



APEX DYNAMICS, INC.

Stock Code : 4583

Information declaration website : <http://mops.twse.com.tw>

Corporate website : <http://www.apexdyna.com>

ANNUAL REPORT 2024

April 18, 2025 Published

1. Spokesperson:

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Title: General Manager

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Deputy Spokesperson

Name: Hung, Hsiu-Min

Title: Financial Supervisor

Tel: 886-4-2465-0219 ext.6663

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2. Headquarters, Branches and Plant

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Factory	1 Central Taiwan Science Park No. 10, Keyuan 3rd Rd., Xitun Dist., Taichung City	
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Branches	None	

3. Stock Transfer Agent

Name: Mega Securities - Stock Agency Headquarters

Address: 1F, No.95, Sec. 2, Zhongxiao E. Rd., Taipei City, Taiwan

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

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4. Certified Public Accountant (CPA) and accounting firm for the financial statements

CPA Name: Chang, Tsu-Hsin Chen, Cheng-Hsueh

Accounting Firm: KPMG Taiwan

Address : Taipei 101 Tower, 68F, No.7, Sec. 5, Xinyi Road, Taipei City , Taiwan

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

Tel: 886-2-8101-6666

5. Overseas Securities Exchange

None

6. Corporate Website

<http://www.apexdyna.com>

Table of Contents

1. Letter to Shareholders	3
1.1. 2024 Annual Business Report	3
1.2. Summary of 2025 business plan	4
1.3. The future development strategy of the Company will be affected by the external competitive environment, regulatory environment and overall business environment	5
2. Corporate Governance Report	6
2.1. Information on the Company's Directors, Supervisors, General Managers, Assistant General Managers, Deputy Assistant General Managers, and the Chiefs of all the Company's divisions and branch units, as follows	6
2.2. Remuneration to Ordinary Directors and Independent Directors	12
2.3. The state of the Company's implementation of corporate governance	17
2.4. Information on Certified Public Accountant Professional Fees	66
2.5. Information on replacement of Certified Public Accountant	66
2.6. The Company's Chairman, General Manager, Manager in charge of financial or accounting affairs, who has worked in the Certified Public Accountant's firm or its affiliated companies within the last year	66
2.7. Recent years and up to the publication date of the annual report , the changes in share collateralization of Shareholding of Directors , Managers, Shareholders holding more than 10% of the shares	67
2.8. Relationships Among the Top 10 Shareholders	68
2.9. The number of shares held by the Company, its Directors, Managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise shall be combined to calculate the comprehensive shareholding ratio	69
3. Information on capital raising activities.....	69
3.1. Capital and Shares.....	69
3.2. Corporate bond handling status	73
3.3. Handling status of special shares.....	73
3.4. Handling of Overseas Depositary Receipts	73
3.5. Handling of employee stock option certificates	73
3.6. Handling of new shares with restricted employee rights	73
3.7. Handling of mergers and acquisitions or transfer of shares from other companies to issue new shares.....	73
3.8. Implementation of the fund utilization plan.....	73

4. Overview of operations	74
4.1. Business content	74
4.2. Market and production and sales overview	81
4.3. Number of employed employees, average seniority, average age and educational distribution ratio for the most recent two years and as of the publication date of the annual report.....	87
4.4. Expenditure of Environmental Protection	87
4.5. Labor relations	89
4.6. Cyber Security Management	92
4.7. Important Contract	95
5. Review and analysis of the Company's financial position and financial performance, and a listing of risks	96
5.1. Analysis of Financial	96
5.2. Analysis of Financial Performance	97
5.3. Cash Flow	98
5.4. Major Capital Expenditure Items on financial business in recent year	99
5.5. Investment policy in the last year, main causes for profits or losses, improvement plans and investment plans for the Next year	99
5.6. Risk Matters and Assessment	99
5.7. Other important matters	104
6. Other items deserving special mention	105
6.1. Relevant information of related companies	105
6.2. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report	106
6.3. Other necessary supplementary explanations	106
6.4. In the most recent year and as of the date of publication of the annual report, if any event that has a significant impact on shareholders' equity or securities prices as stipulated in Subparagraph 2, Article 36, Paragraph 3 of Securities and Exchange Act	106

1. Letter to Shareholders

1.1. 2024 Annual Business Report

1.1.1. Business plan implementation results

APEX DYNAMICS, INC.'s 2024 consolidated operating revenue increased by 10.12%, net income before tax increased by 29.21%, net income after tax increased by 29.88%, and EPS after tax was NT\$ 14.15, an increased of 29.94%, as shown in the following table:

Consolidated of APEX DYNAMICS, INC.

Unit: NT\$1000 ; %

Item	2023	2024	Increase (decrease) ratio
Operating revenue	2,686,956	2,958,991	10.12
Gross profit	1,490,962	1,612,532	8.15
Operating income	905,765	994,880	9.84
Net Income before tax	1,092,540	1,411,680	29.21
Net income	873,157	1,134,019	29.88

APEX DYNAMICS, INC. (Machinery Industry)

Unit: NT\$1000 ; %

Item	2023	2024	Increase (decrease) ratio
Operating revenue	2,132,246	2,379,960	11.62
Gross profit	1,088,621	1,195,107	9.78
Operating income	834,733	923,982	10.69

1.1.2. Budget implementation

The Company has not disclosed its financial forecast in 2024, so there is no disclosure of the previous year's budget execution.

1.1.3. Profitability analysis

Unit: %

Item	2023	2024
Return on assets	8.03	10.32
Return on equity	8.89	11.31
Income Before Tax to Paid-in Capital Ratio	136.28	176.08
Net profit margin	32.50	38.32
Earnings per share (NT\$)	10.89	14.15

1.1.4. Operating Results

In 2024, China's market faces deflation, with domestic consumption and investment falling short of expectations, failing to demonstrate the speed and strength of economic recovery. The manufacturing and automotive sectors in the Eurozone(Euro Area) are weak, with a decline in output. The global economic situation is fluctuating amid the tug-of-war between inflation and interest rate cuts. Additionally, uncertainty in international policies and geopolitical tensions contribute to significant volatility in the global economy, making it difficult to focus on growth momentum.

APEX DYNAMIC, INC. is strategically positioned globally. Although it is less affected by fluctuations in a single regional market, it still bears the pressure of global economic activity shocks. However, the Company's production and sales are expected to improve in 2024, and with foreign exchange gains, revenue and profits from the machinery industry are still projected to grow significantly.

In 2024, the surge in outbound travel among nationals has weakened some domestic tourism opportunities. However, benefiting from the vibrant exchange of international business travelers, the subsidiary, MILLENNIUM VEE HOTEL TAICHUNG, is still able to deliver results that meet its expected growth targets.

Therefore, the APEX DYNAMICS, INC.'s group has significant growth in consolidated operating net profit, net profit, and earnings per share in 2024.

1.1.5. Research and development status

Main research and development products	Main purpose and function
Backlash-free servo coupling	Convenient for axial installation, the elastomer pre-stressed assembly ensures zero backlash transmission. It also provides good vibration damping performance, effectively improving the stability of the transmission system.
Gearbox - MG / MGH/MGK/MGHK series	It can meet greater radial force demands, and with a gear-type output, it can fully utilize the output torque of the reducer. It also offers options for flange interfaces.
Gearbox - MGO / MGOH /MGOK/MGOHK series	In addition to meeting greater radial force demands, it offers customers more flexible installation options, differing from the installation methods of MG / MGH.

1.2. Summary of 2025 business plan

1.2.1. Business policy and production and marketing policy

Expected in 2025, global economic activity will remain sluggish and will not rebound quickly. The Company urges agents in various countries to actively engage with customers to strengthen existing relationships and make efforts to develop new clients. The Company has newly established a general agent in Vietnam to market and service the Vietnamese market. Currently, the Company has a total of 38 general agents in 31 countries around the world, enhancing local services for various industry applications.

With the strong support of its parent Company APEX DYNAMIC, INC. for research and development and production capacity, it continues to launch new products, expand its product line, provide more industrial application solutions, enter new markets, and quickly meet various industry demands.

The Company has established a new strategic direction. In addition to continuing to develop and mass-produce market commodities based on market research, it will also actively seek collaborative development and design with specific customers to produce specialized products. The goal is to tap into potential niche markets and contribute to the overall revenue of the Company.

In light of the slowing service industry, MILLENNIUM VEE HOTEL TAICHUNG will continue to create differentiated services and combine unique cultural activities and festive themes, leveraging the hotel's existing geographical advantages to maintain stable growth in revenue and profits. It is hope that in the post-pandemic era, the economy will recover, and international business travelers as well as domestic and foreign tourists will continue to return. The operations of MILLENNIUM VEE HOTEL TAICHUNG is expected to achieve excellent results, positively contributing to the overall consolidated profits of the APEX DYNAMIC, INC Group.

1.2.2. Expected sales volume and its rationale

The Company refers to the market analysis from major research institutions, considers estimated customer demand and capacity planning, and uses past operational performance as a basis to estimate an annual sales volume growth of about 10%.

1.3. The future development strategy of the Company will be affected by the external competitive environment, regulatory environment and overall business environment

Under the development strategy of ESG and energy-saving carbon reduction, the Company is continuously improving various internal management processes, optimizing cross-departmental information systems to accurately and promptly control production processes, and enhancing production line flexibility. It is also continuously optimizing the processing and assembly procedures, strengthening personnel training, and further improving efficiency and yield, while maintaining a consistent rapid supply strategy. Among these efforts, the Company will focus on further optimizing production automation to address the increasingly severe issue of personnel shortages.

The Company continues to actively develop new products and seek potential regional agents in the market, further expanding marketing channels to promote the Company's global brand image. In this way, the Company can steadily advance into the next economic cycles.

Finally, I would like to thank all Shareholders for their long-term support and encouragement to the Company. Here, on behalf of APEX DYNAMICS, INC., I would like to extend my sincerest thanks to all Shareholders, and wish all Shareholders good health!

