

CHAPTER 2

Corporate Governance

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CORPORATE GOVERNANCE

Yearly Performance Highlights



A total of 9 Board meetings were held, with an average attendance rate of 100% among directors.



0 major legal violations or corruption incidents occurred, and no whistle-blowing cases were reported.



In 2024, \$2.5 million was invested in information security management. Resource investments included: improving governance and technical infrastructure, strengthening cybersecurity defense equipment, incident response and attack-defense drills, and education and training, comprehensively enhancing information security capabilities and perfecting cybersecurity protection. No information security or data leakage incidents occurred in the reporting year.



44 domestic and international patent applications were filed in 2024, and 16 new domestic and international patents were granted, with 1 trade secret managed internally. As of 2024, ITH has filed a total of 488 patent applications and maintained 313 valid patents. In 2024, ITH did not have any patent infringement cases or patent litigation cases.

2.1 Corporate Governance Framework

To enhance corporate governance and create a diverse Board of Directors, ITH expects directors to possess core competencies such as international perspective, leadership, influence, communication and coordination skills, and implementation ability to strengthen the independence of corporate governance. Members of the Board of Directors provide professional and objective opinions with a high degree of self-discipline and a prudent attitude.

In addition to the establishment of the Board of Directors, the Company has also formed functional committees such as the Audit Committee and the Remuneration Committee. These committees are responsible for overseeing and guiding the Company's decision-making in economic, environmental, and social aspects, confirming the performance goals and remuneration structures for directors and managers, and effectively implementing internal controls and risk management to address potential corporate risks.

Core Competencies of Directors



◆ Board Member Diversity and Independence

The current Board of Directors of the Company is composed of seven directors, including industry experts and professionals in finance and accounting. There are a total of seven director seats, including three corporate directors, three independent directors, and one female director, with a term of three years.

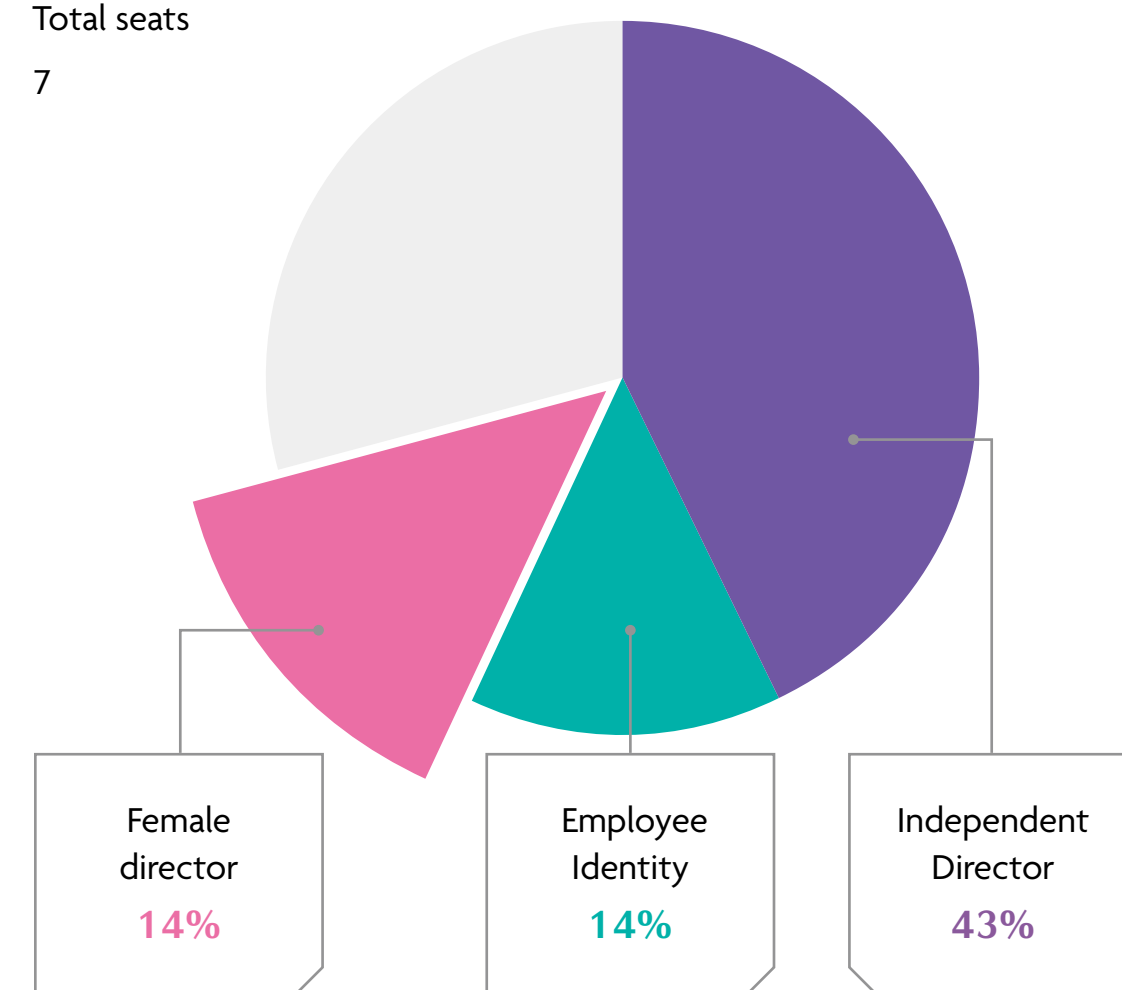
The Board of Directors convenes at least once a quarter to ensure the effective operation of independent supervision and check-and-balance mechanisms. All major proposals are reported to, discussed by, and resolved by the Board of Directors to maintain fairness and transparency of corporate governance. The Company evaluates the independence of directors based on actual circumstances, considering their constructive opinions toward the management team and other directors, their ability to express independence, and whether they meet social ethical standards. The Company continuously reviews the independence of the Board of Directors.

The Company currently has 7 directors, with ages ranging from 41 to 70 years old, all of whom hold Taiwan nationality. Only 1 director is concurrently serving as an employee (accounting for 14%). The Company has 3 independent directors, accounting for 43% of the Board of Directors., None of the directors are subject to the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, and there are no spousal or second-degree kinship relationships among the directors. Directors who concurrently serve as company managers do not exceed one-third of the director seats. All independent directors meet professional criteria and are external individuals independent of the Company.

The Company is committed to the diversification of the Board of Directors and has designed a diversity policy based on the "Corporate Governance Practice Guidelines." This policy covers two major aspects: basic criteria and value (gender, age, nationality, and culture) and professional knowledge and skills (law, accounting, industry, finance, marketing, technology, etc.), ensuring that the directors possess the knowledge, skills, and expertise necessary to fulfill their duties. The current Board of Directors possesses diverse professional backgrounds in finance, industry, technology, operations management, accounting, and financial analysis, supporting the Company's sustainable development.

Additionally, the Company values gender equality, with currently 1 female director, accounting for 14% of the Board of Directors. In the future, we will continue to enhance the diversity and professionalism of Board members to ensure governance effectiveness and corporate sustainability development.

Total seats
7

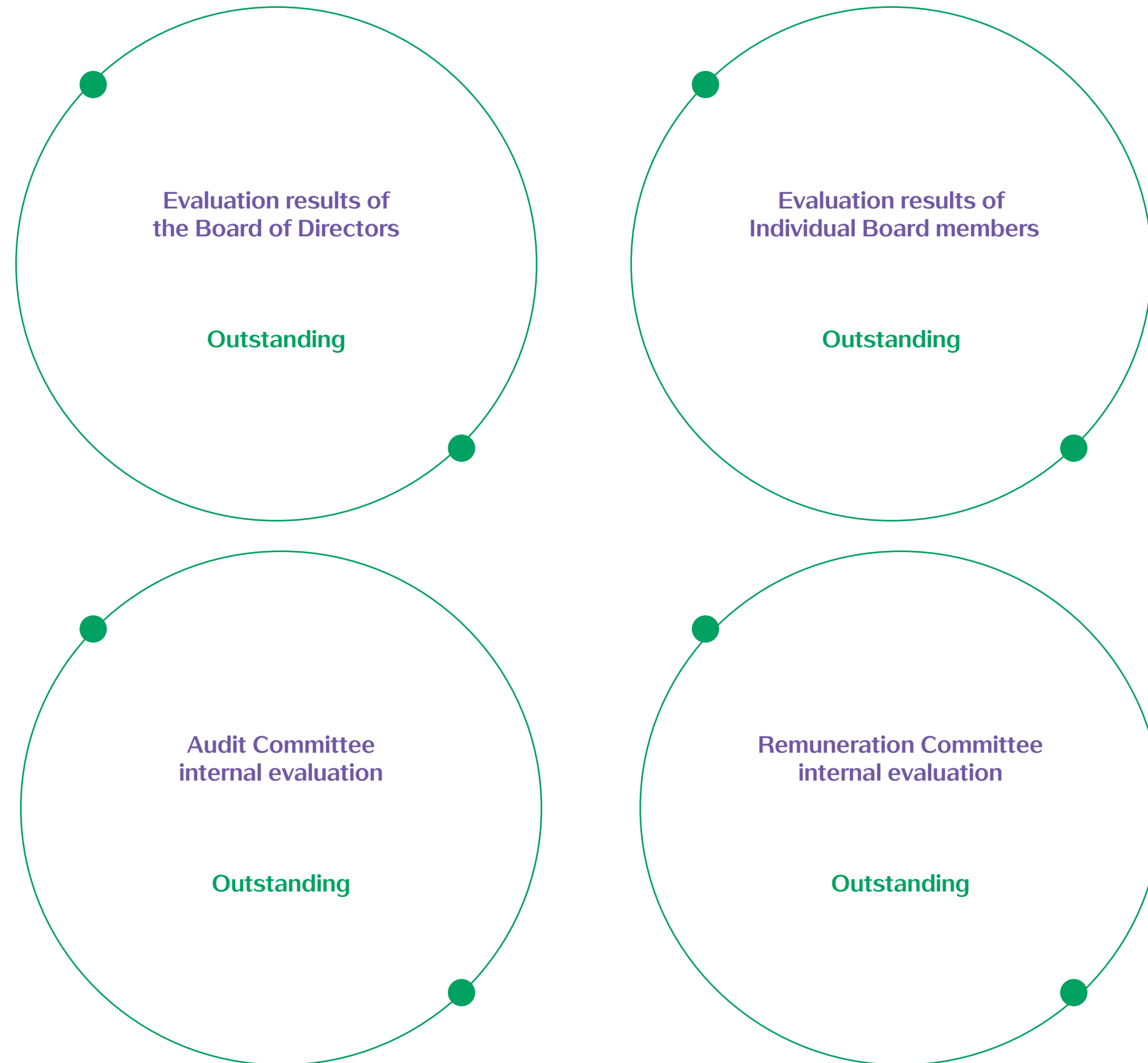


Title	Name	Gender/Age	Term	Employee Identity	Business Management and Operational Judgment	Finance and Accounting	Crisis Management	Industry Knowledge	International Market Perspective	Leadership and Decision-Making Abilities
Chairman	Milehigh Investments Holding Limited (Representative: Wayne Liang)	♂ 61-70		-	✓	✓	✓	✓	✓	✓
Directors	Nelpus Investments Limited (Representative: Justin Wang)	♂ 41-50		-	✓	✓	✓	✓	✓	✓
Directors	ACIT Limited (Representative: Bruce Chen)	♂ 41-50		●	✓		✓	✓	✓	✓
Directors	Lydia Chen)	♀ 51-60	3	-	✓	✓	✓	✓	✓	✓
Independent Director	Ted Lee	♂ 51-60		-	✓	✓	✓	✓	✓	✓
Independent Director	Sam Chen	♂ 51-60		-	✓	✓	✓	✓	✓	✓
Independent Director	Peter Teng	♂ 41-50		-	✓		✓	✓	✓	✓

