co., Ltd.	2011.04.07	B6, Beihai Comprehensive Bonded Zone, Beihai Avenue West, Beihai City, Guangxi Province, China	US10,000	Production and sales of AC/DC motors and fans
Beihai Li Zhun Electronics Co., Ltd.	2021.12.20	1F,2F,3F, Building 1, Huike Science and Technology Park, B2 District, Beihai Integrated Free Trade Zone, Beihai, Guangxi	CNY60,000	Production and sales of AC/DC motors and fans
Sunon Electronics India Private Limited	2019.06.12	Spaze IT Park, Tower B, 5th Floor Unit 530. Sohana Road. Sector 49 Gurgaon. Haryana. India. Pincode: 122018	INR11,000	Import and wholesale of various electronic and electrical components
Sunon Properties Philippines Corp.	2020.01.14	Lot 1, Block 12, Hermosa Ecozone Industrial Park, Brgy. Palihan, Hermosa, Bataan, Philippines.	PHP1,643,503	Real estate development and investment
Sunon Electronics Philippines Corp.	2020.01.10	Lot 5, Block 8, Hermosa Ecozone Industrial Park, Brgy. Palihan, Hermosa, Bataan, Philippines.	PHP861,569	Production and sales of AC/DC motors and fans
Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	2014.11.11	No. 169, Liaobang Road, Jiangling Neighborhood, Wujiang District, Suzhou, Jiangsu Province, China	RMB12,000	Production and sales of heat dissipation equipment
Kunshan Feng Xin Rui Electronics Technology Co., Ltd.	2024.05.07	Room 2, 3rd F, No. 269 Shaoqing East Road, Qiandeng Town, Kunshan City, Jiangsu Province, China	RMB2,000	Production and sales of DC fans and cooling modules
Sunon Cooling Technology (Huizhou) Co., Ltd	2025.01.17	Factory 4, Shengnuoda Industrial Park, No. 4 Xingju West Road, Dongxin Area, Dongjiang High-Tech Industrial Park, Huizhou City, Guangdong Province, China	RMB10,000	Production and sales of cooling modules
Sunon Cooling Technology (Thailand) Co., Ltd.	2025.03.05	200/2 Moo 5, Tambol Nong Irun, Amphur Ban Bueng, Chonburi Province, Thailand	THB2,000	Manufacturing and sales of thermal modules, and import/wholesale of various electronic and electrical components

Note: The exchange rates for various foreign currencies in the 2024 Balance Sheet are: USD: NTD = 1: 32.785; JPY: NTD = 1: 0.2099; EUR: NTD = 1: 34.14; CNY: NTD = 1: 4.5608; HKD: NTD = 1: 4.222; INR: NTD = 1: 0.383; PHP: NTD = 1: 0.5651

- (3) Information of common shareholders who are presumed to have a relationship of control and subordination: None.
- (4) Businesses covered by the affiliated enterprises' overall operations
- A. Design, production, and sales of various fans, cooling modules, and motors
 - B. Design, production, and sales of spindle motors
 - C. Production of precision hardware components for fans and motors
 - D. SMT processing
 - E. Molds design and production
 - F. General investment and management consulting

(5) Directors, Supervisors, and Presidents of each affiliated enterprise and the number of shares they hold or the amount of capital they contributed to each enterprise

Enterprise name	Title	Name or representative	March 30, 2025 Shares held	
			Number of shares	Shareholding ratio (%)
Sunon INC.	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong, Li-Ju Chen, William Li	150,000	100.00%
	Acting President	Chen-Hsueh Li	-	-
Sunon SAS.	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong	50,000	100.00%
	President	Pascal Moraux	-	-
Sunon Deutschland GmbH	Director	SUNON SAS Representative: Pascal Moraux	-	100.00%
Sunon Corporation	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong, Chen, Li-Ju Chen	4,400	100.00%
	Supervisor	Sunonwealth Electric Machine Industry Co., Ltd. Representative: William Li	-	-
Sunonwealth Electric Machine Ind. (H.K.) Ltd.	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong, Li-Ju Chen	799,999	99.99%
Successful Century Co., Ltd.	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong	33,880,000	100.00%
Sunon Electronics (Kunshan) Co., Ltd.	Director	SUCCESSFUL CENTURY CO., LTD Representative: Ching-Shen Hong, Li-Ju Chen, William Li	-	100.00%
	Supervisor	Ling-Wen Huang	-	-
Sunon International Ltd.	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong	14,630,000	100.00%
Sunon Electronic (Foshan) Co., Ltd.	Director	SUNON INTERNATIONAL LTD. Representative: Ching-Shen Hong, Li-Ju Chen, William Li	-	100.00%
	Supervisor	SUNON INTERNATIONAL LTD. Representative: Ling-Wen Huang	-	-
Sunon Electronics (Bei Hai) Co., Ltd.	Director	SUNON INTERNATIONAL LTD. Representative: Ching-Shen Hong, Li-Ju Chen, William Li	-	100.00%
	Supervisor	SUNON INTERNATIONAL LTD. Representative: Ling-Wen Huang	-	-
	President	Chao-Wang Chiu	-	-
Beihai Li Zhun Electronics Co., Ltd.	Executive	Sunon Electronic (Foshan) Co., Ltd.	-	100.00%
	Director Supervisor	Representative: Ching-Shen Hong William Li	-	-
Sunon Electronics India Private Limited	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong, Li-Ju Chen	1,099,999	99.99%
Sunon Properties Philippines Corp.	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong, Li-Ju Chen, William Li	16,435,026	99.99%
Sunon Electronics Philippines Corp.	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong, Li-Ju Chen, William Li	8,615,687	99.99%