Chairman
Chang, Chung-Hsing

General Manager
Kuo, Chung-Che

Financial Supervisor
Hung, Hsiu-Min

2. Corporate Governance Report

2.1. Information on the Company's Directors, Supervisors, General Managers, Assistant General Managers, Deputy Assistant General Managers, and the Chiefs of all the Company's divisions and branch units, as follows:

2.1.1. Information on Directors and Supervisors

2.1.1.1. 【Information on Directors and Supervisors】

March 25, 2025 Unit: shares ; %

Job Title	Nationality or place of registration	Name	Gender /Age	Date of election / appointment to current term	Term (Years)	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other Company	ther officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	Share holding ratio	No. of shares	Share holding ratio	No. of shares	Share holding ratio	No. of shares	Share holding ratio			Job Title	Name	Relation	
Chairman	R.O.C	Chang, Chung-Hsing	M 61~70	May 26 2023	3	October 19, 1999	25,172,775	34.52	29,023,554	36.20	238,800	0.30	34,142,162	42.59	National Ilan University Major in Mechanical Engineering Chairman and CEO of APEX DYNAMICS, INC.	<ul style="list-style-type: none"> ■ MILLENNIUM VEE Hotel Taichung: Chairman ■ Titan Sheet Metal Making Technique INC. : Chairman ■ Pu-Mei Co., Ltd. : Chairman ■ APEX Construction Co., Ltd: Director ■ Hsing-Chang Investment Co., LTD: Chairman ■ APEX Steel Technology Inc. : Director ■ Golden Peak International Limited: Director ■ Best Elite International Limited: Director 	—	—	—	—
Director	R.O.C	Chang, Yao-Tung	M 61~70	May 26 2023	3	November 01, 2001	495,017	0.68	459,017	0.57	86,976	0.11	—	—	Vanung University Major in Civil Engineering	<ul style="list-style-type: none"> ■ Min-Da Land Administration Agents Office: Person in charge ■ Titan Sheet Metal Making Technique INC. : Supervisor ■ Hsing-Chang Investment Co., LTD: Supervisor 	—	—	—	—
Director	R.O.C	Huang, Yu-Wen	M 61~70	May 26 2023	3	May 18, 2012	193,003	0.26	193,003	0.24	—	—	—	—	Tunghai University Institute Major in Architecture	<ul style="list-style-type: none"> ■ Huang-Yu-Wen Architects Office: Person in charge ■ Taichung Architects Association: Chairman 	—	—	—	—

Job Title	Nationality or place of registration	Name	Gender /Age	Date of election / appointment to current term	Term (Years)	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other Company	ther officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	Share holding ratio	No. of shares	Share holding ratio	No. of shares	Share holding ratio	No. of shares	Share holding ratio			Job Title	Name	Relation	
Director	R.O.C	Hsu, Che-Chia	M 51~60	May 26 2023	3	May 25, 2018	—	—	—	—	—	—	—	—	National Taipei University Institute Major in Law	<ul style="list-style-type: none"> ■ MILLENNIUM VEE Hotel Taichun: Supervisor ■ Ann-Hsing Cooperative Law Office: Person in charge 	—	—	—	—
Independent Director	R.O.C	Cheng, Wen-Cheng	M 61~70	May 26 2023	3	May 26 2023	—	—	—	—	—	—	—	—	Feng Chia University Major in Management deputy general Senior Manager of E.SUN BANK, ESB	<ul style="list-style-type: none"> ■ Independent Director of SDI Copporation ■ Independent Director of Johnson Fine Chemical Co., Ltd. ■ Independent Director of Chungjye group 	—	—	—	—
Independent Director	R.O.C	Chuang, Bor-Nian	M 61~70	May 26 2023	3	November 06, 2020	—	—	—	—	—	—	—	—	Nationa Changhua University of Industrial Education and Technology Doctor of Industrial EDU Deputy director of the National Measurement LAB	<ul style="list-style-type: none"> ■ Industrial Technology Research Institute: Administrator and Vice CEO of the South Branch ■ Independent Director of Hota Industriaial MFG 	—	—	—	—
Independent Director	R.O.C	Tsai, Yu-Ching	F 51~60	May 26 2023	3	January 08 ,2021	—	—	—	—	—	—	—	—	Nationa Taiwan University Institute Major in Accounting	<ul style="list-style-type: none"> ■ Everwell &Co., CPAs. : Accountant ■ Formosa Optical Technology Co., Ltd. : Independent Director and Remuneration Committee ■ Auden Techno CORP : Independent Director and Remuneration Committee 	—	—	—	—

2.1.1.2. 【Information on Directors and Supervisors】

(1) Implementation of board diversity:

Diversity project Director name	Gender	Age (Years old)			Term and Seniority of Independent Directors (Years)			Professional knowledge and skills						
		51 ~ 60	61 ~ 70	over 70	under 3	4 ~ 9	over 9	Industry knowledge	leadership decision	Operate management	Risk Management	Accounting /Legal	International Market View	Technology research
Chairman Chang, Chung-Hsing	M		√					√	√	√	√		√	√
Director Chang, Yao-Tung	M		√					√	√	√	√		√	
Director Huang, Yu-Wen	M		√					√	√	√	√		√	
Director Hsu, Che-Chia	M	√						√	√	√	√	√	√	
Independent director Cheng, Wen-Cheng	M		√		√			√	√	√	√	√	√	
Independent director Chuang, Bor-Nian	M		√			√		√	√	√	√		√	√
Independent director Tsai, Yu-Ching	F	√				√		√	√	√	√	√	√	

(2) Policies and management objectives of board diversity:

The Company incorporates the concept of diversity into the "Director Selection Procedure" method, the selection of Directors shall consider the basic conditions and values as well as professional knowledge and skills, the Directors of the Company have multiple professional qualifications such as Accountants, lawyers, architects and land administration agents. Expertise in different fields such as financial accounting, law, business management and industrial technology application, can improve the professionalism of the Board of Directors' decision-making, and it is helpful to the Company's operation and long-term development.

The Company pays attention to gender equality in the composition of the Board of Directors, and the target ratio of female Directors is more than 10%. Currently, the ratio of female Directors is 14.29%. Due to the nature of the Company's industry, we will continue to promote the reduction of gender disparity among board members in the future, aiming to increase the number of female Directors and Directors with diverse professional experiences.

(3) Independence of Board of Directors:

The Company's Board of Directors consists of seven Directors, including three Independent Directors, accounting for 42.86% of the total number of Directors and set up audit committees in accordance with the law to replace supervisors, Situations where the Directors do not have a spouse or relative within the second degree, and concurrent positions as Company managers or employees, and none of the items in Article 30 of the Company Act.

- (4) The professional qualifications and experience of Independent Directors, their independence and the number of Independent Directors concurrently serving as other Independent Directors of other public offering companies:

Condition / Name	Professional qualifications and experience	Independence situation	Whether to concurrently serve director of other companies
Cheng, Wen-Cheng	<ul style="list-style-type: none"> ■ Master of Business Administration from Feng Chia University, ■ Mr. Cheng has many years of working experience in banks. 	<p>The Company's Independent Directors have met the qualification requirements stipulated in the "Regulations on the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed" and Article 14-2 of the Securities and Exchange Law during the two years before the election and during their tenure.</p> <p>In addition, all Independent Directors have been empowered to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and independently perform relevant functions and powers</p>	3
Chuang, Bor-Nian	<ul style="list-style-type: none"> ■ Naciona Changhua University of Education/Industrial Educationand Technology / Doctorate degree ■ Mr. Chuang has many years of working experience in ITRI. 		1
Tsai, Yu-Ching	<ul style="list-style-type: none"> ■ Naciona Taiwan University/Accounting/Mas ter degree ■ Ms. Tsai has professional qualifications as an Accountant and has many years of working experience as an Accountant. 		3

2.1.1.3. Information on the Management Team

March 25, 2025 Unit: shares ; %

Job Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Note
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Job Title	Name	Relation	
General Manager	R.O.C	Kuo, Chung-Che	M	2011.08.01	58,000	0.07	0	—	0	—	<ul style="list-style-type: none"> ■ Technische Universität Berlin, TU Berlin/Applied Mechanic/Doctor's degree ■ Largan Precision Co., Ltd. : Special Assistant to Chairman ■ C-JAC INDUSTRIAL Co., Ltd. : Vice Chairman 	None	—	—	—	—
Deputy General Manager of Sales Department	R.O.C	Chao, Shu-Fen	F	2024.01.01	10,000	0.01	0	—	0	—	<ul style="list-style-type: none"> ■ Tunghai University/Sociology /Bachelor's degree ■ APEX DYNAMICS, INC. : Sales Manager MmFsSalsMana 	None	—	—	—	Note. 2
Production Manager	R.O.C	Huang, Jen-Kuei	M	2012.12.01	45,300	0.06	4,500	0.01	0	—	<ul style="list-style-type: none"> ■ National Chin-Yi University of Technolog Mechanical Design ■ Yeong Chin Machinery Industries Co. Ltd. / Production Supervisor ■ APEX DYNAMICS, INC. : Production Technology Dept./Section Manager 	None	—	—	—	—
Production Department Factory Manager	R.O.C	Lin, Wen-Yen	M	2021.04.01	9,000	0.01	0	—	0	—	<ul style="list-style-type: none"> ■ Hsiuping University of Scienceand Technolog/Mechanical Engineering ■ APEX DYNAMICS, INC. : Production Technology Dept./Section Manager 	None	—	—	—	—

Job Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Note
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Job Title	Name	Relation	
R&D Section Section Manager	R.O.C	Hsueh, Shen-Tsung	M	2009. 02.27	17,000	0.02	0	—	0	—	<ul style="list-style-type: none"> ■ Nan-Kai University of Technology/ Mechanical ■ GIAM MING ENTERPRISE CO., LTD. R & D Engineer ■ De-Kai Corporation LTD: Engineer ■ APEX DYNAMICS, INC.: Assistant engineer / R&D team leader 	None	—	—	—	—
Director Of Management	R.O.C	Hung, Wen-Chung	M	2009. 12.23	0	—	0	—	0	—	<ul style="list-style-type: none"> ■ National Cgung-Hsing University /Environmental Engineering/ Master's degree ■ (BASO) Precision Optics Ltd. : Supervisor of HR Dept., Environmental Safety Dept., General Manager's Office ■ Asia Optical: Safety Standard of Mechanical Equipment Dept. /Advisory specialist 	None	—	—	—	—
Financial & Accounting Supervisor/ Corporate Governance Officer	R.O.C	Hung, Hsiu-Min	F	2014. 07.21 / 2023. 10.27	0	—	0	—	0	—	<ul style="list-style-type: none"> ■ Feng Chia Universit/ Business ■ TAIWAN ULTRA POWER INDUSTRIES LTD: Accountant in charge ■ VITA CORPORATION: Accounting Section Manager. 	Pu-Mei Co., Ltd.: Supervisor	—	—	—	—
Chief internal auditor (Note.1)	R.O.C	Hsiao, Kuo-Tung	M	2025. 02.21	0	—	0	—	0	—	<ul style="list-style-type: none"> ■ Ling Tung University/Business Administration ■ Joy Industrial Co., LTD: Chief Internal Auditor ■ LaunXP Biomedical Co., Ltd.: Chief Internal Auditor 	None	—	—	—	—

Note.1: In response to internal job adjustments, the original Chief internal auditor, Deputy Manager Lin, Fang-Jung of the Audit Department, will be replaced by Deputy Manager Hsiao, Kuo-Tung of the Audit Department, effective February 21, 2025.