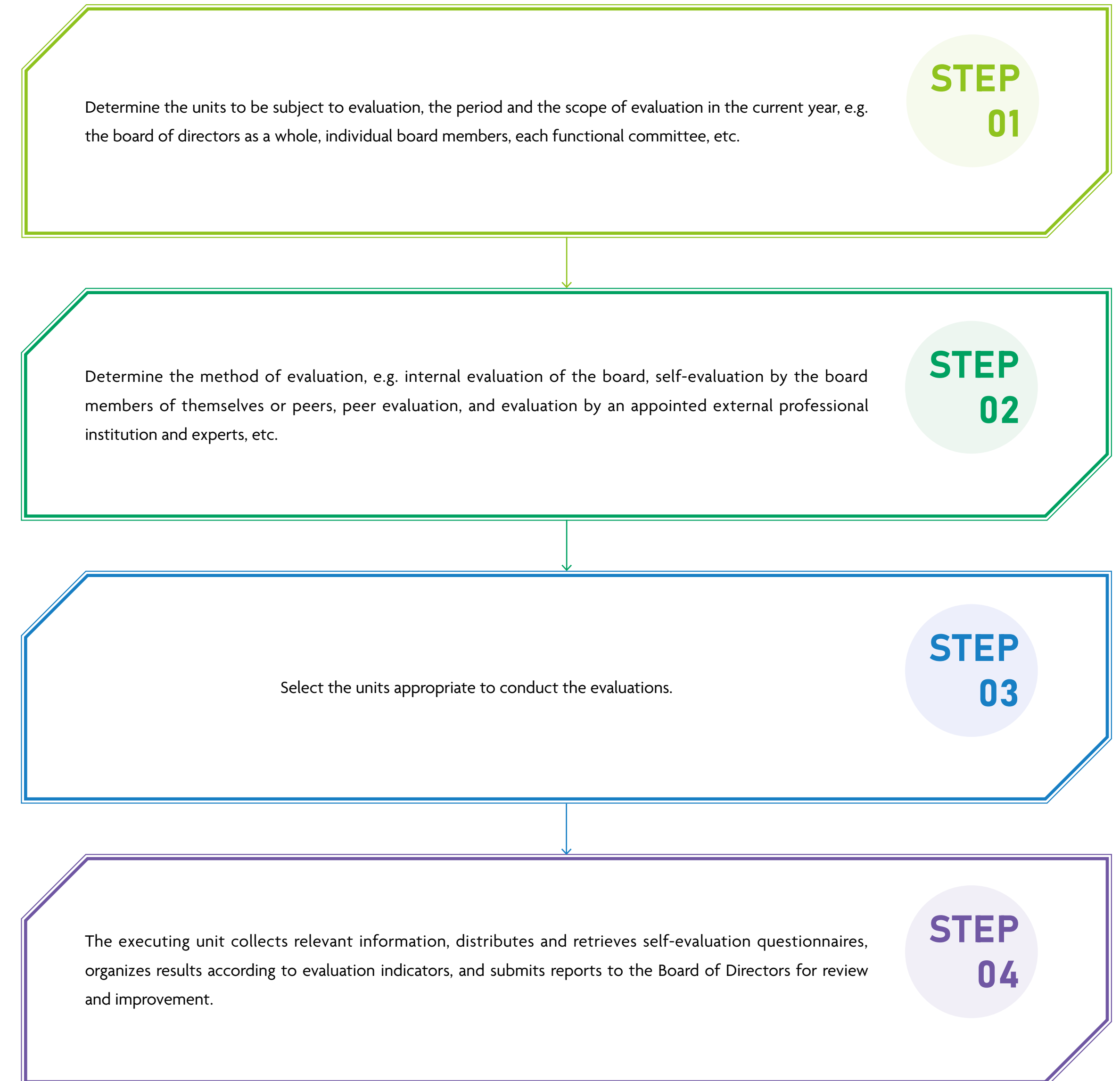
For information on Board Member Diversity and Independence, please refer to the shareholders' meeting annual report on "Board Diversity Policy and Independence."

◆ Directors Performance Evaluation

On January 16, 2024, the Board of Directors approved the "Rules for Performance Evaluation of Board of Directors," mandating at least one internal self-assessment annually of the Board, functional committees, and individual directors. The evaluation can be conducted by external independent professional institution or a panel of external experts and scholars. It must be completed by the end of the first quarter of the following year, with the evaluation results reported to the Board of Directors. The internal evaluation results for 2024 for the overall Board of Directors, individual Board members, and the Audit Committee were rated as "Outstanding," with the Remuneration Committee also rated as "Outstanding." The evaluation indicated that the overall operations of the Board of Directors and each functional committee were excellent, meeting corporate governance requirements, and effectively enhancing the functions of the Board while protecting shareholders' interests.