Enterprise name	Title	Name or representative	Shares held	
			Number of shares	Shareholding ratio (%)
Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	Director	Sunon Electronics (Kunshan) Co., Ltd. Representative: Ching-Shen Hong	-	49.00%
	Supervisor	William Li	-	-
Kunshan Feng Xin Rui Electronics Technology Co., Ltd.	Director	Sunon Electronics (Kunshan) Co., Ltd. Representative: Simon Wu	-	25%
	Supervisor	Gong-Rui Liang	-	-
Sunon Cooling Technology (Huizhou) Co., Ltd.	Executive Director	Sunon Electronics (Kunshan) Co., Ltd. Representative: Ching-Shen Hong	-	100%
Sunon Cooling Technology (Thailand) Co., Ltd.	Director	Sunonwealth Electric Machine Industry Co., Ltd. Representative: Ching-Shen Hong, Simon Wu	200,000	100%

2. Overview of business operations of affiliates

December 31, 2024; Unit: thousand NT\$

Enterprise name	Capital	Total value of assets	Total liabilities	Net worth	Operating revenue	Operating profits	Profit or loss for the current period (after tax)	Earnings per share (NT\$) (after tax)
Sunon INC.	49,140	284,981	136,987	147,994	307,696	(50,769)	(31,051)	(207.01)
Sunon SAS.	16,127	218,768	118,184	100,584	345,730	(71,494)	7,102	142.04
Sunon Deutschland GmbH	1,027	8,096	1,729	6,367	21,744	3,147	3,176	-
Sunon Corporation	4,470	1,583	59	1,524	0	(34)	(72)	(16.36)
Sunonwealth Electric Machine Ind. (H.K.) Ltd.	3,428	1,941	0	1,941	0	(68)	(58)	(0.07)
Successful Century Co., Ltd.	1,136,933	1,814,264	0	1,814,264	0	(117)	271,621	8.02
Sunon Electronics (Kunshan) Co., Ltd.	1,148,456	3,730,943	1,917,023	1,813,920	4,756,983	201,458	271,732	-
Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	51,983	134,331	89,313	45,018	155,720	(12,464)	(13,005)	-
Sunon International Ltd.	592,197	1,565,303	0	1,565,303	0	(144)	638,331	19.44
Sunon Electronic (Foshan) Co., Ltd.	84,089	514,884	22,557	492,327	54,223	735	204,119	-
Sunon Electronics (Bei Hai) Co., Ltd.	293,115	3,393,273	2,320,735	1,072,538	5,754,229	460,588	434,343	-
Beihai Li Zhun Electronics Co., Ltd.	265,311	1,969,955	1,256,698	713,257	2,510,868	332,748	304,509	-
Sunon Electronics India Private Limited	4,880	6,316	1,069	5,247	7,892	940	783	0.71
Sunon Properties Philippines Corp.	948,195	878,420	98	878,322	0	(16,490)	(25,502)	(3.61)
Sunon Electronics Philippines Corp.	485,208	522,655	181,396	341,259	409,423	(35,316)	(34,508)	(5.98)
Kunshan Feng Xin Rui Electronics Technology Co., Ltd.	9,116	8,497	256	8,241	0	(871)	(871)	-

(II) Consolidated financial statement of affiliates

For the 2024 fiscal year (from January 1 to December 31, 2024), companies that should be included in the consolidated financial statement of affiliates as provided by the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as what should be included in the consolidated financial statements of parent and subsidiary companies as provided in IFRS No. 10 which was approved by the Financial Supervisory Commission, and the relevant information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent and its subsidiaries. The Company shall not be required to prepare separate consolidated financial statements of affiliates (please refer to the 2024 Financial Report on https://mops.twse.com.tw/mops/#/web/t57sb01_q1).

(III) Affiliation Report

The Company is the controlling company of other affiliate companies and is thus not applicable to regulations regarding the disclosure of an affiliation report.

II. Progress of private placement of securities during the latest year and up to the date of annual report publication: None.

III. Other supplemental information: None.

Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report shall be specified separately below: None.

Sunonwealth Electric Machine Industry Co., Ltd.

Chairman : Ching-Shen Hong

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