2.2. Remuneration to Ordinary Directors and Independent Directors

2.2.1. Remuneration of Directors and Independent Directors (Individual Disclosure Of Names And Remuneration Methods)

Year of 2024 ; Unit: NT\$1000 ;%

Job Title	Name (Note 1)	Remuneration								Sum of A+B+C+D and ratio to net income		Remuneration received by Directors for concurrent service as an employee						Sum of A+B+C+D+E+F +G and ratio to net income		Remuneration received from investee enterprises other than Subsidiaries or from the parent Company		
		Remuneration (A)		Severance Pay (B)		Director Remuneration (C)		Business Execution Cost (D)				Salary, bonuses, and allowance, etc. (E)		Severance Pay (F)		Employee profit-sharing compensation (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Comp		All companies in the financial statements		The Company	All companies in the financial statements			
Chairman	Chang, Chung-Hsing	2,676	2,676	0	0	646	646	0	0	3,322 0.29%	3,322 0.29%	0	0	0	0	0	0	0	0	3,322 0.29%	3,322 0.29%	None
Director	Chang, Yao-Tung	0	0	0	0	646	646	0	0	646 0.06%	646 0.06%	0	0	0	0	0	0	0	0	646 0.06%	646 0.06%	
	Huang, Yu-Wen	0	0	0	0	646	646	0	0	646 0.06%	646 0.06%	0	0	0	0	0	0	0	0	646 0.06%	646 0.06%	
	Hsu, Che-Chia	1	1	0	0	646	646	0	0	647 0.06%	647 0.06%	0	0	0	0	0	0	0	0	647 0.06%	647 0.06%	
Independent Director	Cheng, Wen-Cheng	1	1	0	0	646	646	60	60	707 0.06%	707 0.06%	0	0	0	0	0	0	0	0	707 0.06%	707 0.06%	None
	Chuang, Bor-Nian	0	0	0	0	646	646	60	60	706 0.06%	706 0.06%	0	0	0	0	0	0	0	0	706 0.06%	706 0.06%	
	Tsai, Yu-Ching	0	0	0	0	646	646	60	60	706 0.06%	706 0.06%	0	0	0	0	0	0	0	0	706 0.06%	706 0.06%	

1. Please describe the director's and independent director's remuneration payment policy, system, standards and structure, and describe the relationship with the amount of remuneration based on the responsibilities, risks, investment time and other factors:

- (1) According to the articles of association of the Company, the remuneration of the Chairman and Directors shall be determined by the Board of Directors according to the degree of participation in the Company's operations and the value of their contributions, taking into account domestic and foreign industry standards.
- (2) The Company's articles of association also clearly stipulate that no more than 1% (inclusive) of the annual profit will be used as the director's remuneration, and the relevant regulations are handled in accordance with the articles of association of the Company's remuneration committee regulations.
- (3) The remuneration of the Independent Directors of the Company, in addition to the director's remuneration provided according to the Company's operation and profit status, attends to receive a fixed Traveling expenses according to the actual number of attendance.

2. In addition to the disclosure in the above table, the remuneration received by the Directors of the Company for providing equity affairs (such as acting as a consultant to the parent Company/all companies in the financial statements /non-employee reinvestment enterprises, etc.)) Last year: None.

Remuneration Range Table

The remuneration range paid by the Company to the Directors	Name of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All companies in the financial statements H	The Company	All companies in the financial statements I
Less than NT\$1,000,000	Chang, Yao-Tung Huang, Yu-Wen Hsu, Che-Chia Cheng, Wen-Cheng Chuang, Bor-Nian Tsai, Yu-Ching	Chang, Yao-Tung Huang, Yu-Wen Hsu, Che-Chia Cheng, Wen-Cheng Chuang, Bor-Nian Tsai, Yu-Ching	Chang, Yao-Tung Huang, Yu-Wen Hsu, Che-Chia Cheng, Wen-Cheng Chuang, Bor-Nian Tsai, Yu-Ching	Chang, Yao-Tung Huang, Yu-Wen Hsu, Che-Chia Cheng, Wen-Cheng Chuang, Bor-Nian Tsai, Yu-Ching
NT\$ 1,000,000 (inclusive) ~ 2,000,000 (exclusive)	—	—	—	—
NT\$ 2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Chang, Chung-Hsing	Chang, Chung-Hsing	Chang, Chung-Hsing	Chang, Chung-Hsing
NT\$ 3,500,000 (inclusive) ~ 5,000,000 (exclusive)	—	—	—	—
NT\$ 5,000,000 (inclusive) ~ 10,000,000 (exclusive)	—	—	—	—
NT\$ 10,000,000 (inclusive) ~ 15,000,000 (exclusive)	—	—	—	—
NT\$ 15,000,000 (inclusive) ~ 30,000,000 (exclusive)	—	—	—	—
NT\$ 30,000,000 (inclusive) ~ 50,000,000 (exclusive)	—	—	—	—
NT\$ 50,000,000 (inclusive) ~ 100,000,000 (exclusive)	—	—	—	—
More than NT\$ 100,000,000	—	—	—	—
Total	7 persons in total	7 persons in total	7 persons in total	7 persons in total

2.2.2. Remuneration to General Manager, and Deputy General Manager (Individual Disclosure of Names and Remuneration Items)

Year of 2024 ; Unit: NT\$1000; %

Job Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances, etc. (C)		Employee Remuneration (D)				Ratio of total compensation to net income (%) A, B, C and D, etc.,		Remuneration from ventures other than subsidiaries or from the parent Company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Kuo, Chung-Che	4,825	4,825	108	108	1,432	1,432	102	0	102	0	6,467 0.57%	6,467 0.57%	None
Deputy General Manager	Chao, Shu-Fen	1,447	1,447	85	85	919	919	70	0	70	0	2,521 0.22%	2,521 0.22%	None

Remuneration Range Table

The remuneration range paid by the Company To the C.E.O and General Manager	Name of General Manager, and Deputy General Manager	
	The Company	All companies in the financial statements
Less than NT\$1,000,000	—	—
NT\$ 1,000,000 (inclusive) ~ 2,000,000 (exclusive)	—	—
NT\$ 2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Chao, Shu-Fen	Chao, Shu-Fen
NT\$ 3,500,000 (inclusive) ~ 5,000,000 (exclusive)	—	—
NT\$ 5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Kuo, Chung-Che	Kuo, Chung-Che
NT\$ 10,000,000 (inclusive) ~ 15,000,000 (exclusive)	—	—
NT\$ 15,000,000 (inclusive) ~ 30,000,000 (exclusive)	—	—
NT\$ 30,000,000 (inclusive) ~ 50,000,000 (exclusive)	—	—
NT\$ 50,000,000 (inclusive) ~ 100,000,000 (exclusive)	—	—
More than NT\$ 100,000,000	—	—
Total	2 persons in total	2 persons in total

2.2.3. Analysis of the ratio of the total amount of remuneration paid to the Company's Directors, General Manager and Deputy General Manager by the Company and all companies with consolidated statements in the last two years to the after-tax profit of individual or individual financial statements, it also explains the policy, standard and combination of payment of remuneration, the procedure of setting remuneration and the relationship with business performance.

2.2.3.1. Proportion of the total remuneration of Directors, General Manager and Deputy General Manager of the Company to the after-tax net (loss) profit:

unit: NT\$1,000 ; %

Job Title	The Company				All companies in the financial statements			
	2023		2024		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Directors	5,639	0.65	7,380	0.65	5,639	0.65	7,380	0.65
General Manager and Deputy General Manager	8,236	0.94	8,988	0.79	8,236	0.94	8,988	0.79
Income after tax	873,157		1,134,019		873,157		1,134,019	

2.2.3.2. The Company's policy, standard and combination of remuneration, the procedure for determining remuneration, and its relationship with business performance and future risks:

The Company's Directors, General Manager, Deputy General Manager and Manager's remuneration are stipulated in the Company's articles of association, authorizing the Board of Directors to negotiate according to the degree of participation in the Company's operations and the value of their contributions, as well as the usual industry standards. If the Company makes profits in the current year, it shall allocate no less than 0.5% (inclusive) as employee remuneration; and no more than 1% (inclusive) as director remuneration.

The Company's remuneration procedures are based on the "Rules for Performance Evaluation of Board of Directors" and the "Annual Operation Dividend Reward Method" applicable to managers and employees, and combined with the Company's overall operating performance, give reasonable remuneration. Among them, the Company's future business development and business risks are considered, the evaluation is related to the Company's business performance, the balance between sustainable operation and risk control is planned, and the performance evaluation results are used as a reference for issuing bonuses. Every year, the Remuneration Committee and the Board of Directors regularly review the rationality of employee performance appraisal and salary.

The name of the manager who distributes employee remuneration and the distribution situation

December 31, 2024 unit: NT\$1,000

Assigned Duties	Job Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net income (%)
Manager	General Mnager	Kuo, Chung-Che	0	379	379	0.03%
	Deputy General Manager of Sales Department	Chao, Shu-Fen				
	Production Manager	Huang, Jen-Kuei				
	Production Manager of the third factory	Lin, Wen-Yen				
	Financial and Accounting Supervisor	Hung, Hsiu-Min				
	Chief internal auditor	Lin, Fang-Jung				

2.3. The state of the Company's implementation of corporate governance

2.3.1. Operation of the Board of Directors

2.3.1.1. 4 annual board meetings have been held recently, and the Directors present are as follows:

Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Note
Chairman	Chang, Chung-Hsing	4	0	100 %	
Director	Chang, Yao-Tung	4	0	100 %	
Director	Huang, Yu-Wen	4	0	100 %	
Director	Hsu, Che-Chia	4	0	100 %	
Independent Director	Cheng, Wen-Cheng	4	0	100 %	
Independent Director	Chuang, Bor-Nian	4	0	100 %	
Independent Director	Tsai, Yu-Ching	4	0	100 %	

Other information required to be disclosed:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent Directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act. The Company has established an Audit Committee. For relevant information, please refer to the records on the operation of the audit committee.

(2) In addition to the aforementioned matters, other matters involving objections or expressed reservations by Independent Directors that were recorded or stated in writing that require a resolution by the Board of Directors: None

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

(1) On February 23, 2024, when Directors discussed the director compensation allocation and remuneration report, as well as the salary structure and standards for Directors, the Directors of Chang, Chung-Hsing; Chang, Yao-Tung; Huang, Yu-Wen and Hsu, Che-Chia they did not participate because they were related to their own interests. After discussion, the remaining Directors present passed without objection.

(2) On February 23, 2024, when the Directors discussed the director compensation allocation and remuneration report, as well as the salary structure and standards for Independent Directors, the Independent Directors of Cheng, Wen-Cheng; Chuang, Bor-Nian; Tsai, Yu-Ching did not participate because they were related to their own interests. After discussion, the remaining Directors present passed without objection.

3. The listed companies should disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the Board of Directors' self (or peer) evaluation, as well as the implementation of the evaluation by the Board of Directors:

On October 28, 2022, the Board of Directors of the Company passed the "Performance Evaluation Method of the Board of Directors", which stipulates that the internal performance evaluation of the Board of Directors and functional committees should be carried out once a year. The Company reported to the Board of Directors on February 21, 2025, implementation of Evaluations of the Board of Directors and functional committees in 2024 was evaluated as follows:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	2024	Performance Evaluation of the Board of Directors	Internal self-assessment of the Board of Directors	<ol style="list-style-type: none"> 1. Involvement in Company operations. 2. Improving the quality of board decision-making. 3. Composition and Structure of the Board of Directors. 4. Election and Continuing Education of Directors 5. Internal Control.
Once a year	2024	Performance Evaluation of Individual Board Members	Board member self-assessment	<ol style="list-style-type: none"> 1. Master the Company's goals and tasks. 2. Awareness of Directors' Responsibilities. 3. Involvement in Company operations. 4. Internal relationship management and communication. 5. Professional and continuing education for Directors. 6. Internal Control.
Once a year	2024	Performance Evaluation of Functional Committees	Audit Committee and Remuneration Committee Internal Self-evaluation	<ol style="list-style-type: none"> 1. Involvement in Company operations. 2. Functional Committee Responsibilities Awareness. 3. Improving the quality of decision-making by functional committees. 4. Functional Committee Composition and Member Appointment. 5. Internal Control.