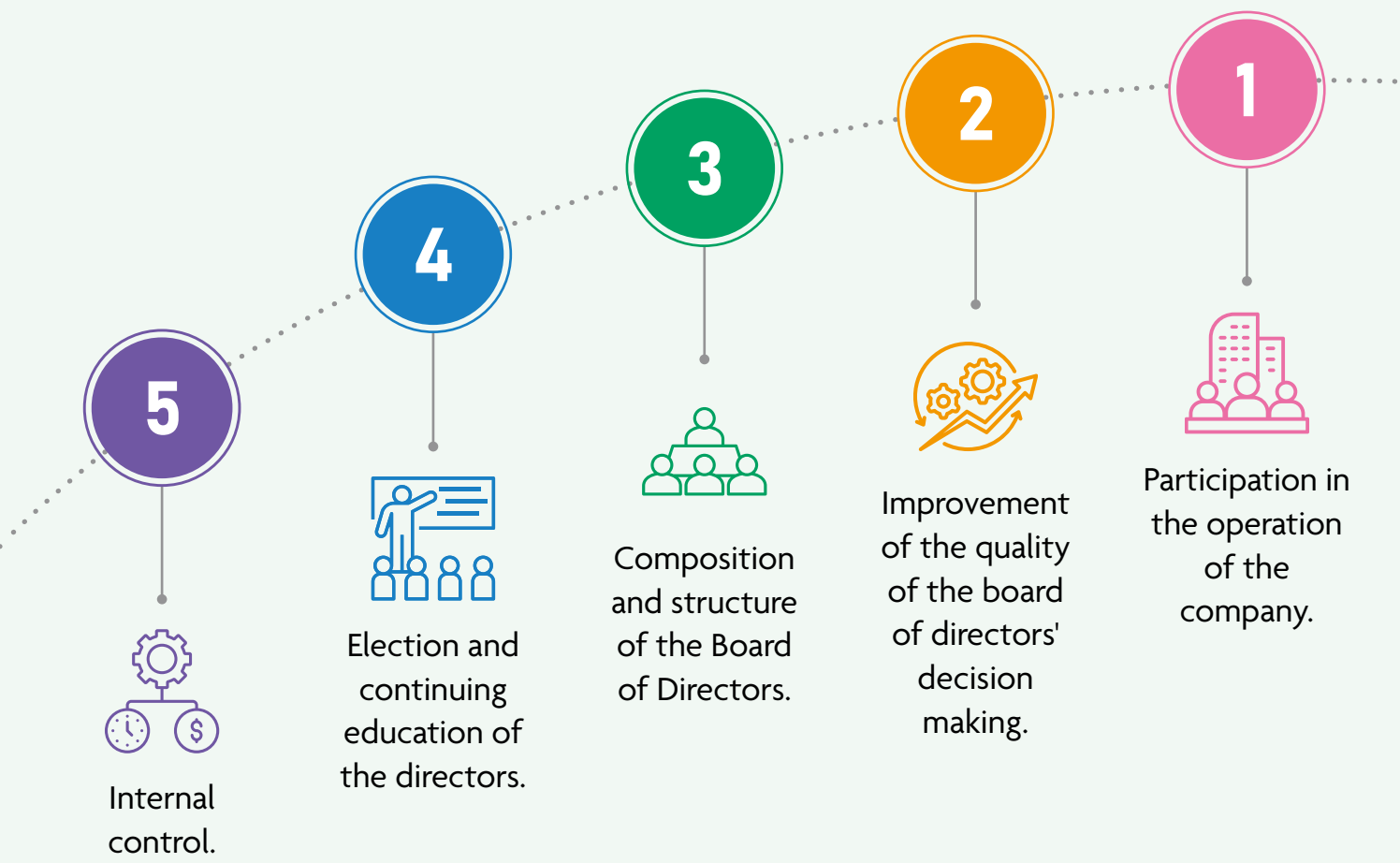


Evaluation Procedures



Evaluation Indicators

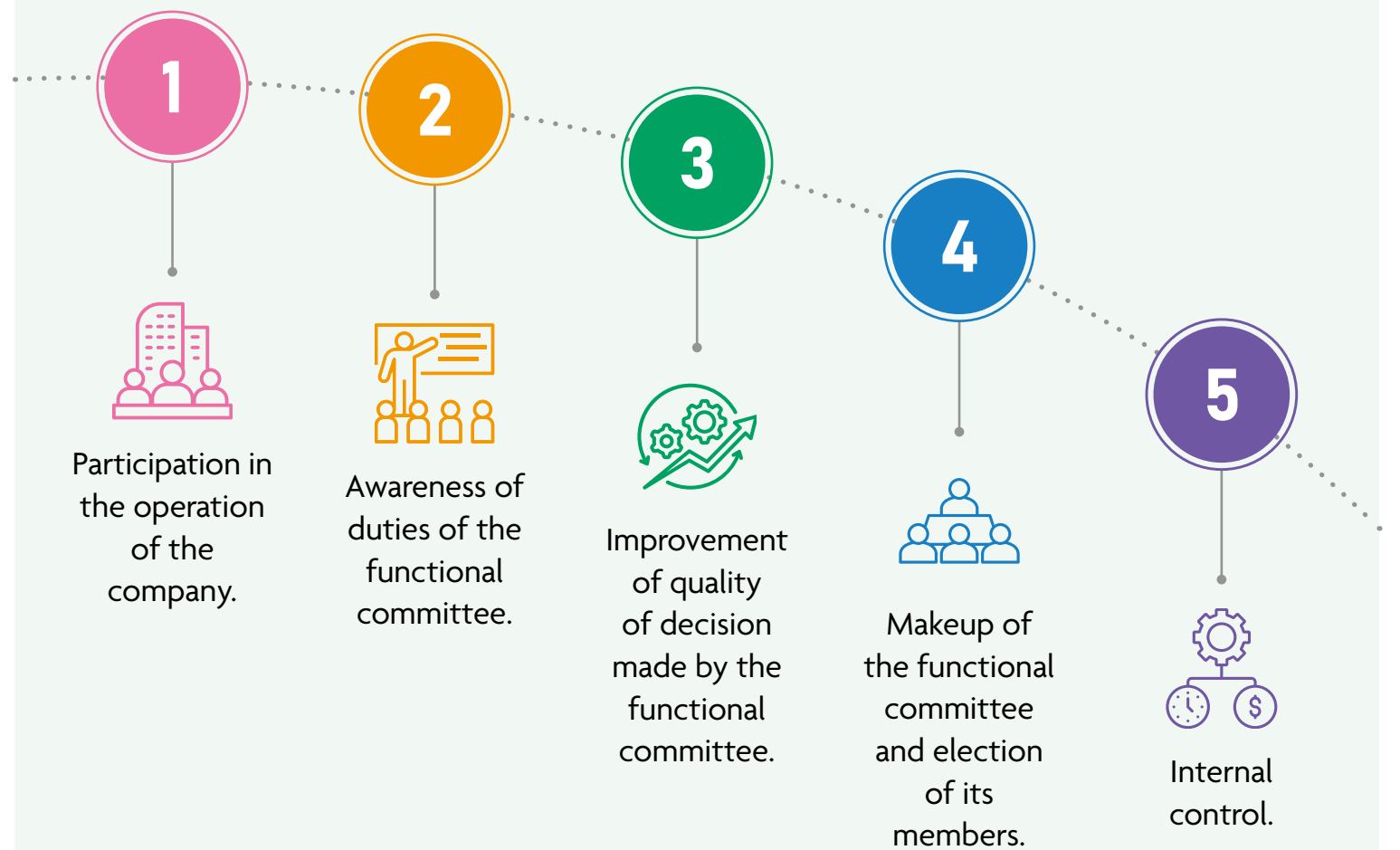
The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects



The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects



The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects

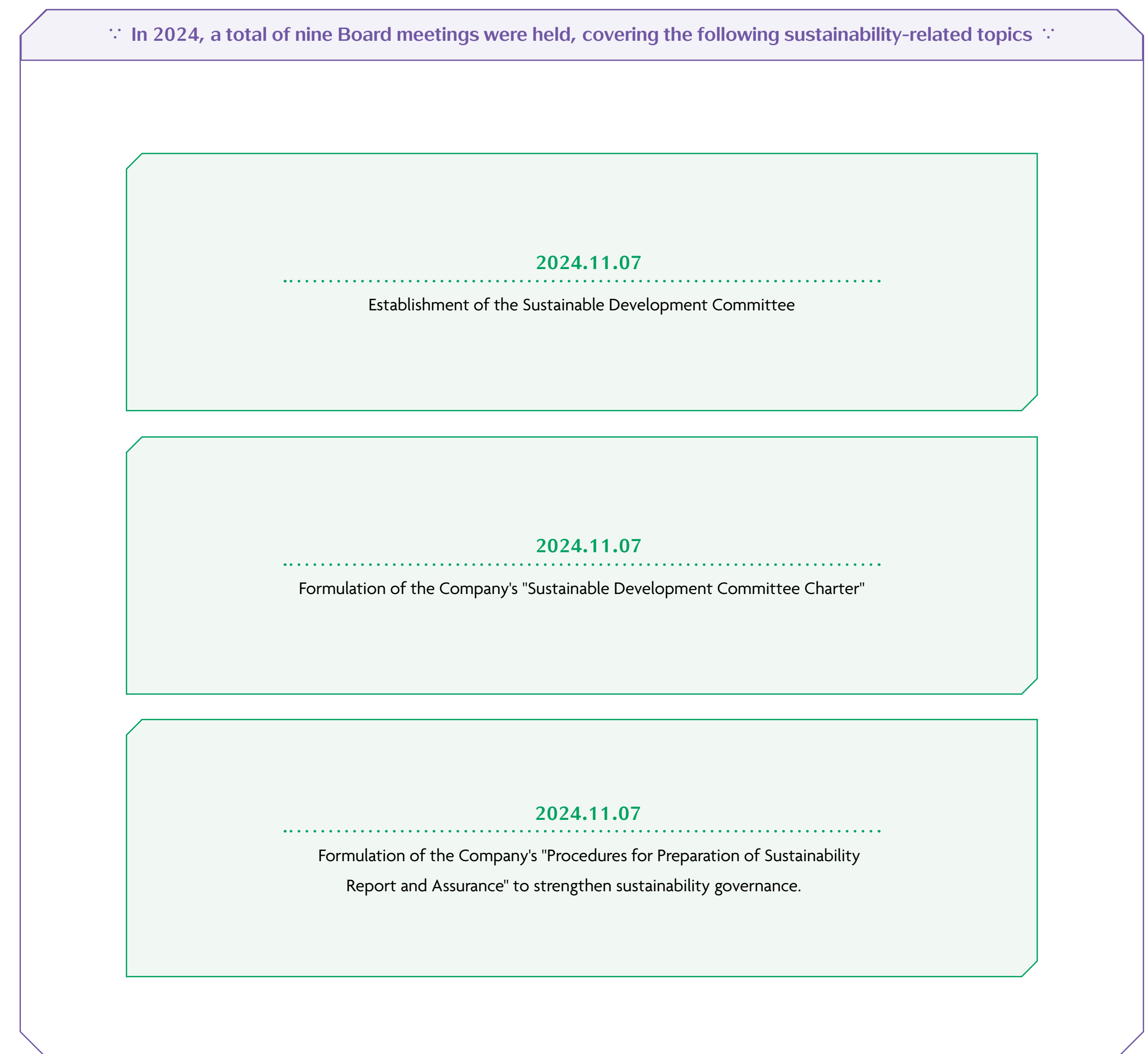


◇ 2024 Board Operations Status

The Board of Directors is the Company's highest governance body and ultimate decision-making center, overseeing overall operation management. The Company conducts the nomination and selection of members of the highest governance body based on the principles of fairness, impartiality, and transparency, taking into account the overall composition and diversity of the Board of Directors. On January 16, 2024, the Board approved the "Director Nomination and Election Procedure." The Company's Articles of Incorporation clearly stipulate the adoption of a cumulative voting system and a candidate nomination system. It considers the diverse backgrounds and independence of nominees in terms of professional knowledge, skills, experience, and gender, considering the following key factors comprehensively:



The nomination of Board members undergoes a rigorous selection process, and is reviewed by the Board of Directors and elected by shareholders' meeting through voting to ensure that the Board can effectively perform its supervisory and decision-making functions, thereby promoting the Company's steady development and sustainable operation.



◆ Members of the Board of Directors and Meeting Attendance

The Board of Directors held 9 (A) meetings in 2024. The attendance of directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Chairman	Milehigh Investments Holding Limited	9	-	100%	
	Song High Investment Holding Co., Ltd. Representative: Wayne Liang				
Directors	Nelpus Investments Limited	9	-	100%	
	Representative: Justin Wang				
Directors	ACIT Limited	9	-	100%	
	Representative: Bruce Chen				
Directors	Lydia Chen	9	-	100%	
Independent Director	Ted Lee	9	-	100%	
Independent Director	Sam Chen	9	-	100%	
Independent Director	Peter Teng	6	-	100%	Elected on March 14, 2024. Number of times required to attend: 6 times
Independent Director	Sun Shih-Wei	2	-	100%	Elected on December 29, 2023. Resigned on February 19, 2024. Number of times required to attend: 2 times

◆ Remuneration Policies for Directors and Managerial Officers

Director compensation includes remuneration, business execution expenses, and director fees. Directors who concurrently serve as managers or consultants do not receive a monthly remuneration. The monthly remuneration for external directors and independent directors is determined based on their level of participation in company operations, contribution value, supervision of the Company's sustainable development plans, and reference to industry standards. Business execution expenses are transportation allowances paid based on attendance.

According to Article 34 of the Company's Articles of Incorporation, if there is a profit for the year, the Company may allocate up to 1% of the pre-tax net profit before deducting employee and director remuneration for director remuneration. This has been approved by the Remuneration Committee and the Board of Directors, and reported to the shareholders' meeting.

The remuneration for managers is determined based on the "Regulations for Remuneration of Directors and Managers" and by referencing industry standards for similar positions. It includes fixed remuneration, performance bonuses, employee compensation, and other remuneration. Performance bonuses and employee compensation are linked to business performance. Performance bonus evaluation criteria include management capabilities and achievement of work goals. The Human Resources formulates year-end bonus distribution recommendations based on the Company's annual profit and annual performance evaluation results of managers. These recommendations are submitted for approval by the Chairman and then reviewed by the Remuneration Committee before implementation with the agreement of the Board of Directors. Employee remuneration takes into consideration of the Company's business performance, future operations, and risks. The Remuneration Committee formulates allocation recommendations, which are decided by the Board of Directors and reported at the shareholders' meeting.

For information on directors and managers' remuneration in 2024, please refer to the shareholders' meeting annual report on "Remuneration paid to Directors, Supervisors, President, and Senior Executive Vice Presidents in the most recent year."



◆ Board of Directors' Avoidance of Conflicts of Interest

The Company clearly stipulates conflict of interest prevention policies and operational procedures for personnel at all levels in its "Operational Procedures for Ethical Management and Guidelines for Conduct" and "Corporate Governance Best Practice Principles," providing appropriate channels for disclosure and ensuring effective implementation.

01

Directors, independent directors, managers, and other stakeholders attending or present at Board meeting shall, when agenda items listed for the Board meeting involve matters in which they or the legal entities they represent have vested interests, explain the material content of such interests at that Board meeting. If there is concern that such interests may be detrimental to the Company's interests, they shall not participate in the discussion and voting, and shall recuse themselves during the discussion and voting process, and may not exercise voting rights on behalf of other directors.

02

When company personnel discover a conflict of interest related to themselves or the legal entities they represent while conducting company business, or when there is a possibility that they, their spouse, parents, children, or stakeholders could gain improper benefits, they shall report the relevant situation to their immediate supervisor and the Company's Human Resources Unit. The immediate supervisor is also required to provide appropriate guidance.

03

Company personnel shall not use company resources for business activities outside the Company, and shall not let participation in external business activities affect their work.