Results of the 2024 Annual Performance Review:

- (1) Performance evaluation of the Board of Directors: There are 20 self-evaluation indicators, and the total self-evaluation average is 94 points; the evaluation is extremely excellent.
- (2) Performance evaluation of Directors: There are 10 self-evaluation indicators, and the total self-evaluation average is 89.29; the score is beyond the standard.

(3) Audit Committee Performance Evaluation: There are 18 self-evaluation indicators, and the total self-evaluation average is 98 points; the evaluation is extremely excellent.

(4) Compensation committee performance evaluation: There are 18 self-evaluation indicators, and the total self-evaluation average is 96 points; the evaluation is extremely excellent.

4. Evaluation of the goals and implementation status of strengthening the functions of the Board of Directors in the current year and the most recent year:

(1) The Board of Directors shall guide the Company's strategy, supervise the management level, be responsible to the Company and the Shareholders' Meeting, and make arrangements for the various operations and arrangements of the corporate governance system to ensure that it exercises its powers in accordance with laws, regulations of the Company's articles of association, or resolutions of the Shareholders' Meeting.

(2) The Company has set up a remuneration committee and an audit committee, which are composed of three Independent Directors. Through the establishment of functional committees, the functions and powers of the Board of Directors are well divided, and with its independent and detached standpoint, it assists the Board of Directors in decision-making and strengthens corporate governance.

(3) Every year, Directors choose courses covering Financial, risk management, business, business, legal affairs, accounting, and continuing education on internal control systems, financial reporting, ESG-related topics and other related courses to improve the awareness and implementation of corporate governance.

2.3.2. Operation of the Audit Committee

2.3.2.1. 4 annual board meetings have been held recently, and the Directors present are as follows:

Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person Attendance rate (%)	Note
Independent Director / Convener	Chuang, Bor-Nian	4	0	100 %	
Independent Director / Member	Cheng, Wen-Cheng	4	0	100 %	
Independent Director / Member	Tsai, Yu-Ching	4	0	100 %	

Other information required to be disclosed:

1. The annual work focus of the Audit Committee:

Review the adequacy of financial statements, supervise the effective implementation and improvement of internal controls, assess risks, review the professionalism and independence of Certified Public Accountant, and strengthen corporate governance norms.

2. If the operation of the Audit Committee falls under any of the following circumstances, the audit committee meeting date, period, content of proposals, Independent Directors' objections, reservations, or major proposals, results of audit committee resolutions, and the Company's handling of the audit committee's opinions should be stated.

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

Period	Date	Content of the proposal	Audit Committee Resolution Result	How the Company handles
Second session, Third time.	February 23, 2024	Self-assessment report on internal control system and statement of internal control system of 2023.	After being consulted by the Chairman and all the members present without objection, it was passed as a proposal and submitted to the Board of Directors for discussion.	Approved by all Directors present without objection.
		The Certified Public Accountant's public expense and accountant's professional and independent assessment review case o of 2023.		
		Business report and financial statement of 2023.		
Second session, fourth time.	April 26, 2024	The first quarter Financial Statements of 2024.		
		Draft the Company's 2024 annual related party transaction proposal.		
Second session, fifth time.	July 26, 2024	Second quarter financial statement of 2024.		
		Case of capital loan of the Company and subsidiary Company.		
Second session, sixth time.	October 25, 2024	Draft the Company's audit plan for 2025.		
		Financial statements for the third quarter of 2025.		
		Third quarter financial statement of 2024.		
		Draft the Company's 2024 annual related party transaction proposal.		
		Case of acquisition of right-of-use assets by the Company.		
		Amendment to the Company's "Internal Control System" and "Internal Control Audit System and Implementation Guidelines."		

(2) Except for the above-mentioned matters, other resolution matters that have not been approved by the audit committee and approved by more than two-thirds of all Directors: None.

3. The Independent Director's implementation of the recusal of the stake-related proposal shall state the name of the independent director, the content of the proposal, the reason for the resignation of the interest, and the participation in voting:

On February 23, 2024, when the Directors discussed the director compensation allocation and remuneration report, as well as the salary structure and standards for Independent Directors, the Independent Directors of Cheng, Wen-Cheng; Chuang, Bor-Nian; Tsai, Yu-Ching did not participate because they were related to their own interests. After discussion, the remaining Directors present passed without objection.

4. Communications between the Independent Directors, Chief internal auditor and accounting firm.

(1) Communication between Independent Directors and Chief internal auditor:

The Chief internal auditor regularly reports on the work of the audit office to the Independent Directors, and communicate with Independent Directors about the results of the audit report and the implementation of the follow-up report, The implementation and results of the audit business have been fully communicated. Normally, the Chief internal auditor can directly communicate with the Independent Directors by email, phone or meeting as needed, and the communication is very well.

Before the publication of the annual report, the communications between Independent Directors and Chief internal auditor are as follows:

Meeting Date	Communication Method	Communication Focus	Result
February 23, 2024	Report and communicate Audit Committee and in board meetings	The work report of the audit office for the fourth quarter of 2023.	After discussion and communication, the Independent Directors had no objection to the report on the results of the audit business execution.
		Self-assessment and statement of internal control system for 2023.	
April 26, 2024	Report and communicate in board meetings	The work report of the audit office for the first quarter of 2024.	
July 26, 2024	Report and communicate in board meetings and on the day and pre-meeting communication meeting (individual meeting).	Audit office work report for the second quarter of 2024.	
		Summary of the execution of the audit plan for 2024.	
		Amendment to the guidelines for establishing an internal control system for publicly listed companies.	
		Amendment to the self-assessment operational procedures for the internal control system.	
October 25, 2024	Report and communicate in Audit Committee and board meetings.	The work report of the audit office for the third quarter of 2024.	
		Explanation of the audit plan for 2025	
February 21, 2025	Report and communicate in Audit Committee and board meetings	The work report of the audit office for the fourth quarter of 2024.	
		Self-assessment and statement of internal control system for 2024.	

(2) Communication between Independent Directors and Certified Public Accountant:

Independent Directors and Accountants report to the Board of Directors in the audit committee or the Board of Directors on the review or inspection results of the Company's and Subsidiaries' financial statements and internal control inspections. Usually, Accountants have good communication with direct access to Independent Directors via email, phone calls or meetings as needed.

Before the publication of the annual report, the communications between Independent Directors and Certified Public Accountant are as follows:

Meeting Date	Communication Method	Communication Focus	Result
February 23, 2024	Report and communicate in Audit Committee on the day and pre-meeting communication meeting (individual meeting).	2023 annual financial statements, accountant independence, audit scope and findings, recent inspection of major internal control deficiencies of listed companies and reminders, Securities and Exchange Act. , and Tax Act. , update instructions.	After discussion and communication, it was approved without objection, and the relevant financial statements was announced and declared to the competent authority as scheduled.
October 25, 2024	Report and communicate in Audit Committee and board on the day, and on the day and pre-meeting communication meeting (individual meeting).	Financial review scope report for the third quarter of 2024, accountant independence, annual audit plan, summary of recent auditing standard and important regulatory updates.	
February 21, 2025	Report and communicate in Audit Committee and pre-meeting communication meeting (individual meeting).	Financial statements for 2025, accountant independence, audit scope and findings, recent updates on auditing standards, and important securities regulatory updates.	

2.3.3. Corporate governance implementation status and the reason of deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	√		To implement corporate governance , the Company formulated the "Corporate Governance Code of Practice" on March,30, 2021, and it was revised and approved by the Board of Directors on April, 28, 2023, and it was disclosed on the TWSE MOPS and the company’s website.	None
2. Shareholding Structure and Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	√		(1) The Company has spokespersons, acting spokespersons and other units specially assigned to accept shareholder suggestions, doubts, disputes and lawsuits, etc.	None
(2) Does the Company know the identity of its Major Shareholders and the parties with ultimate control of the Major Shareholders?	√		(2) The Company appoints a stock affairs agency to regularly update the register of Shareholders and the list of Major Shareholders, fully grasp the list of ultimate controllers, and disclose them according to law.	None
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	√		(3) The management of the Company's reinvested companies is in compliance with the "Internal Control System", "Internal Audit System", "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and relevant laws and regulations stipulated by the Company, and ensure that the operations and business transactions between the Company and affiliated companies are operated under appropriate risk control and security mechanisms.	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed Information?	√		(4) The Company has formulated the "Internal Material Information Handling Procedures" and "Insider Trading Prevention Management Procedures", prohibiting Company insiders from using unpublished information on the market to buy and sell securities.	None
3. Composition and Responsibilities of the Board of Directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	√		(1) The Company clearly stipulates the diversification policy of the Board of Directors in the "Director selection procedure". The current Directors also have accounting and professional skills and experience related to the Company's business.	None
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		√	(2) The Company has set up a remuneration committee and an audit committee, and other functional committees will be set up according to the actual needs of the Company.	The Company is still discussing its feasibility.
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual Directors and their nomination and additional office terms?	√		(3) On October 28, 2022, the Board of Directors of the Company passed the "Board Performance Evaluation Measures", stipulating that the performance evaluation of the Board of Directors, Directors, remuneration committee and audit committee should be carried out at least once a year, and the evaluation results should be reported to the Board of Directors and act as The reference basis for future determination of director remuneration.	None
(4) Does the Company regularly evaluate its external auditors' independence?	√		(4) The Company evaluates the independence and suitability of Certified Public Accountant every year. In addition to requiring Certified Public Accountant to issue	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			<p>a statement of independence, the Company also conducts assessments in accordance with the standards of assessment items and audit quality indicators (AQI). The latest assessment results have been passed on February 21, 2025 after deliberation and approval by the Audit Committee, it is submitted to the Board of Directors for approval of the independence and co Certified Public Accountant.</p> <p>The evaluation items are as follows:</p> <ol style="list-style-type: none"> 1. As of the latest visa operation, there is no status that has not been replaced for seven years 2. There is no direct or indirect financial interest relationship with the Company. 3. There is no significant and close business relationship with the Company. 4. Accountants should ensure the integrity, impartiality and independence of their assistants. 5. Shall not be a director, supervisor or manager of the Company, or a position that has a significant impact on audit cases within the last two years. 6. The identity of an Accountant cannot be borrowed by others. 7. Does not hold shares in the Company and affiliated companies. 8. No money borrowed from the Company or affiliated companies 9. There is no joint investment or benefit sharing relationship with the Company or affiliated companies. 10. Receive fixed remuneration without concurrently holding regular jobs in the Company or affiliated companies. 	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>11. Does not involve the management functions of the Company or affiliated companies to make decisions.</p> <p>12. Failure to concurrently operate other businesses that may lose its independence</p> <p>13. No spouse or relative within the second degree of relationship with the Company's management personnel.</p> <p>14. There has been no incident of disciplinary action or damage to the principle of independence.</p> <p>15. Whether the Audit Quality Indicator (AQI) meets the assessment criteria.</p> <p>Evaluation result: Based on the above evaluation results, the Company's Certified Public Accountant Chang, Tsu-Hsin and Chen, Cheng-Hsueh have no irregularities in terms of eligibility and independence.</p>	
4. Does the TWSE/TPEX listed Company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for Directors and supervisors to perform their duties, aiding Directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of Shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	√		4. The Company has set up a dedicated corporate governance manager on April 28, 2023, but it has been divided and concurrently responsible for corporate governance-related matters in accordance with the existing organizational functions; the current discussion unit is the Financial Office, which is responsible for handling matters related to the Board of Directors and Shareholders' Meeting in accordance with the law. , prepare minutes of Board of Directors and Shareholders' Meeting and assist Directors in complying with laws, etc.	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to Shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	√		5. The company's website has a stakeholder communication area, and issues of concern to stakeholders and communication channels are disclosed on the website for consultation.	None
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	√		6. The Company appointed the Mega Securities - Stock Agency Headquarters to handle matters related to the Shareholders' Meeting.	None
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	√		(1) The company website has set up a special area for investors to disclose financial information, shareholder services, corporate governance and other related areas, fully disclosing financial business and corporate governance information.	None
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	√		(2) The Company discloses relevant information on "TWSE MOPS" in accordance with regulations, implements a spokesperson system, and sets up an investor zone on the company's website to disclose relevant information.	None
(3) Does the Company publish and report its annual financial statements within two months after the end of the fiscal year, and publish and report its financial statements for the first, second, and third quarters as well as its operating statements for each month before the specified	√		(3) The Company's 2024 Parent Company Only Financial Statements and Consolidated Financial Statements have been announced within two months after the end of the fiscal year; and the financial statements for the first, second, and third quarters and the operating conditions of each month have been	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
deadlines?			submitted within the prescribed time limit.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for Directors and supervisors)?	√		<p>(1) Employee rights and employee care: The Company has set up an employee welfare committee to handle various welfare matters, and in accordance with the Labor Standards Act and Labor Welfare and Retirement, in addition to withdrawing and appropriating pensions, and regularly holds labor-management meetings as a communication between labor and management pipeline. The protection of various rights and interests of employees and the implementation of the welfare system are based on laws and regulations.</p> <p>(2) Investor Relations: In order to protect the rights and interests of Shareholders and make it easy for the investing public to understand the Company's operating conditions, the Company convenes Shareholders' Meeting every year in accordance with the Company law and related laws and regulations, and discloses relevant information on TWSE MOPS in accordance with regulations.</p> <p>(3) Supplier relationship: The Company's business strategy is based on the principle of honesty, keeping promises with suppliers and stakeholders, and maintaining good interactive and cooperative relationships with suppliers.</p> <p>(4) Rights of interested parties: The Company maintains good communication ways with stakeholders such as employees, customers and suppliers, and</p>	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>respects and safeguards their legitimate rights and interests.</p> <p>(5) Directors' advanced training: In order to implement corporate governance, all Directors of the Company have professional background capabilities and practical experience in operation and management, and the number of training hours for the seven Directors (including Independent Directors) of the Company has reached the prescribed standard.</p> <p>(6) Implementation of risk management policies and risk measurement standards: The Company has formulated the "Internal control system" and related management rules and regulations in accordance with laws and regulations to prevent risks, and the internal audit unit has drafted an audit plan based on risk assessment check the implementation of the internal control system.</p> <p>(7) Execution of customer policy: The cooperation between the Company and customers is handled in accordance with the norms and contracts signed by both parties to protect the rights and interests of both parties, and there are special personnel responsible for communicating with customers and dealing with related issues.</p> <p>(8) Circumstances in which the Company purchases liability insurance for Directors: Insured objects: Directors and Major employee Insurance amount: USD 1,000 thousand Insurance Company:</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			South China Insurance Co., Ltd. Insurance period: September 15, 2024 - September 15, 2025	
<p>9. According to the corporate governance evaluation results released by TWSE/Corporate Governance Center in the latest year, it explains the situation that has been improved, and proposes priority strengthening items and measures for those that have not improved:</p> <p>In response to the results of the 11th Corporate Governance Evaluation released by Taiwan Stock Exchange, the Company hereby summarizes the evaluation indicators as follows based on the improvement and unscored items:</p> <p>(1) Strengthen the structure and operation of the Board of Directors</p> <p>i. The Company has currently established a salary and remuneration committee and an audit committee as required by law. In the future, other functional committees will be established based on actual needs.</p> <p>ii. The Company established an intellectual property management plan linked to operational goals on July 26, 2024, and reported to the Board of Directors on the implementation status of the intellectual property management plan.</p> <p>(2) Improve information transparency</p> <p>i. The Company has announced the annual financial statements within two months after the end of the fiscal year, and starting from 2024, disclose the English version of the interim financial statements.</p> <p>ii. The company's website has established Chinese version and English version investor area, which discloses information related to Financial, stock affairs and corporate governance.</p> <p>iii. The Company was invited to hold Investor Conference twice on March,19 and August,13 in 2024.</p> <p>(3) Implement corporate social responsibility</p> <p>i. The Company has established a " Code of Practice for Sustainable Development " and voluntarily prepared the 2023 sustainability report, which has been uploaded and disclosed on the company's website.</p> <p>ii. The Company has dedicated environmental management personnel and has passed ISO14001:2015 certification. It has formulated energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management policies situation, and disclose information related to the promotion measures on the company's website.</p>				

2.3.4. If the Company has established a remuneration committee, it should disclose its composition, responsibilities, and operational status

2.3.4.1. Information on Remuneration Committee Members

Qualifications		Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Titel	Name			
Independent Director/ Convener	Cheng, Wen-Cheng	<ul style="list-style-type: none"> ■ Master of Business Administration from Feng Chia University, ■ Mr. Cheng has many years of working experience in banks. 	<p>The members of the Company's remuneration committee have met the qualification requirements stipulated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and "Securities and Exchange Act" Article 14-2 during the two years before the election and during their tenure, and are independent All Directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and independently perform relevant functions and powers.</p>	3
Independent Director/ Member	Chuang, Bor-Nian	<ul style="list-style-type: none"> ■ National Changhua University of Education/Industrial Education and Technology / Doctorate degree ■ Mr. Chuang has many years of working experience in ITRI. 		1
Independent Director/ Member	Tsai, Yu-Ching	<ul style="list-style-type: none"> ■ National Taiwan University/Accounting/Master degree ■ Ms. Tsai has professional qualifications as an Accountant and has many years of working experience as an Accountant. 		3

2.3.4.2. Information on the operation of the remuneration committee

- (1) The Company's remuneration committee has 3 members.
- (2) The term of office of the current committee members: from May 26, 2023 to May 25, 2026, the recent annual remuneration committee held 2 meetings, the qualifications and attendance of the committee members are as follows:

Title	Name	No. of meetings attended in person	No. of meetings attended in person	In-person attendance rate (%)	Note
Convener	Cheng,Wen-Cheng	2	0	100 %	
Member	Chuang, Bor-Nian	2	0	100 %	
Member	Tsai,Yu-Ching	2	0	100 %	

Other information required to be disclosed:

1. Annual work priorities of the Remuneration committee:

Regularly review the reasonableness of the performance evaluations and remuneration of directors and executives to prevent actions that exceed the company's risk appetite, ensuring that the company's remuneration policies and systems comply with relevant laws and are sufficient to attract outstanding talent

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

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

2.3.4.3. Information on the members of the Nomination Committee and its operation:
None

2.3.4.4. Important matters resolved at the remuneration committee meeting are as follows:

Date	Content of Resolution	Results of Resolutions of the Remuneration Committee	The Company's Handling of the Remuneration Committee's Opinions
Febr 23, 2024 Second session, second time	<ol style="list-style-type: none"> 1. The Company's 2023 employee remuneration and director remuneration distribution plan. 2. The Company's 2023 director compensation report 3. The Company's 2023 Director and Manager performance evaluation report. 4. The Company's 2023 salary structure and standards for Directors and Managers. 5. The Company's Deputy General Manager promotion and salary adjustment . 	<p>Except for the members who have avoided the discussion and voting in accordance with the law, the rest of the attending members passed the first to fourth proposal without objection and submitted it to the Board of Directors for discussion.</p> <p>The fifth proposal was passed without objection after the Chairman consulted all attending committee members and was submitted for discussion by the Board of Directors.</p>	<p>The first to fourth proposal was submitted to the Board of Directors, and except for the Directors who were legally absent and did not participate in the discussion and voting, the other Directors present had no objections and the proposal was passed accordingly.</p> <p>The fifth proposal was submitted to the Board of Directors and was passed without objection after the Chairman consulted all attending Directors.</p>
July 26, 2024 Second session, Third time	<ol style="list-style-type: none"> 1. Amendment to the salary structure and standards for managers. 2. Salary adjustment for the Company's managers. 	<p>The first to second proposal was passed without objection after the Chairman consulted all attending committee members and was submitted for discussion by the Board of Directors.</p>	<p>The first to second proposal was submitted to the Board of Directors and was passed without objection after the Chairman consulted all attending Directors.</p>