◆ Continuing Education of Directors and Managerial Officers

The Company places great emphasis on enhancing directors' professional competencies and governance capabilities. In 2024, all directors completed the required continuing education hours as stipulated. The annual training courses for directors include topics related to corporate governance and business integrity. In 2024, courses on corporate governance and securities regulations were arranged with 13 participants, including directors, senior executives, and other employees, and a total of 78 training hours. These courses covered core issues such as corporate governance, Board performance evaluation, global economic trends, corporate M&A strategies, and information security governance, effectively enhancing governance literacy and decision-making capabilities.

Participant	Course Name	Total Training Hours
Board Members	<ul style="list-style-type: none"> * Corporate Governance and Securities Regulations * Board of Directors Performance Evaluation Best Practices Seminar * Current Global Economic and Financial Situation * Enterprise Merger and Acquisition Strategy and Planning 	30
Corporate Governance Officer	<ul style="list-style-type: none"> * Corporate Governance and Securities Regulations * Directors and Supervisors (Including Independent Directors) and Corporate Governance Supervisor Practical Training Seminar * Executive Series Course - How Non-Financial Background Directors and Supervisors Review Financial Statements 	18
Chief Research and Development Officer / Acting Accounting Officer	<ul style="list-style-type: none"> * Corporate Governance and Securities Regulations 	6
Chief Internal Audit Supervisor/Chief Information Security Officer	<ul style="list-style-type: none"> * Pre-employment Training Course for New Corporate Internal Audit Personnel * Information Security Awareness, Essential Knowledge, and Responsibilities * Description of the Information Security Incident and Preventive Measures * TWSE/TPEX-listed Companies Information and Communication Security Control Guidelines Explanation 	24



◆ Board Governance Structure

To enhance the effectiveness of Board operations, the Company has established the Audit Committee, Remuneration Committee, and Sustainable Development Committee. These committees assist the Board of Directors in fulfilling their supervisory responsibilities by formulating and reviewing the implementation and execution of relevant policies and systems, strengthening the operations of the Board of Directors, and regularly reporting their execution status and resolutions to the Board of Directors. The Company has established the "Corporate Governance Practices Guidelines" and, in accordance with the competent authority's regulations, appointed a Corporate Governance Supervisor to protect shareholders' rights and enhance the functions of the Board of Directors. The Company has a Corporate Governance Supervisor appointed by a resolution of the Board of Directors. The Supervisor's main responsibilities include handling meeting-related matters of the Board of Directors, Audit Committee, Remuneration Committee, and shareholders' meetings in accordance with the law, preparing minutes, assisting Directors with onboarding and continuing education, providing necessary information for Directors to perform their duties, and assisting Directors in complying with laws and other matters set forth in the Articles of Incorporation or contracts, to enhance corporate governance and strengthen the functions of the Board of Directors.

Board of Directors

Full re-election in December 2023 7 directors, including 3 independent directors.

Responsibilities

- * Actively implementing supervisory responsibilities.
- * The Board of Directors meets at least once every quarter. Assisting management in guiding corporate strategy.
- * Long-term and short-term strategic planning for shareholders and stakeholders.
- * Maintain good communication with management.

Performance Highlights

- * Set at least three independent directors
- * At least one female director
- * At least one independent director holds certified public accountant license, or a professional credential in finance or business administration.
- * Directors who concurrently serve as managers do not exceed one-third of all director seats
- * The term of independent directors does not exceed three terms
- * The average attendance rate among directors reaches 100%.

Remuneration Committee

Established in December 2023 Composed of 3 independent directors

Responsibilities

- * Establish and regularly review the annual and long-term performance goals for directors and managers.
- * Hold at least two meetings per quarter
- * Policies, systems, standards, and structures for performance evaluation and remuneration
- * Regularly evaluate and establish remuneration for directors and managers.

Performance Highlights

- Evaluation of the Company's remuneration policies and systems for directors and managers from a professional and objective standpoint, with recommendations submitted to the Board of Directors as a basis for decision-making.
- * Establish fair remuneration: Ensure that the remuneration plan is fair to motivate employees' performance.
- * Ensure transparency: Enhance the transparency of remuneration decisions to increase employees' trust.
- * Regular evaluation: Regularly assess the remuneration of directors and managers to maintain market competitiveness.

Audit Committee

Established in December 2023 Composed of 3 independent directors

Responsibilities

- * Supervision of the Group's operations and finances.
- * Proper presentation of financial statements.
- * Effective implementation of internal control.
- * Supervision of compliance with relevant laws and regulations.
- * Management of existing and potential corporate risks.

Performance Highlights

- * Safeguard financial transparency: Ensure that financial statements are accurate and transparent, meeting international standards
- * Strengthen risk management: Supervise risk management and internal controls to protect company assets.
- * Maintain compliance standards: Ensure the Company adheres to laws, regulations, and ethical standards, preserving its market image.

Sustainable Development Committee

Established in November 2024 Composed of the Chairman and 2 company members

Responsibilities

- * Plan the Group's sustainable development vision, policies, and goals.
- * Approve sustainable development charters and regulations.
- * Identify the risks and opportunities of sustainability topics, determine response strategies and investment directions
- * Supervise the planning and implementation of sustainable strategies
- * Supervise sustainability performance and information disclosure.





Performance Highlights

- * Enhance sustainability management systems: Establish the Sustainable Development Committee Charter, Procedures for Preparation of Sustainability Report and Assurance, and Sustainability Information Management Systems.
- * Non-financial information transparency: Apply international standards such as GRI, TCFD, SASB, and continuously enhance the completeness of the Sustainability Report content.

2.2 Financial Performance



ITH not only pursues the advancement of quality technology but also places great emphasis on its financial indicators. We understand that corporate financial data is the foundation for investors to build confidence in a company. Therefore, the Company sets annual and long-term goals for its financial status. Under the governance and leadership of the management team, the Finance and Accounting Department communicates financial matters with internal departments to conduct financial control and review, and regularly reports the Company's budget to the management to maintain financial stability.

<p>Material Topics</p> <p>Management Approach for Financial Performance</p>	<p>Policy and Commitment</p> <p>ITH continues to focus on driver IC product development, product integration, and profitability structures, aiming to attract more talented personnel, boost revenue goals, and achieve sustainable operations.</p>	<p>Adjustment Measures</p> <p>Continuous innovation and pursuit of excellence allow us to leverage the positive impacts brought by the economic environment. Through supply chain management, we mitigate the financial pressure arising from slower inventory turnover.</p>
<p> Positive Opportunities</p> <p>Influenced by the economic climate, the purchasing willingness of end customers has increased, indirectly driving stable growth in business revenue.</p>	<p> Negative Risks</p> <p>Affected by the overall economic environment, factors such as inflation, interest rate and exchange rate fluctuations, and wars, have caused financial impacts and thereby affected the Company's profit and loss.</p>	
<p> Short-term goals</p> <ul style="list-style-type: none"> * Enhance market investigation and customer demand analysis, improve R&D efficiency, and shorten time-to-market for products to quickly capture market share. * Strengthen marketing and sales management, expand market share, and achieve stable short-term revenue growth. * Ensure that the Company's financial structure is sound to provide sufficient funding support for various R&D and business needs. 	<p> Medium- to long-term goals</p> <ul style="list-style-type: none"> * Continue to maintain advantages in the high-end driver IC product field, strengthen technological innovation, improve product quality and added value to increase revenue and gross margin. * Enhance product integration and design capabilities, develop highly competitive products, and increase market share and profitability. * Expand into emerging markets, enhance the Company's level of internationalization, and achieve long-term sustainable growth and sustainable operations. 	

Financial Data

Unit: NT\$ thousand

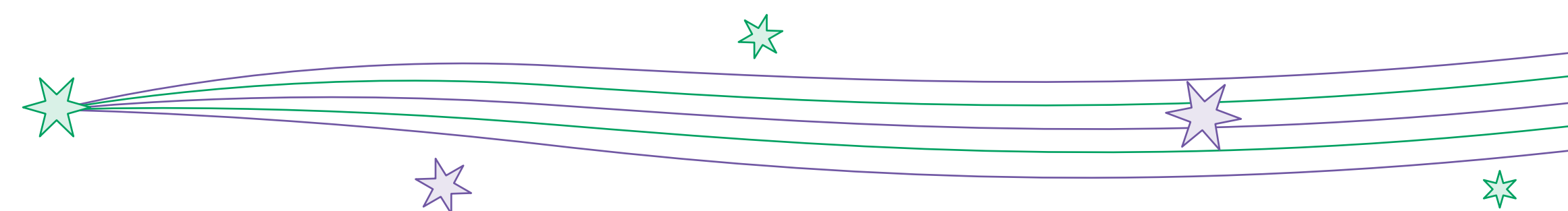
Items		2022	2023	2024
Direct Economic Value Generated	Operating revenue	22,187,806	22,397,637	22,461,565
	Operating costs	16,012,467	17,850,064	16,437,777
Distributed Economic Value	Employee remuneration & benefit expenses	3,330,952	2,285,358	2,873,709
	Payments to investors (distribution of stock and cash dividends in the year)	1,498,937	1,148,186	488,588
	Social investment	1,793	729	2,458
	Tax expenses	3,325,690	1,113,225	315,418
Total Distributed Economic Value		24,169,839	22,397,562	20,117,950
Retained Economic Value		(1,982,033)	75	2,343,615

Note 1: The scope of financial data covers ITH and its subsidiaries.