2.3.5. Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	√		<p>In order to actively promote sustainable development and strengthen the corporate governance management mechanism, the Company has established a "Sustainable Development Group" on February 23, 2024. The Board of Directors has authorized the Management Department to serve as a part-time unit to promote sustainable development, and the General Manager as the general convener. He leads senior managers from different areas within the factory to jointly review the Company's core operating capabilities, formulate corresponding strategies and work guidelines, planning and execution plans, and track execution results to ensure that the sustainable development strategy is fully implemented in the Company's daily life.</p> <p>The Company's "Sustainability Development Group" regularly reports to the Board of Directors on the promotion of sustainable development, including ESG-related reports, discusses the possibility of improving the strategy and goals of the corporate governance evaluation, and reviews the progress of the strategy, and the items expected to be discussed in 2024 are: occupational safety hazard, wastewater reduction, energy conservation and carbon reduction, waste reduction and other related issues.</p> <p>The Board of Directors' oversight and execution of sustainable development management policies are as follows:</p> <ol style="list-style-type: none"> 1. Strengthen corporate governance organization and system. 	None.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>2. Promote the development of a sustainable environment.</p> <p>3. Ensure that matters related to risk management are supervised.</p> <p>4. Planning and promoting energy conservation and carbon reduction and carbon neutrality related matters.</p> <p>5. Conduct risk assessments on environmental, social and corporate governance issues related to operations.</p> <p>6. Based on the assessed risks, formulate relevant risk management policies and strategies.</p> <p>7. Regularly report the implementation status to the Board of Directors every year, the latest date of submission is April 26, 2024. All attending directors expressed no objections after the report and did not provide any other suggestions.</p>	
<p>2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?</p>	√		<p>(1) The Company has established "Code of Practice for Sustainable Development" and complies with ISO9001, 14001 and 45001 standards, The Company will fulfill its corporate social responsibility, implement its code of conduct, and disclose the code on the public information observation station and company website.</p> <p>(2) Establish a major risk identification and analysis process in accordance with relevant ISO standards. Through procedures such as collection and inspection, sorting and identification, and confirmation, identify major themes of sustainable development and related risks, and formulate relevant management strategies, The boundaries of risk assessment and risk management policies or</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>strategies of the Company's major issues are based on the Company, and the main points are summarized as follows:</p> <ol style="list-style-type: none"> 1. Major environmental issues: The Company identifies the risks of climate change and evaluates the relevant response measures to climate change, such as the risk of water shortage in dry season and power cut in summer caused by climate change, the management procedures for water and electricity consumption have been formulated, including water restriction and water supply interruption management regulations for the whole plant, emergency power supply priority operation standards, etc. 2. Major social issues: Improve occupational safety and health management as a priority, The Company obtained ISO 45001:2018 management system certification has been obtained in 2020, and through the essentialization of mechanical safety, education, training and publicity to enhance employees' awareness and ability of safety and hygiene; supervisors at all levels regularly inspect the behavior of employees and third-party factory personnel and monitor the working environment to reduce employee exposure risk factors. 3. Major issues in corporate governance: In order to avoid the risk of illegality caused by internal operations failing to respond immediately when external regulations and norms are updated, the Company has established systematic norms for identification and management of regulations. 	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
3. Environmental issues (1) Has the Company set an environmental management system designed to industry characteristics?	√		(1) The Company has passed ISO14001, ISO 45001 certification, implementing environmental protection, waste reduction, weight reduction, pollution prevention and zero disasters. The Company's use of main raw materials complies with RoHS, REACH and directives prohibiting the use of toxic chemical substances, and prohibits the hazardous substances regulated in the directives during production to reduce the impact on the environment.	None
(2) Has the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	√		(2) The Company strives for the utilization efficiency of various energy sources, installs solar power generation devices in the factory area, and strengthens the recycling and reuse of hydropower and other resources, Install water-saving and power-saving equipment and use clean energy; and implement reduction, resource classification, recycling, reuse and proper disposal ; irregularly carry out the promotion and publicity of environmental protection concepts to reduce the impact on environmental load and effective energy.	None
(3) Has the Company evaluated the potential risks and opportunities posed by its business now and take relevant measures to respond?	√		(3) In the face of global climate change issues, the Company will implement the net-zero schedule and achieve carbon neutrality through the three major aspects of "green source development and design", "low energy consumption in manufacturing processes" and "supply chain management" . The Company identifies and evaluates the potential impacts and impacts of	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	√		<p>climate change in accordance with its business activities, service provision and environmental interactions, and takes into account the norms of international initiatives related to sustainability and climate change and China's environmental sustainability laws and regulations, and then adopts response measures and formulates management policies. With reference to the TCFD framework, we will continue to aggregate external information and progressively assess climate-related risks and opportunities, so as to respond to changes in regulations and business environment, and incorporate environmental policies as follows:</p> <ol style="list-style-type: none"> 1. Commitment to continuous improvement and reduction of pollution, health promotion, disease prevention, hazard prevention and risk control. 2. Commitment to comply with Environmental Protection, Occupational Safety and Hygiene regulations. 3. Effectively control waste, wastewater, air pollution, and safety and health incidents. 4. Save energy resources and care for the earth. <p>(4) They company has obtained the ISO 14001 environmental management system certification in 2010, and must be re-verified by the external audit of SGS Taiwan, Ltd. every three years, and the latest ISO 14001:2015 certificate is valid from October 1, 2022 to October 1, 2025. Greenhouse gas emissions, water consumption and total waste weight are all</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>covered by third-party verification bodies.</p> <p>1. Greenhouse gas emission statistics and management policies: The Company conducts regular greenhouse gas inventories in accordance with the ISO 14064 greenhouse gas inventory standard on an annual basis, we take relevant actions to assess climate change according to the actual situation. With 2021 as the base year, we have set a short-term goal: a 1% reduction in short-term emissions by 2025, a mid-term goal: a 3% reduction in mid-term emissions by 2030, and a long-term goal: a 5% reduction in long-term emissions by 2050. Greenhouse gases cause global climate change. The Company responds to the government's promotion of renewable energy policies, carefully evaluates the development conditions of various renewable energy sources, actively installs photovoltaic devices, increases renewable energy power generation, and contributes to building a low-carbon city. Energy saving and carbon reduction projects, the Company builds pollutant prevention and control equipment to ensure compliance with regulatory emission standards, so as to reduce the impact on climate change and the environment. The Company conducts greenhouse gas inventory regularly every year, and relevant information is also reported to the Competent Authority, In the future, we will evaluate whether to take relevant actions on climate change according to the actual situation, and set short-term, medium-term and</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons									
	Yes	No	Summary description										
			<p>long-term greenhouse gas reduction goals, with the goal of achieving carbon neutrality.</p> <p>The greenhouse gas consumption in the past two years is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Category 1 - Direct</td> <td>83mt</td> <td>103mt</td> </tr> <tr> <td>Category 2 - Indirect</td> <td>22,341mt</td> <td>10,637mt</td> </tr> </tbody> </table> <p>Data coverage: all factories of the Company Category 1 difference: Mainly due to the increase in emissions from official vehicles. Category 2 difference: Mainly due to the decrease in electricity consumption.</p> <p>2. Water consumption statistics and management policies: In response to global climate change, water supply stability has become an important issue facing all countries. The Company fulfills its social responsibilities and responds to the global water shortage issue, taking concrete actions to face the challenges of climate change together with global companies. In response to the water reduction strategy, we actively cooperate with the government's recycled water recycling and reuse policy and continue to control water consumption. With 2021 as the base year, we set a goal of reducing water consumption by 1% per year. The specific measures for water resource management are as follows: (1) Install the whole plant air conditioning monitoring system. (2) Low-pollution water recycling and reuse. (3) Install water-saving toilet fixtures (4) Set up rainwater recovery water for planting sprinkler irrigation.</p>	Year	2023	2024	Category 1 - Direct	83mt	103mt	Category 2 - Indirect	22,341mt	10,637mt	
Year	2023	2024											
Category 1 - Direct	83mt	103mt											
Category 2 - Indirect	22,341mt	10,637mt											

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																		
	Yes	No	Summary description																			
			<p>(5) After the RO wastewater is collected, it is used again for toilet flushing.</p> <p>(6) The cooling tower is equipped with a splash-proof and anti-evaporation mask.</p> <p>The consumption of water and electricity in the last two years is as follows:</p> <table border="1"> <thead> <tr> <th>Item \ Year</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Water Used (1000 degrees)</td> <td>77 thousand degree</td> <td>79 thousand degree</td> </tr> <tr> <td>Electricity Used (1000 degrees)</td> <td>22,912 thousand degree</td> <td>21,532 thousand degree</td> </tr> </tbody> </table> <p>Data coverage: all factories of the Company</p> <p>3. Waste Statistics and Management Policy:</p> <p>The Company's waste management goal is to reduce the amount of waste and recycle and regularly carry out the inventory of greenhouse gas emissions, the statistics of water consumption and the total weight of waste every year; various management plans have also been formulated to effectively improve energy performance, implement resource reuse and reduce waste generation.</p> <p>Taking the year 2021 as the base year, the target is set to reduce the amount of waste by 1% each year, resulting in a decrease of 34 metric tons of waste by the year 2024.</p> <p>The consumption of waste in the last two years is as follows:</p> <table border="1"> <thead> <tr> <th>Item \ Year</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Hazardous Waste</td> <td>13 mt</td> <td>12 mt</td> </tr> <tr> <td>Non-Hazardous Waste</td> <td>236 mt</td> <td>263 mt</td> </tr> </tbody> </table> <p>Data coverage: all factories of the Company</p>	Item \ Year	2023	2024	Water Used (1000 degrees)	77 thousand degree	79 thousand degree	Electricity Used (1000 degrees)	22,912 thousand degree	21,532 thousand degree	Item \ Year	2023	2024	Hazardous Waste	13 mt	12 mt	Non-Hazardous Waste	236 mt	263 mt	
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Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>Note: The Company's hazardous wastes are notified and can be directly reused.</p> <p>The Company's waste management policy and objectives prioritize waste reduction at the source and resource utilization. Evaluate resource minimization at the source of production to achieve optimal and minimal use of raw materials.</p> <p>The Company's gearbox production line has integrated upstream metal processes. Precision gears, gear racks, and components are all self-manufactured, so the main raw materials used are steel or aluminum bars (recyclable) and metal cutting fluid (to extend use life). During the manufacturing process, waste generated should be disposed of through resource recovery in accordance with the "Waste Disposal Act" and relevant regulations on recycling, utilizing recovery methods.</p> <p>The Spent Pickle Liquor (hazardous industrial waste) and other general industrial waste will be transported by a third-party qualified refuse removal Company to the business waste comprehensive treatment center under the guidance of the Ministry of Economic Affairs, or to qualified Level A or B private waste disposal facilities for processing. The refuse removal Company has a GPS positioning system in place to ensure that the disposal of waste by the Company is ultimately legally and properly disposed of.</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>4. Social issues</p> <p>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	√		<p>(1) The Company abides by the Labor Standards Act, protects the legitimate rights and interests of employees, follows ICCPR, and formulates relevant management policies and procedures. It also allocates pensions and has an employee welfare committee. Employees of any nationality enjoy the same welfare measures. The Company acknowledges and voluntarily agrees to comply with the internationally recognized human rights standards from "Universal Declaration of Human Rights." 、"The United Nations Global Compact." 、"United Nations Guiding Principles on Business and Human Rights." and "International Labour Organization.", to respect the protection established by the Human Rights of Convention.</p>	None
<p>(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p>	√		<p>(2) The Company has established performance appraisal management and other related measures to fairly and reasonably evaluate the work performance of employees and supervisors, and determine their salary adjustment levels based on their professional knowledge, technology and personal performance. The employee performance appraisal system will be handled in accordance with the Company's personnel management regulations and reward and punishment provisions of the work rules. The Company also organizes newcomer training. In addition to promoting the Company's system and related policies, the newcomer training is used to educate</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>employees to take honesty as the highest principle; In addition, through regular and irregular publicity of corporate ethics, the relevant results are combined with employee performance, The Company's employee remuneration policy and its implementation are as follows:</p> <p>1. Talent Strategy: Towards an excellent enterprise with sustainable operation, the Company's talent recruitment policy draws up recruitment plans for key positions based on business strategies, and based on the principle of "equal treatment", differences in gender, race, nationality, religion, age, physical disability, political affiliation, marital status, trade unions and associations will not affect employment, salary, promotion opportunities, etc. Through a fair and just recruitment and selection mechanism, create a friendly workplace environment with gender equality, multicultural integration, and cross-generational composition. With an inclusive atmosphere, employees are encouraged to respect differences, learn together, and enhance team cohesion, which has become the driving force behind the Company's continuous progress.</p> <p>2. Performance appraisal: The Company clearly stipulates the performance appraisal system and assessment and other related methods. Through quarterly performance appraisal, employees can fully understand their strengths and weaknesses. And according to the staff's professional knowledge and technology and personal performance to verify their rewards.</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	√		<p>3. Talent retention: The Company firmly believes that employees are the greatest asset of the Company, and provides competitive salary and career development opportunities. The salary is determined according to the employee's academic background, professional knowledge and technology, and seniority experience. In order to ensure market competitiveness, a market salary survey is conducted, and salary adjustments are made according to the market level of each position and individual performance. The average standard salary of grassroots employees is better than the statutory salary.</p> <p>4. Other benefits The Company provides employees with complete systems and facilities, including labor insurance, National Health Insurance, annual operating bonus, employee restaurants, fitness centers, and Employee Welfare Committee. Based on the Company's overall operation, team and individual performance, design a reward incentive plan and share profits and surplus with employees to achieve the purpose of attracting, retaining, motivating and cultivating high-quality talents.</p> <p>(3) The Company obtained OHSAS 18001 certification in 2010 and ISO 45001:2018 certification for Occupational Health and Safety Management System in 2020. The current certificate is valid from September 18, 2022, to September 13, 2025. Through planning, execution, review, action, and other</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>management cycles, the management system is implemented to comply with relevant occupational safety and health laws and regulations. This continuous improvement aims to enhance occupational safety and health management performance, creating a safe work environment and a healthy workplace.</p> <p>The Company cultivates employees' safety awareness through safety and health regulations, occupational safety and health education training for recruits and existing employees, fire safety, evacuation drills, and hazard awareness training courses. In order to encourage employees to actively participate in the promotion of the occupational safety and health management system within the factory, the Environment safety and health committee is seeking opinions on incorporating relevant occupational safety and health consulting issues into the discussion. To enhance the interaction between employees and the Company's occupational safety and health management, the following steps are as follows:</p> <ol style="list-style-type: none"> 1. Establish a mechanism for self-monitoring of operations to identify risks and monitor the operating environment, formulate a health classification management mechanism, and strengthen operational safety. 2. Focus on source management: According to the regulations of engineering risk management for building plants, when designing a factory, all potential hazards during 	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>construction should be considered.</p> <p>3. Preventive Measures: During the operational phase, hazard identification and assessment are conducted for field-work operations, and the best feasible methods and technologies are adopted to reduce the risk of hazards.</p> <p>4. Prevention and Risk Control: Equipment must comply with safety inspection regulations before it can be operated to ensure the safety of employees. For chemicals, in accordance with the requirements of laws and regulations for the management of chemicals, the Company has established a chemical control detailed list, screened high-risk substances, and controlled at the source, so as to protect the health of employees and avoid environmental impact.</p> <p>5. Promote employee health: There are professional nursing staff to plan a complete health management plan. In addition to the annual health checks, it also provides medical consultation and various health-promoting dynamic activities.</p> <p>6. Establish an emergency response framework: In order to avoid major impacts on operations caused by emergencies, an emergency response team is set up. The Company has established an emergency response plan, covering fire, chemical leakage, and earthquake accident response preparations and plans, and regularly conducts relevant drills every six months, so that personnel can be familiar with various procedures, so as to reduce personnel and property in</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons														
	Yes	No	Summary description															
			<p>emergencies the impact.</p> <p>7. Continuing to collaborate on the promotion of a qualitative safety management system, the implementation of contracting management systems, the enhancement of professional knowledge, and assistance with safety information, facilities, and personnel safety training to achieve the goal of "zero major occupational accidents."</p> <p>8. Participate in the Central Taiwan Science Park Administration Bureau's Occupational Safety Promotion Association, to combine resources from various industries for collaborate on reducing occupational hazards.</p> <p>9. The main factors of occupational accidents in 2024 is cutting injuries at work, improvement and publicity are carried out for relevant risk factors to increase the risk awareness of colleagues. In 2024, our Company has organized occupational safety and workplace safety related seminars, with a total of 729 participants and 2,720 hours in total.</p> <p>The number and ratio of occupational accidents in the past two years are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Item</th> <th colspan="2">Year</th> </tr> <tr> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>occupational accidents-factory</td> <td>0 people</td> <td>1 people</td> </tr> <tr> <td>occupational accidents-traffic</td> <td>5 people</td> <td>0 people</td> </tr> <tr> <td>Ratio</td> <td>0.71.%</td> <td>0.14.%</td> </tr> </tbody> </table> <p>The Company places great importance on fire safety. We conduct regular fire safety inspections every year, which is why no fire incidents have occurred.</p>	Item	Year		2023	2024	occupational accidents-factory	0 people	1 people	occupational accidents-traffic	5 people	0 people	Ratio	0.71.%	0.14.%	
Item	Year																	
	2023	2024																
occupational accidents-factory	0 people	1 people																
occupational accidents-traffic	5 people	0 people																
Ratio	0.71.%	0.14.%																

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons												
	Yes	No	Summary description													
(4) Has the Company established effective career development training programs for employees?	√		<p>The number and ratio of fire incidents, casualties, and fatality rates in the past two years are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Item \ Year</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Number of fires</td> <td>0</td> <td>0</td> </tr> <tr> <td>casualties</td> <td>0 people</td> <td>0 people</td> </tr> <tr> <td>Fire casualty rate</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table> <p>(4) The Company has established "education and training procedures regulations." as the basis for employee education and training. Education and training are used to enrich employees' knowledge and skills, improve work efficiency and quality, and combine employee growth with corporate development goals. And design different training programs, including training for new recruits, personal function development, and other management and training professional knowledge enhancement.</p>	Item \ Year	2023	2024	Number of fires	0	0	casualties	0 people	0 people	Fire casualty rate	0.00%	0.00%	None
Item \ Year	2023	2024														
	Number of fires	0	0													
casualties	0 people	0 people														
Fire casualty rate	0.00%	0.00%														
(5) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies	√		<p>(5) The Company mainly sells mechanical transmission components such as Planetary Gearbox, all of which follow the relevant international product specifications and the specifications agreed between the two parties, product manufacturing, packaging, labeling, and products sold also meet the requirements of international environmental protection regulations such as the European Union, and formulate "Enforcement Rules of the Personal Data Protection Act" and related procedures to protect consumer</p>	None												

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	√		<p>rights and customer privacy, set up a special complaint window, conduct regular customer satisfaction surveys, and establish strict privacy protection measures.</p> <p>(6) The Company aims to implement sustainable business practices and hopes to establish long-term and stable cooperation relationships with suppliers to fulfill social responsibilities together. According to the "Supplier Management Measures," suppliers who meet the quality standards are carefully selected, and only collaborate with suppliers who comply with local laws. The contract specifies the requirements and expectations of the Company towards suppliers, including strict prevention of environmental, safety, and health risks, prohibition of child labor, labor management, elimination of all forms of forced labor, and no violation of basic labor rights. Adherence to basic human rights, moral standards, and integrity in operations.</p> <p>The supplier management policy of the Company is as follows:</p> <ol style="list-style-type: none"> 1. The Company has formulated relevant regulations such as "Supplier Management Measures", "Material Procurement Management Measures" and "Foreign Procurement Operation Management Measures" from Supplier evaluation, regular assessments, and continuous improvement are all controlled to establish a sustainable supplier management mechanism for long-term growth. 2. Implement corporate environmental protection responsibilities by ensuring 	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>that products comply with the Restriction of Hazardous Substances Directive (RoHS) and REACH environmental regulations , in order to achieve environmental protection policies.</p> <p>3. Based on the "Supplier Evaluation Form," a comprehensive evaluation is conducted on six aspects, including organizational policy, quality, price, delivery time, technology, and service.</p> <p>4. With respect to the sustainable management of suppliers, the Company emphasizes the environmental, social, and corporate governance requirements of suppliers.</p>	
5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?		√	The Company has voluntarily prepared the 2023 sustainability report, which has been uploaded and disclosed on the company website. However, the report has not yet obtained third-party verification. In the future, we will plan for third-party verification by an impartial organization as needed.	The Company has formulated the "Code of Practice for Sustainable Development", which will be implemented in accordance with the Company's needs or legal requirements in the future.
<p>6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>The Company's Board of Directors approved the formulation of the "Corporate Social Responsibility Code of Practice" on March 30, 2021, which was revised and renamed as the "Code of Practice for Sustainable Development" approved by the Board of Directors on March 25, 2022. The Company regularly reviews the implementation status. It has been improved accordingly, and there have been no major differences in implementation so far.</p>				

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
7. Other important information to facilitate better understanding of the Company's promotion of sustainable development:				
(1) Environmental Protection and Energy Saving:				
<p>The Company continues to be committed to environmental protection and waste reduction, and strives to contribute to the earth's energy saving and carbon reduction.</p> <p>The Company passed the certification of the environmental management system ISO 14001 in 2010 and recertifies every three years. After the external audit by Taiwan Inspection Company, there are no major deficiencies and passed the verification; the Company adheres to the spirit of continuous improvement of the environmental management system ISO 14001, gradually improves the performance of various environmental management, and conducts internal and external audits every year to ensure that all operations are in line with ISO 14001 specification, And through the "Environmental Safety and Health Management Committee", strengthen communication and coordination, improve environmental protection, energy saving and occupational safety work improvement effect.</p> <p>Continue to develop high-precision automation key components and provide them to various related industries to reduce the use of high-power-consuming automation equipment in various industries; continue to reduce the water used in the production process, and actively recycle and reuse water resources to reduce the use of water resources.</p> <p>The Company's vision is to "continue to develop innovative and energy-saving products, and become a reliable high-precision and low-energy automation key component enterprise."</p>				
(2) Create a healthy green life:				
<p>i. Encourage colleagues to take the public transportation system and ride electric motorcycles to live a green life.</p> <p>ii. Continue to promote greening and landscaping tree planting and maintenance operations to create an ecologically diverse environment.</p>				
(3) Energy Conservation Improvement Program Specific Results in 2024 :				
<p>I. Invest 193.6 thousand to convert 22 units of 228W lamps into 150W LED lamps., which can save 14,929 kWh of electricity per year.</p> <p>II. Invest 972 thousand to conver the 40HP large ventilation equipment with 7.5HP small area variable frequency exhaust equipment, which can save 210,931.5 kWh of electricity per year.</p> <p>III. Use electronic invoicing to reduce paper usage and mail delivery carbon footprint.</p> <p>IV. Carry out central air conditioning management, use energy-saving lighting and other measures to promote turning off lights at will to achieve energy conservation.</p>				

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>8. Implementation of climate-related information</p> <p>(1) Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.</p> <p>The Company's management department is responsible for managing the Company's climate change mitigation and adaptation strategies and actions, analyzing and tracking climate change risks and opportunities, reporting the results of assessment and analysis, and taking necessary mitigation measures according to the degree of risk.</p> <p>(2) Describe how the identified climate risks and opportunities affect the business, strategy and finances (short, medium and long term).</p> <p>In order to analyze the impact of future climate change on APEX DYNAMICS.INC, APEX DYNAMICS.INC sets a baseline scenario in accordance with the TCFD framework to identify and analyze the short, medium and long-term climate risks and opportunities, climate mitigation strategies (transition risks), and climate adaptation strategies (physical risks) of the Company's business scope, upstream and downstream, as well as the entire life cycle of assets.</p> <p>(3) Describe the financial impact of extreme weather events and transition actions</p> <p>I. The Company produces products at different sites to reduce the impact of climate risk factors on the Company. In addition, based on the results of the scenario analysis, self-risk taking capacity will be re-characterized and the loss of value caused by extreme climate risks will be monitored.</p> <p>II. In order to properly manage the risks related to extreme weather events and the transition to a low-carbon economy, we will incorporate the risks of climate change into operational decision-making, identify and manage risks, and face up to the crises of global warming and resource depletion, and make every effort to respond to the trend of energy conservation and carbon reduction, and carry out mitigation and adaptation actions.</p> <p>(4) Describe how the process of identifying, assessing and managing climate risks are integrated into the overall risk management system.</p> <p>The Company has established an organizational structure, policies and management norms for risk management, covering operational risks, legal and compliance risks, and environmental risks (including climate risks), taking into account environmental protection, social responsibility and corporate governance, and the Company's risk management policy has incorporated environmental risks (including climate risks), which means that the Company will integrate climate change identification, measurement and management processes into the whole Company's risk procedures.</p> <p>(5) If scenario planning analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and key financial impacts used should be described.</p>				