Product Sales Region Information

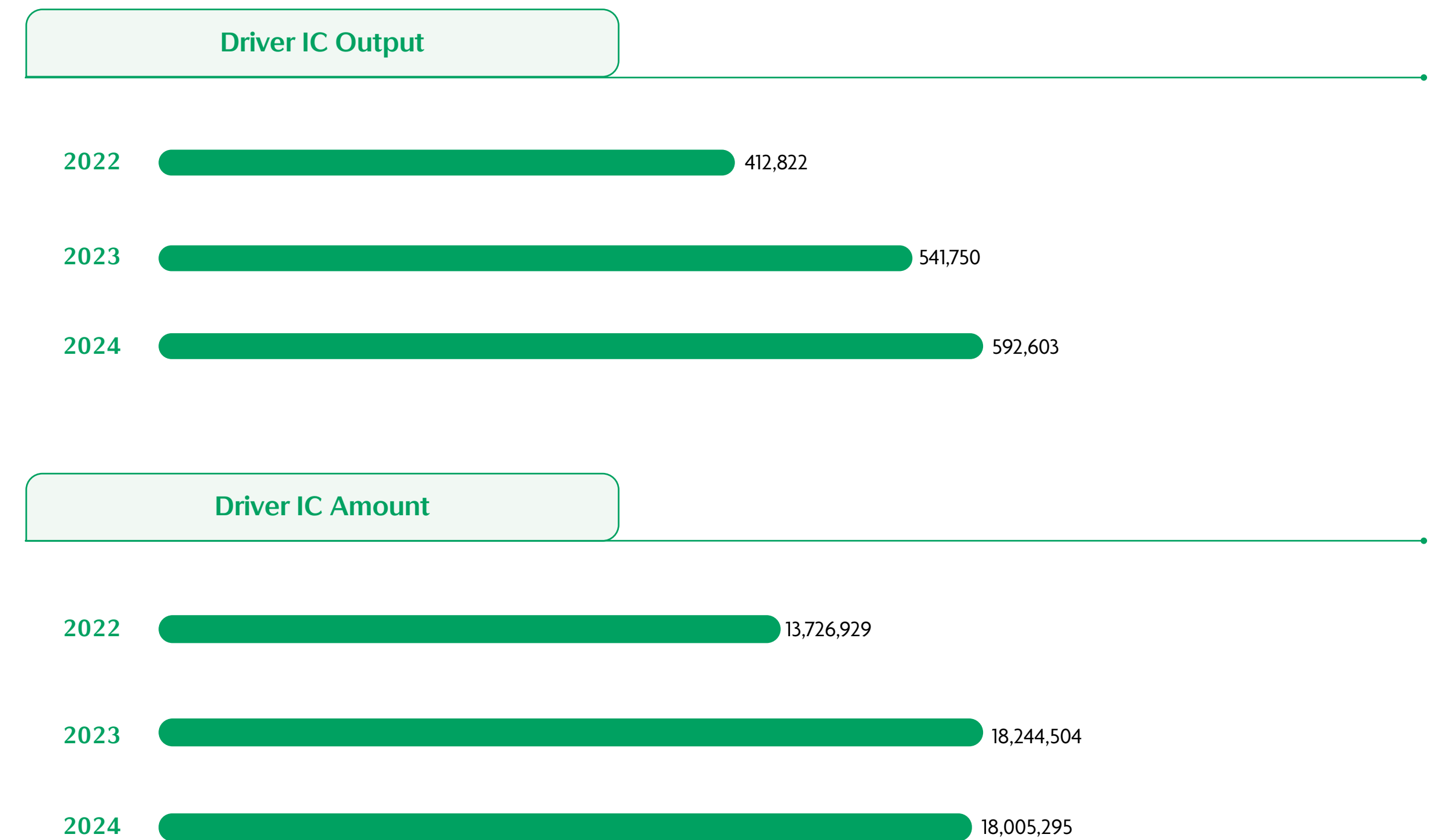
Unit: NT\$ thousand

Year	2022		2023		2024	
	Amount	Sales Amount Percentage	Amount	Sales Amount Percentage	Amount	Sales Amount Percentage
Taiwan	1,035,371	4.67%	772,382	3.45%	711,722	3.17%
Other regions	21,152,435	95.33%	21,625,255	96.55%	21,749,843	96.83%
Total	22,187,806	100%	22,397,637	100.00%	22,461,565	100%



Annual Production Value Information

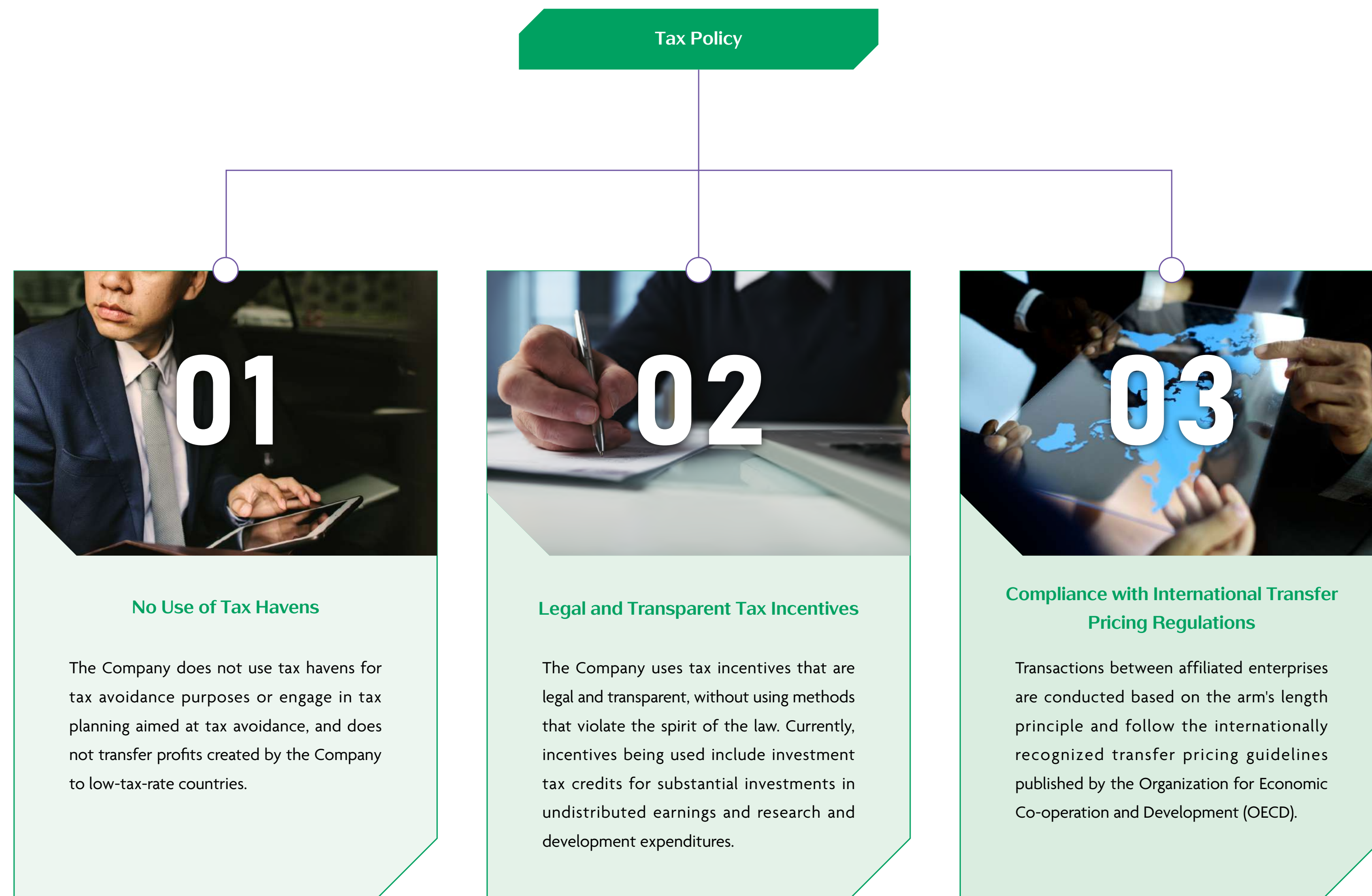
Unit: thousand pieces; NT\$ thousand



◆ Tax Policies

The Company conducts effective risk management through tax governance mechanisms, aiming to create value with a sound tax management model and to mitigate unspecified tax legal risks and costs with appropriate management expenses.

The Board of Directors is the highest tax management and decision-making unit, with the Finance and Accounting Department serving as the tax management unit. To enhance the tax expertise and capabilities of colleagues responsible for tax matters, employees are encouraged to regularly participate in tax courses, seminars, and courses organized by competent authorities, or occasionally engage in discussions on tax-related issues with external tax consulting agencies.



Tax Risk Management



Tax communication risk

Upon receiving a letter from competent authorities requesting supplementation of tax-related data or explanations, the Company fully cooperates by providing the required data with explanatory documentation to help the National Taxation Bureau understand the reasonableness of the Company's transactions. In the past, there has never been a need for administrative appeals or remedies due to differences in tax opinions between the parties.

Compliance with tax laws and regulations

If ITH has any concerns about the applicability of laws in tax matters, it will proactively consult and discuss with accountants and tax authorities to clarify the legal regulations that apply.



2.3 Ethics and Integrity

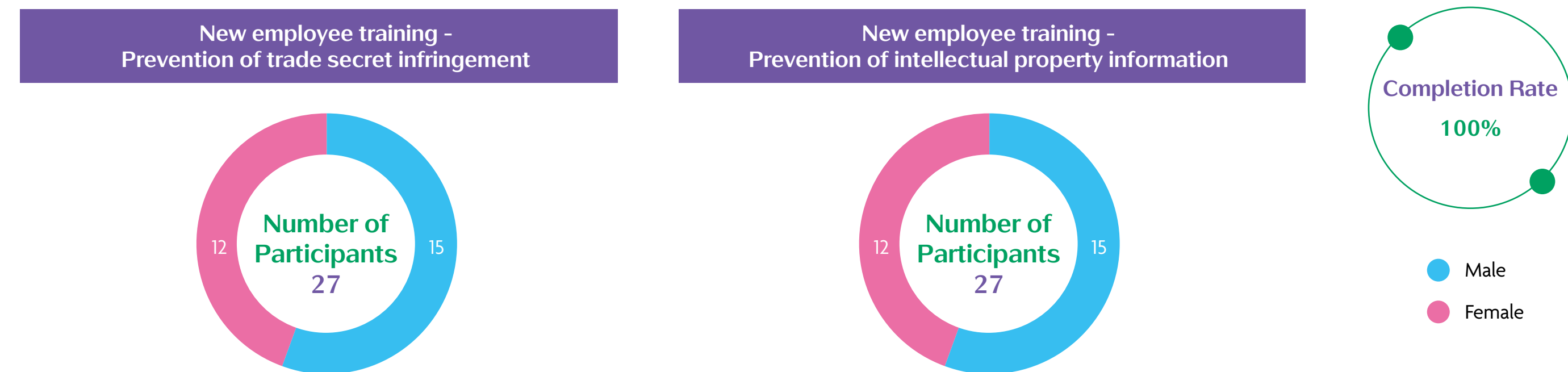
Establishing a governance system and corporate culture that are transparent and grounded in integrity is crucial. To create a sound business operational framework, ITH has established the "Ethical Corporate Management Best Practice Principles" and the "Operational Procedures for Ethical Management and Guidelines for Conduct." The human resources and administrative unit acts as the dedicated unit. These principles explicitly prohibit bribery and corruption, the offering of illegal political donations, improper charitable donations or sponsorships, unreasonable gifts or hospitality, or other improper benefits; prohibit infringement of intellectual property rights, engage in unfair competition, and prevent products and services from harming stakeholders. The applicable stakeholders include the Company's and the group's directors, managers, employees, appointees, and individuals with substantial control capabilities.

In addition, ITH has also established the "Corporate Governance Best Practice Principles," which include content on preventing conflicts of interest, avoiding opportunities for self-gain, confidentiality responsibilities, fair trading, protection and proper use of company assets, complying with laws and regulations, encouraging the reporting of any illegal activities or violations of the Principles, and disciplinary measures. The applicable stakeholders include the Company's directors and managers.

ITH believes that upholding the principles of integrity and probity in operations, maintaining a reputation for fairness and honesty, has always been ITH's most important core value and asset. In 2024, ITH experienced no major legal violations or corruption incidents, and no whistleblower cases occurred.

Anti-corruption Awareness and Promotion

ITH values anti-corruption and related ethical behavior. New employees are required to thoroughly read and sign the Integrity and Confidentiality Agreement and the Personal Data Protection Notification and Consent Form on their reporting day. Related regulatory links are included in the new employee assessment to confirm that they have read the relevant regulations. The signing rate among all employees reached 100%. Annual training sessions for new employees are also held to reinforce awareness, including courses related to trade secrets and intellectual property rights. Participation in 2024 courses is detailed in the table below:



Whistle-Blowing System Channels

Email reporting	Mail-in reporting	Phone reporting
Contact Methods audit@ith.ltd	Contact Methods 10th Floor-1, No. 1, Taiyuan 2nd Street, Zhubei City, Hsinchu County	Contact Methods 03-5600099
Receiving Department Automatic forwarding to the Audit Department	Receiving Department Audit Department	Receiving Department Audit Department

ITH has established transparent whistle-blowing mechanisms and channels to actively prevent dishonest conduct, fraud, and illegal activities. Employees who identify any related misconduct within the Company may file reports and complaints, with the audit department leading the relevant investigation and handling procedures. During the investigation process, the personal data and reporting information provided by the whistle-blower will be kept confidential by the Company in accordance with the law, and appropriate protective measures will be taken in compliance with legal requirements. Once any violation is verified, it will be handled according to the Company's relevant management regulations and local legal provisions.

2.4 Internal Audit ☆

ITH has established an audit unit, which reports to the Board of Directors. Based on the results of the risk assessment, specific operational cycles and control processes are included in the annual audit items for examination, in order to effectively manage risks and establish a risk management-oriented internal audit system. According to the annual audit plan approved by the Board of Directors, various audit tasks are executed.

The purpose of the audit system is to assist the Board of Directors and managers in inspecting and reviewing deficiencies in the internal control system and measuring the effectiveness and efficiency of operations. It also provides timely recommendations for improvement to ensure the continued effective implementation of the internal control system, and serves as a basis for reviewing and revising the internal control system.

The Company has established that the appointment and dismissal of the Internal Audit Supervisor must be reviewed by the Audit Committee and the submitted to the Board of Directors for approval. Internal audit personnel must meet statutory qualifications and continue professional development to fulfill required hours. By the end of January each year, they are required to report their names, ages, educational backgrounds, experience, years of service, and training status via the internet information system for verification purposes.

Independent directors, internal audit, and certifying CPAs have direct communication channels and maintain good communication. The Internal Audit Supervisor executes various audit tasks according to the annual audit plan. Audit reports and follow-up reports are submitted to each independent director for review after approval, and reported during the quarterly Board meetings and Audit Committee meetings.

The communication situation between independent directors and the Internal Audit Supervisor.

1

The Company holds a Board of Directors meeting every quarter, with independent directors and the Internal Audit Supervisor attending. The Internal Audit Supervisor reports on internal audit operations at each Board of Directors meeting.

2

The audit unit regularly sends audit reports and follow-up report outcomes to independent directors for review.

3

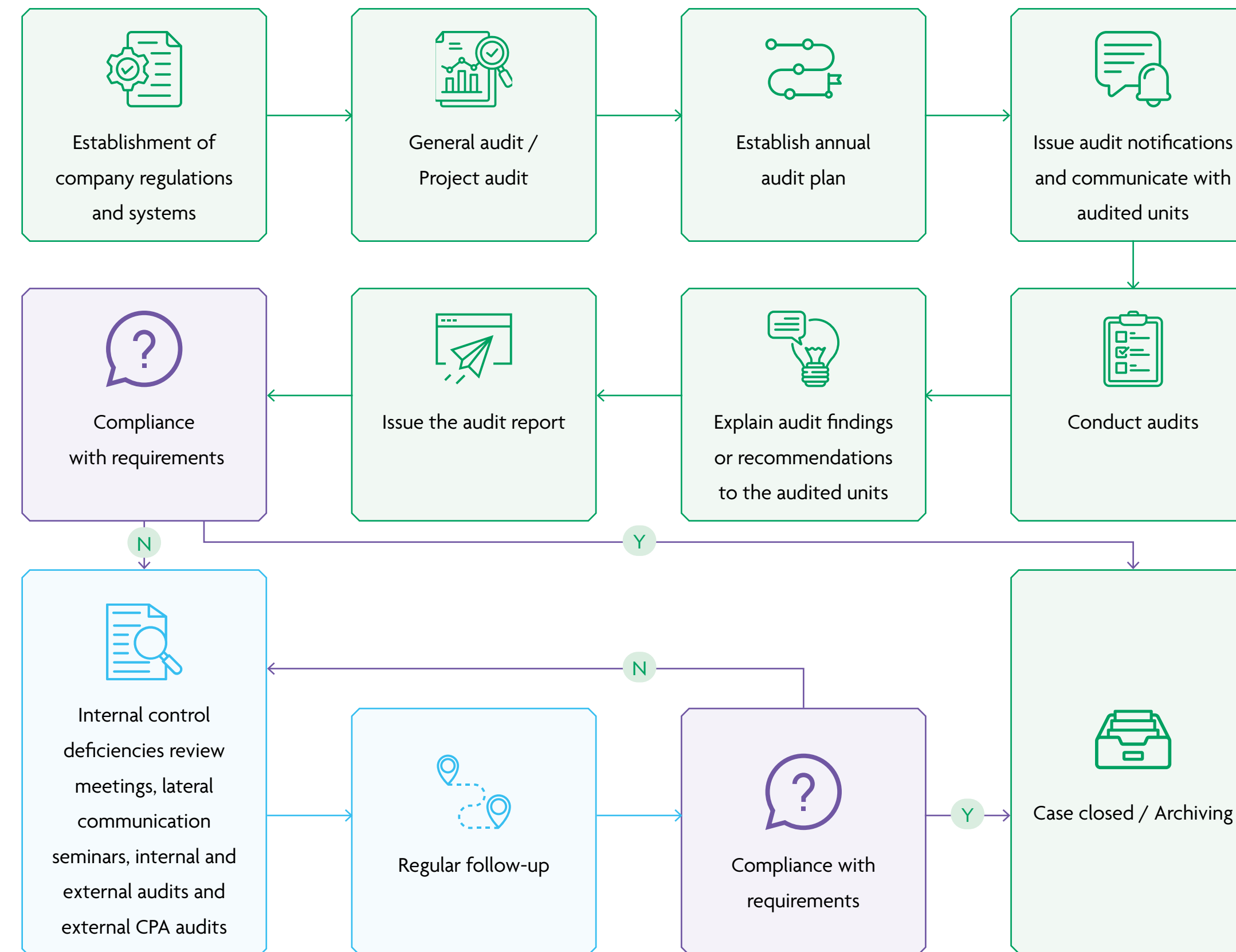
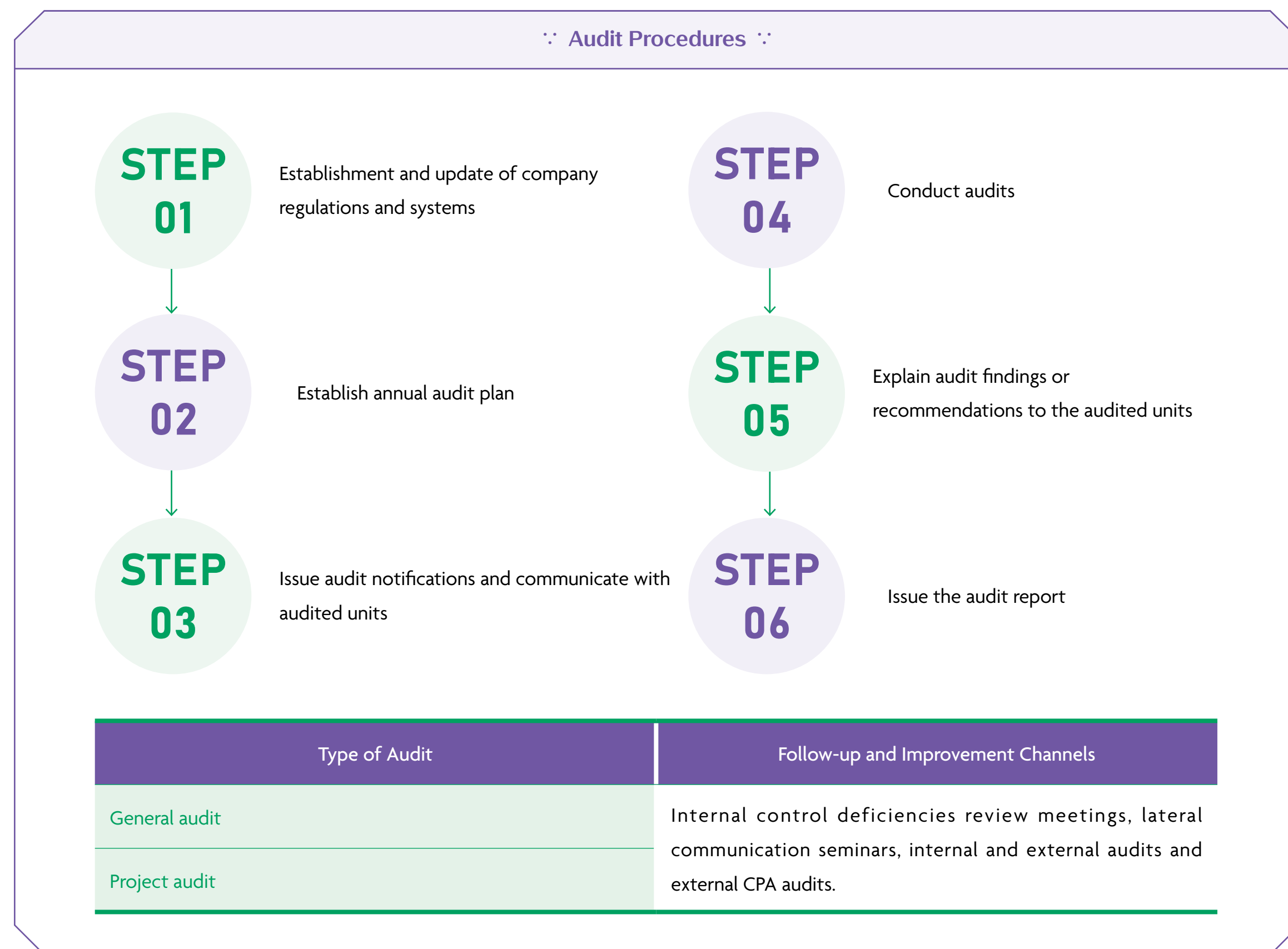
The Audit Supervisor and CPAs can directly contact independent directors at any time as needed, ensuring smooth communication channels.

The communication situation between independent directors and CPAs

Date	Communication Summary	Communication Results
2024.04.24	The CPAs provided an explanation and communication regarding the review of the consolidated financial statements for the first quarter of 2024.	The consolidated financial statements for the first quarter of 2024 were reviewed by the Audit Committee and approved by resolution of the Board of Directors.
2024.08.06	The CPAs provided an explanation and communication regarding the audit of the consolidated financial statements for the second quarter of 2024.	The consolidated financial statements for the second quarter of 2024 were reviewed by the Audit Committee and approved by resolution of the Board of Directors.
2024.11.07	The CPAs provided an explanation and communication regarding the review of the consolidated financial statements for the third quarter of 2024.	The consolidated financial statements for the third quarter of 2024 were reviewed by the Audit Committee and approved by resolution of the Board of Directors.
2025.03.13	The CPAs provided an explanation and communication regarding the audit of the consolidated financial statements for the fourth quarter of 2024.	The consolidated financial statements for the fourth quarter of 2024 were reviewed by the Audit Committee and approved by resolution of the Board of Directors.

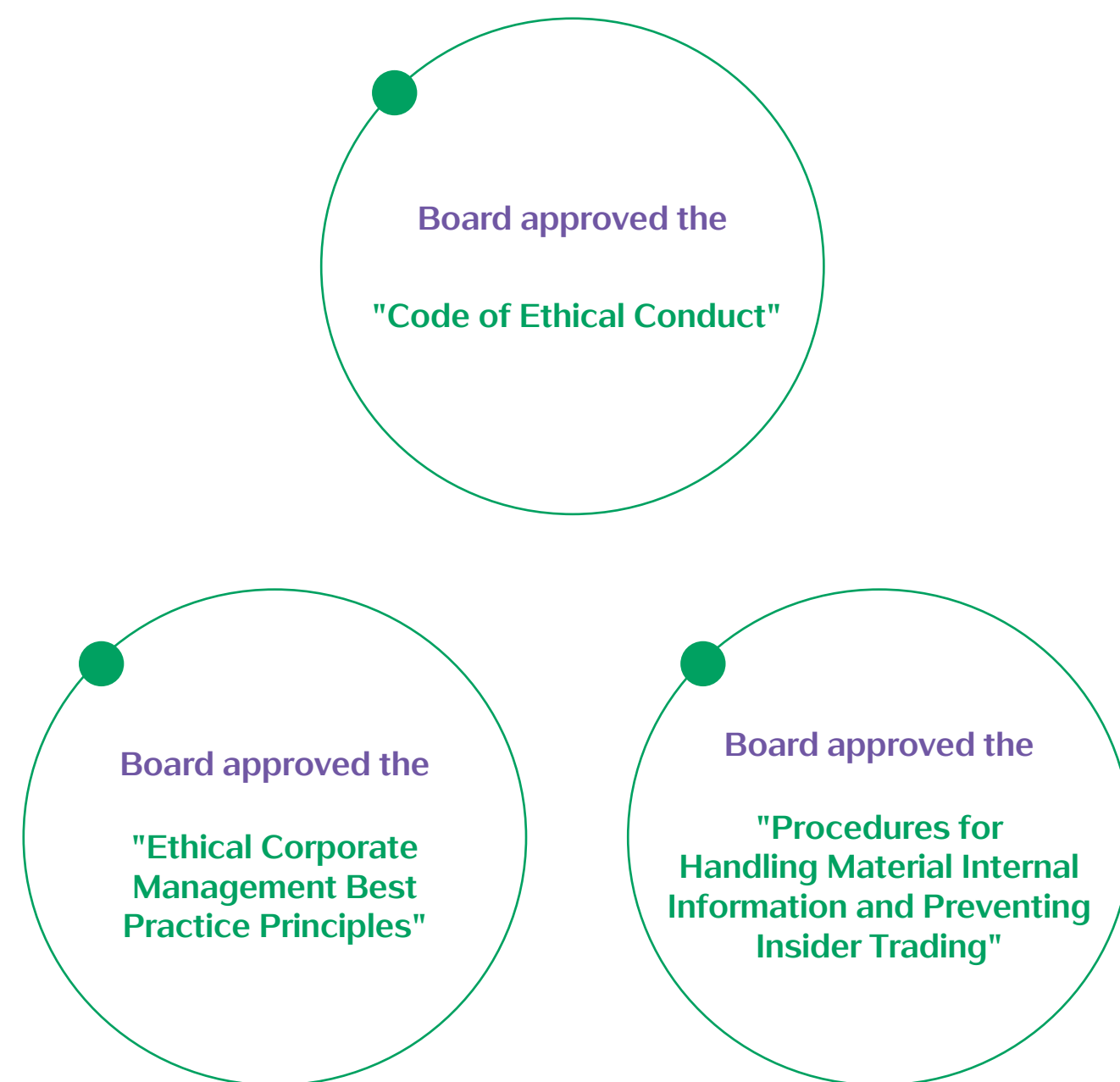
◆ Internal Audit Plan and Process

The Company and its subsidiaries determine the effectiveness of the design and implementation of their internal control systems based on the evaluation items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The evaluation items for internal control systems adopted by the "Regulations" categorize the process of management control into five components: control environment, risk assessment, control activities, information and communication, and monitoring operations. To inspect and evaluate deficiencies in the internal control system and measure the effectiveness and efficiency of operations, timely recommendations for improvement are provided to the Company's Board of Directors and managers to ensure that the internal control system is continuously and effectively implemented and management performance is enhanced. The Company has established the "Internal Audit System" to explain the audit scope, responsibilities, and the management method of the audit unit, and has developed a comprehensive internal audit process. The internal audit executes planned audits periodically and occasionally, presenting audit reports to the management.



◆ Compliance with Laws and Regulations

To establish a corporate culture of business integrity and sound development as well as a reference framework for good business operations, the Company complies with government regulations. On January 16, 2024, the Board of Directors approved the "Ethical Corporate Management Best Practice Principles," the "Corporate Governance Best Practice Principles," and the "Procedures for Handling Material Internal Information and Preventing Insider Trading" to guide the behavior of the Company's directors, managers, and employees in alignment with ethical standards. This is to prevent improper disclosure of information and ensure regular review and tracking of changes in government legislation, with revisions carried out by consulting relevant units such as advisors and CPAs on any differences in legal changes. In 2024, the Company strengthened advocacy of various laws and regulations, irregularly conducted education and training, and published and announced related documents, ensuring that each unit complies with regulatory systems to enhance employees' understanding of legal concepts.



◆ Dividend Distribution Policy

The Company is in a growth phase, and based on the need for capital expenditures, business expansion, and sound financial planning to seek sustainable development, the Company's dividend policy will be determined according to the Company's future capital expenditure budget and funding needs, as well as economic and industry changes. Dividends will be distributed to the company's shareholders in the form of cash dividends and/or stock dividends. If the Board of Directors resolves to distribute profits, it should draft a plan and have it approved at the shareholders' meeting through an ordinary resolution for profit distribution. The Board of Directors should draft the profit distribution plan as follows:

A	B	C	D
The Company shall allocate the taxes payable in accordance with the law.	Firstly use the annual net profit to offset past losses (if any).	In accordance with the regulations governing public companies, allocate the legal reserve, but this does not apply when the legal reserve has reached the Company's paid-in capital.	Allocate special reserve in accordance with regulations governing public companies or as required by the Competent Authority.

Unless otherwise stipulated by laws and regulations for public companies, the earnings for the year, after deducting the amounts specified in items (a) to (d) above, plus the accumulated undistributed earnings from the previous period, will be the distributable earnings. The Board of Directors may draft a profit distribution plan based on the distributable earnings to be submitted to the shareholders' meeting for resolution. The distribution of earnings may be in the form of cash dividends or stock dividends (allocating shares to shareholders through earnings capitalization on a proportional basis). If the Board of Directors decides to distribute profits, the total amount of dividends to shareholders must be at least 10% of the current year's earnings after deducting the amounts specified in items (a) to (d) above, with the total amount of cash dividends distributed not less than 10% of the total dividends distributed to shareholders.

Investor Services

The Company has appointed "Sinopac Securities Corporation" to handle matters related to stock services, ensuring transparency of information according to regulations and allowing shareholder participation. The Company has a spokesperson and an Investor Relations contact to answer daily inquiries from investors.

Unit: NT\$/share

Items	2023	2024
Earnings per share (NT\$)	3.5	5.61
Distribution of dividends per share (NT\$)	1.08	2

2.5 Risk Management ☆

◇ Financial Risks

Risk Issues	Impact Description	Risk Management Mechanisms	Opportunity Benefits
Interest Rate Risk	Market interest rate changes will cause the effective interest rates on short-term and long-term borrowings to fluctuate, resulting in fluctuations in future cash flows.	Closely monitor market interest rate changes and bank preferential schemes at all times to secure the most favorable rates and terms from banks.	Obtain more favorable interest rates when planning financing needs.
Exchange Rate Risk	The Company's primary foreign currency holdings are USD. When market exchange rates rise/fall, it can cause significant appreciation or depreciation of the Company's financial assets.	Balance the USD positions on both the asset and liability sides of balance sheet to achieve a natural hedging effect.	Effectively reduce the impact of exchange rate fluctuations on the Company's financial profit and loss.
Credit Risk	The risk of financial losses to the Company due to counterparties' breach of contractual obligations primarily arises from accounts receivable generated by operating activities, as well as bank deposits and fixed income investments generated from investment activities.	The credit risk evaluation of all counterparties comprehensively considers factors such as the financial status of the counterparty, credit ratings from rating institutions, historical transaction experience, current economic environment, and the Company's internal rating standards. The Company also uses certain credit enhancement tools (such as advance payments) at appropriate times to reduce credit risk of specific counterparties.	Appropriate credit risk evaluations for counterparties effectively reduces the risk of subsequent noncollectable payments.

◇ Business Continuity Management



To mitigate the risk of operational disruption caused by climate change, we have developed a business continuity management approach to stabilize design, production, and shipping, and maintain long-term relationships with customers. We have also established a second supplier mechanism to address supply chain risks such as shortages or disruptions, striving to stabilize product quality and delivery schedule..

ITH commits to continuously enhancing disaster response capabilities in the future and establishing appropriate response mechanisms to reduce the possibility of supply disruptions. In the event of an incident, ITH aims to restore operations within the target recovery time, striving to maintain the supply to customers and ensure that their rights and interests are not compromised.

Material Topics
Management Approach for Business Continuity Management

Policy and Commitment

- * Regularly evaluate potential climate risks and opportunities that may be encountered in operations through the TCFD (Task Force on Climate-related Financial Disclosures) framework.
- * Reduce the negative impact of unexpected events on the Company, promptly and appropriately respond to potential crises, and pursue sustainable operations.
- * Continuously strengthen disaster response capabilities and establish appropriate response mechanisms to reduce the likelihood of supply disruptions. This ensures that production can recover within the target recovery time in the event of an incident, striving to maintain supply to customers.

Adjustment Measures

- * Enhance the installation of damage prevention equipment, backup generators, and water storage facilities, and conduct off-site data backups to ensure operational continuity in emergency situations.
- * Develop response measures, such as establishing internet connection methods for working from home during epidemic prevention periods, employee health care, and epidemic prevention care packages to cope with unexpected situations.
- * Plan production schedules and adjust according to market demand and capacity requirements to ensure production efficiency and product quality.

 **Positive Opportunities**

- * Plan contingency measures in advance to prevent operational disruptions.
- * Accelerate the virtualization and digital transformation to respond to sudden market demand situations.
- * Stabilize supply output and establish long-term partnerships to maintain stable revenue.

 **Negative Risks**

If a secondary supplier or buffer stock is not established, the risk of operational disruption due to unforeseen events will increase, affecting the Company's production and operations.

 **Short-term goals**

- * Establish emergency mechanisms and prepare small quantities of inventory to meet urgent order demands, ensuring sustainable production capacity.
- * Establish a production schedule based on order demands to prevent overproduction and the associated inventory risks.

 **Medium- to long-term goals**

- * Establish a Business Continuity Management Committee responsible for coordinating the evaluation and management of company operations interruption risks, and developing contingency plans.
- * Based on projected long-term demand provided by business units, establish sufficient capacity and backup equipment to address the risks posed by unforeseen events, enhance the Company's operational resilience, and build a stable business model.

◇ Information Security Management



As a leading IC design company, ITH has deeply involved in the display and touch chip design fields for many years, owning numerous technological patents, which represents the Company's most valuable assets. Therefore, the management of information security is particularly important. The information security risks faced by the Company include internal data leaks, external network attacks, and even non-human events such as power outages or flooding. To prevent the occurrence of various potential risks, the Company has invested significant funds in implementing relevant drills, using anti-virus software, and establishing information confidentiality mechanisms to fully safeguard corporate and customer information and maintain core values.

Material Topics
Management Approach for Information Security

Policy and Commitment

In order to establish confidential information protection services that meet customer needs, we conduct regular simulated information security attack drills to assess information security maturity, ensuring the appropriateness and effectiveness of information security regulations and procedures. At the same time, we reduce corporate information security threats from the system, technical, and procedural aspects, and establish contingency measures to prevent operational disruptions.

Adjustment Measures

- * Continuously review and evaluate the Company's information security regulations and procedures to ensure the effectiveness and appropriateness of information security.
- * Review the applicability of information security policy and protection measures, and regularly report implementation results to the dedicated information protection committee.

 **Positive Opportunities**

- * Strengthen the depth of information security defense by introducing advanced solutions for detection and response, and continuously enhance information security protection measures to safeguard the Company from malware and cyberattacks.
- * Enhance network firewalls and controls to prevent viruses and cyberattacks from spreading across machines and plant premises, reducing the risk of system damage and downtime.

 **Negative Risks**

- * The computer systems for critical company functions such as research and development, operations, and finance and accounting are subject to cyberattacks from third parties, which disrupt operations and damage the Company's reputation.
- * The attacks may cause the Company to incur compensation to customers due to delays or disruptions in orders. It may also result in the Company bearing significant legal liabilities due to involvement in legal cases, or regulatory investigations related to the leakage of information, for which the Company is obliged to maintain confidentiality, concerning its employees, customers, or third parties.

 **Short-term goals**

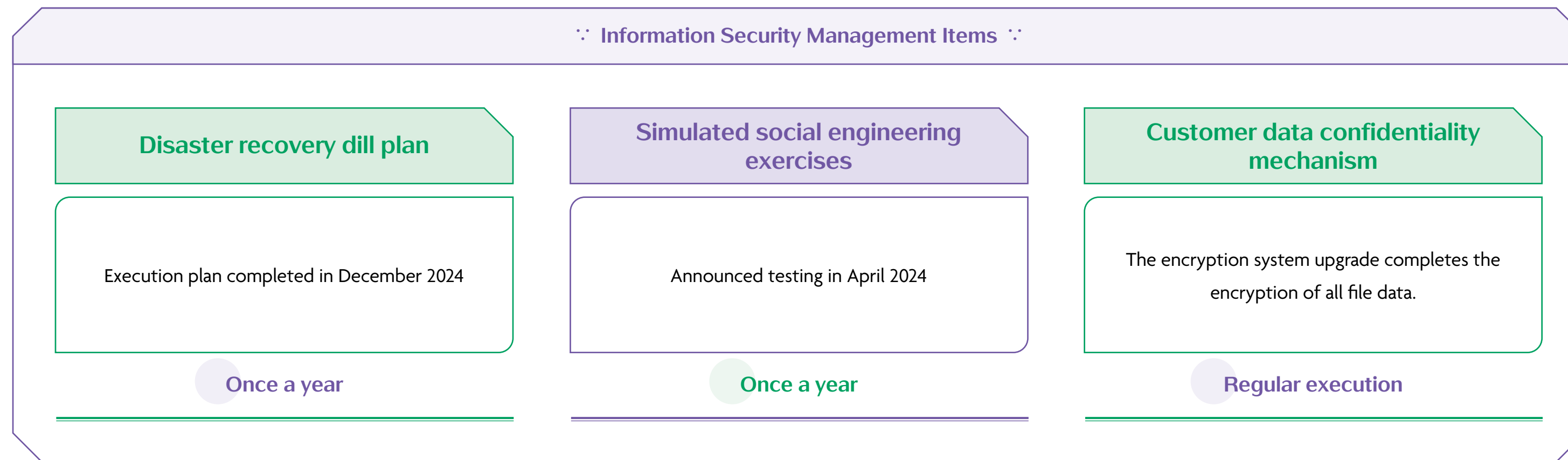
Establish a comprehensive Information Security Management System (ISMS) to ensure the effectiveness of information security policy, procedures, and control measures, and implement information security risk evaluation.

 **Medium- to long-term goals**

- * Supervision and evaluation of the Company's information and network security management mechanism and direction by Audit Committee members with backgrounds in information security.
- * Promote international information security management system certification (ISO/IEC 27001) for plant premises to enhance information security management standards and strengthen information security protection.

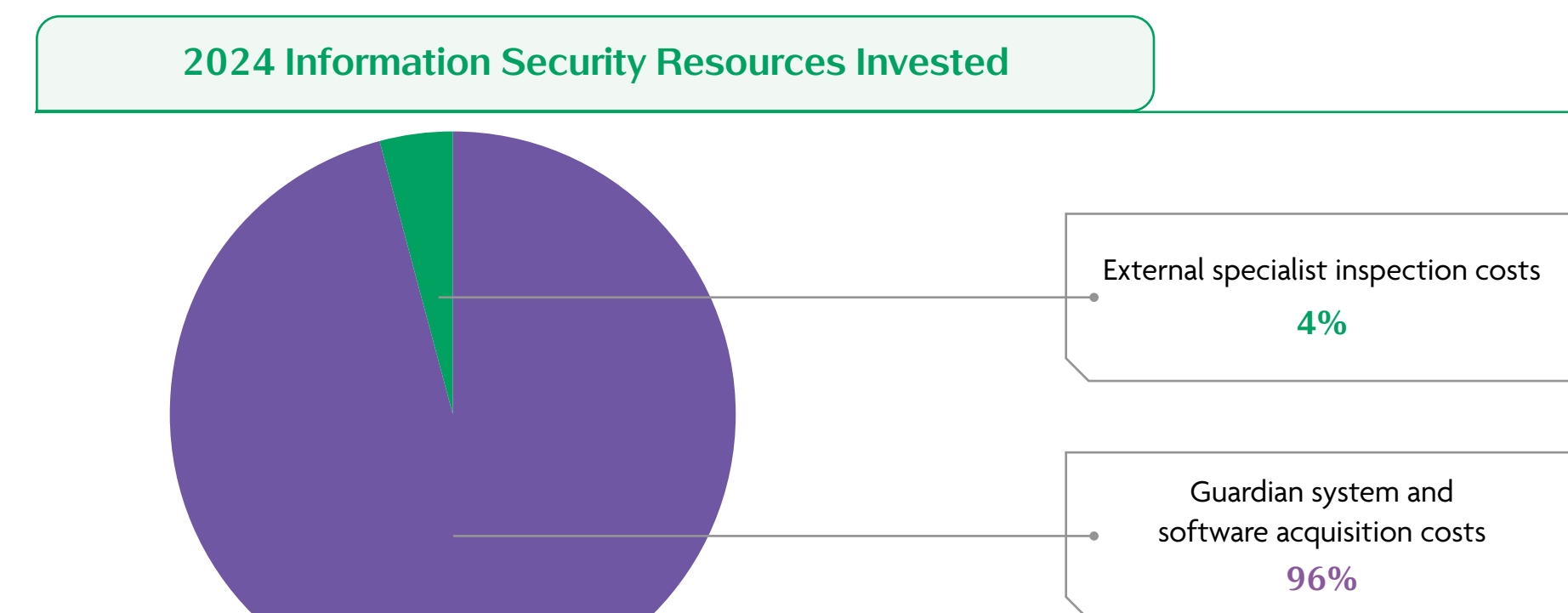
Information Security Risks

<p>Cyberattacks</p> <p>In the event of cyberattacks, corporate data may be encrypted and inaccessible; data may be stolen, circulated, and sold on the internet, or the Company may suffer from a DDOS (Distributed Denial of Service) attack, causing external network disruptions.</p>	<p>Response Strategies</p> <ul style="list-style-type: none"> * Conduct routine information security assessments. * Enhance the performance and specifications of the service system equipment. * Adjust the access rules of protective equipment. * The implementation of EDR and NDR protects critical hosts and detects abnormal network activities.
<p>Internal employees stealing data</p> <p>If internal employees exploit their positions to steal confidential information of the Company and customers, it will result in reputation damage and loss of customer orders, and provide competitors with an advantage.</p>	<p>Response Strategies</p> <ul style="list-style-type: none"> * Employee information security education. * Audits on data ingress and egress. * Sign a confidentiality agreement.
<p>Power outages</p> <p>Power outages cause all systems in the data center to shut down, potentially leading to data loss and preventing R&D personnel from working properly, which can result in inability to deliver products or delayed shipments.</p>	<p>Response Strategies</p> <ul style="list-style-type: none"> * Off-site backups are supplemented with a UPS system to protect critical information.
<p>Chilled water interruption</p> <p>If the internal chilled water function of the air conditioning fails, it will be unable to provide cooling for the data center, causing all systems to shut down. This could potentially lead to data loss and prevent R&D personnel from working properly, resulting in inability to deliver products or delayed shipments.</p>	<p>Response Strategies</p> <ul style="list-style-type: none"> * Chiller, dual host backup.



Resources Invested in Information Security

Continue to invest resources in the field of information security. In 2024, NT\$2.5 million was also allocated, with resources invested included improving governance and technical infrastructure, enhancing security defense equipment, incident response and attack-defense exercises, and information security training, to comprehensively enhance information security capabilities and protection.



Personal Data Protection

To ensure the security and privacy rights of all stakeholders' personal data, the Company has established a "Personal Data Protection Management Method" which clearly defines the procedures for collecting, processing, and utilizing personal data, and implements control measures in accordance with the "Personal Data Protection Act" and other relevant regulations. In 2024, the Company did not experience any substantiated incidents of customer data loss or privacy breaches, nor did it receive any related complaints.