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>In accordance with the TCFD goal of quantifying climate risks, the Company refers to the industrial risk assessment and economic situation analysis reports issued by well-known institutions at abroad, and incorporates the environmental and social risk factors of the industry into the consideration of the risk level of each industry, as well as the impact of environmental or social factors on the industry trend, and the risk cost of climate transition.</p> <p>(6) If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformation risks.</p> <p>The Company's climate management targets are as follows: Short-term goal: Establish a mechanism to identify, measure and monitor climate risks. Mid-term goals: Strengthen the disclosure of climate-related risk indicators, set key indicators and mid-term goals for risk appetite, and strengthen the three lines of defense for risk management. Long-term goal: Continue to manage and monitor indicators and targets, and incorporate climate risk considerations into other risk management mechanisms.</p> <p>(7) If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.</p> <p>The Company has not yet used internal carbon pricing as a planning tool.</p> <p>(8) If climate-related targets are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning timeline, and the progress made in achieving them each year should be stated, and if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of certified emission reduction or renewable energy certificates (RECs) to be redeemed should be stated.</p> <p>The Company's greenhouse gas emission reduction target is based on the actual situation to assess climate change and take relevant actions. By implementing the use of energy-saving equipment and actually using renewable energy, we set short-term goals with 2021 as the base year: short-term emission reduction in 2025. 1%, medium-term target: 3% emission reduction in 2030, long-term target: 5% long-term emission reduction in 2050.</p> <p>(9) Greenhouse gas inventory and conviction.</p> <p>According to the timeline plan for greenhouse gas inventory and verification issued by the competent authority, the Company shall apply the greenhouse gas inventory in the third stage (the inventory will be completed in 2016 and the verification will be completed in 2018), and the MILLENNIUM VEE HOTEL TAICHUNG (Subsidiary) shall apply the greenhouse gas inventory in the fourth stage (the inventory will be completed in 2017 and the verification will be completed in 2019).</p> <p>The implementation progress of the Company's greenhouse gases shall be submitted to the Board of Directors on a quarterly basis, and a greenhouse gas inventory shall be conducted every year, and the results of the inventory shall be reported to the Central Science Park Administration for archiving, and the relevant information shall be disclosed to the Market Observation Post System (MOPS).</p>	

2.3.6. Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>1.Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	√		(1) The Company has formulated the "Code of Practice for Corporate Governance", "Code of Integrity Management" and "Code of Ethical Conduct", and formulated the "Operation Procedures and Guidelines for Integrity Management" in accordance with the Code of Integrity Management to ensure integrity management and The implementation of laws and regulations; in addition, for Directors and managers, if any decision or transaction involves a conflict of interest, they are not allowed to participate in decision-making or voting based on the principle of avoiding interests.	None
<p>(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p>	√		(2) In order to prevent the occurrence of dishonesty, the Company has formulated the "Internal Material Information Handling Procedures", "Integrity Operation Procedures and Behavior Guidelines", "Procedures for Preventing Insider Transaction Management" and "Management of Related Persons and Group Transactions". "Measures", etc., to standardize the standard operating procedures and guidelines for all stakeholders of the Company on honesty.	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	√		(3) In order to implement the integrity management policy and actively prevent dishonest behavior, the Company conducts education and publicity on workplace integrity, human rights, fair treatment principles and prevention of internal lines for new employees when they report to work, and has the correct cognition and judgment ability of relevant laws and regulations and integrity behaviors to ensure the implementation of the integrity management policy. The training rate of 2024 has reached 100%, and we will continue to promote education and advocacy related to ethical management in the future. According to the internal control operation procedures stipulated by the Company, internal control audits are conducted from time to time every year, and a mutual supervision and checks and balance mechanism is established.	None
2. Ethical Management Practice (1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	√		(1) The Company has a rating system for suppliers and customers. All contracts signed will be reviewed by professional and authorized personnel, and the terms of honesty and behavior will be included as needed.	None
(2) Has the Company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate	√		(2) The Company's management department is part-time unit to promote the operation of corporate integrity management, and is responsible for reporting to the Board of Directors at least	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
management policy and program to prevent unethical conduct and monitor their implementation?			once a year on the implementation of integrity management, and the latest report date is October 25, 2024. The implementation of corporate integrity management for the year, but the Company continues to promote various integrity management plans in accordance with Company policies, and promote integrity and integrity.	
(3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	√		(3) For Directors and managers, if there is a conflict of interest in any decision-making or transaction, they are not allowed to participate in decision-making or voting. In order to fulfill the supervisory responsibility, the Company has established a sound internal system and established various organizational channels, such as the salary and compensation committee, Audit Committee, internal control, audit system, and document control system.	None
(4) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside Accountants to perform the audits?	√		(4) The Company has established an effective accounting system and internal control system, and reviews them at any time to ensure that the design and implementation of the system continue to be effective. In addition, the audit office of the Company conducts internal audits from time to time, reports the audit results to the management and Independent Directors for review, and regularly reports the audit status to the audit committee and the Board of Directors.	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	√		<p>(5) The Company regularly or irregularly promotes the Company's philosophy of operating with integrity internally., and requires colleagues to follow the example, the promotion of publicity training is as follows:</p> <ol style="list-style-type: none"> 1. The Company's various codes of conduct or handling procedures and guidelines for preventing honest behavior are published on the Company's internal network for colleagues to check and understand at any time. 2. Education and training: Education and training for new employees are provided to colleagues on the principles of honest management and fair treatment. All employees are required to attend courses and have a correct understanding and judgment of relevant laws and integrity behaviors to ensure the implementation of integrity management policies. A total of 131 people participated in the Company's 2024 course. 3. On the 1st of each month, the Company notifies Directors and managers by e-mail to remind insiders of the precautions and publicize relevant laws and regulations, so as to strengthen their awareness of compliance with laws and regulations. Continuing education courses for Directors are planned every year to assist Directors in complying with laws and regulations, and all 7 Directors in 2024 have completed continuing education hours. 	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>3. Implementation of Complaint Procedures</p> <p>(1) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?</p>	√		<p>(1) The Company established the " Whistleblower System Implementation Measures" on February 23, 2024. A mailbox from the Chairman and a contact window for stakeholders have been set up in the factory area and on the company website to disclose information on the hotline for employee and public complaints and reports. This serves as a channel for complaints and whistleblowing, aiming for the Company's employees and relevant stakeholders to jointly implement integrity in operations. The relevant whistleblower system has been disclosed on the company website. The unit responsible for handling reports : management department of the Company.</p>	None
<p>(2) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p>	√		<p>(2) The Company has certain standard operating procedures and a confidentiality agreement for the investigation of the reported matters.</p>	None
<p>(3) Has the Company adopted proper measures to protect whistleblowers from retaliation for filing complaints?</p>	√		<p>(3) The Company's corporate integrity code and related regulations clearly stipulate that the identity of the whistleblower and the content of the reports will be kept confidential, and the whistleblower will not be improperly dealt with due to the whistleblower.</p>	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
4. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company has established a website and disclosed the "Code of Integrity Management", and announced and updated relevant information on MOPS.	None
<p>5. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:</p> <p>The Company complies with the Company Act, the Securities and Exchange Act, IPO and OTC related regulations and laws as the foundation of integrity management, the Board of Directors has approved the formulation of the Code of Integrity Management and the Integrity Management Operating Procedures and Conduct Guidelines on March 30, 2021, and the Board of Directors approved the revision of the Integrity Management Operating Procedures and Conduct Guidelines on February 24, 2023. The Company regularly reviews the implementation and makes improvements accordingly, and there have been no major differences in implementation so far.</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the Company's ethical corporate management policies:</p> <p>(1) The Company defines the position as an important and honest position, and the supervisor of the position needs to conduct business conduct with high ethical standards in order to protect the Company and individuals, and sets relevant operational requirements for his position. The Company defines it as an important and honest position, and its supervisors need to engage in business conduct with high ethical standards in order to protect the Company and individuals, and formulate relevant operating standard requirements for their positions.</p> <p>(2) Regularly hold integrity principle publicity, through electronic bulletin boards and other means, so that employees can be familiar with the Company's internal integrity culture, to ensure that all employees will implement integrity in their work.</p> <p>(3) In order to implement the honest management policy and actively prevent dishonest behaviors, the Company has arranged education and training courses in 2024, including promoting the Company's core values of honest management, prohibiting dishonest behaviors, preventing insider trading regulations, and handling major internal information, etc. All employees are required to attend the course. In addition, when the Company distributes salary slips every month, it simultaneously publicizes and implements the integrity management policy, internal major information processing, information security and other matters, at least 12 times a year.</p>				

2.3.7. Other important information sufficient to enhance the understanding of the operation of corporate governance shall be disclosed together:

2.3.7.1. The situation of Company auditors obtaining relevant certificates:

- (1) Certified Internal Auditor: 1 person.
- (2) Internal Control and Audit, test passed certificate: 1 person.

2.3.7.2. Managers participate in advanced training and training related to corporate governance: January 2024 to March 2025

- (1) Training status of Directors, Independent Directors and Corporate Governance Officer

Title	Name	Date	Organizer	Course	Training hours
Chairman	Chang, Chung-Hsing	October 25, 2024	Taiwan Corporate Governance Association	Legal Issues to Consider Regarding Internal Shareholding Management and Share Trading	3H
Director	Chang, Yao-Tung				
Director	Huang, Yu-Wen				
Director	Hsu, Che-Chia				
Independent Director	Cheng, Wen-Cheng			Insider Trading from the Perspective of Investigation and Prosecution	3H
Independent Director	Chuang, Bor-Nian				
Independent Director	Tsai, Yu-Ching				

- (2) Training status of Managers and Corporate Governance Officer

Title	Name	Date	Organizer	Course	Training hours
Financial & Accounting Supervisor/ Corporate Governance Officer	Hung, Hsiu-Min	Jun 24, 2024 ~ Jun 25, 2024	Accounting Reserch and Development Foundation	Issuer Securities Firm Stock Exchange Accounting, Supervisor-Refresher course	12H
		October 25, 2024	Taiwan Corporate Governance Association	Legal Issues to Consider Regarding Internal Shareholding Management and Share Trading	3H
		October 25, 2024	Taiwan Corporate Governance Association	Insider Trading from the Perspective of Investigation and Prosecution	3H
Chief internal auditor	Lin, Fang-Jung	April 22, 2024	The Institute of Internal Auditors, Chinese Taiwan	Key Considerations and Impacts of IFRS S1/S2 on Internal Control and Internal Audit	6H
		September 23, 2024	The Institute of Internal Auditors, Chinese Taiwan	Analysis of "Sustainability Information Disclosure Policy" and Key Points for Internal Control and Internal Audit	6H

2.3.8. The implementation status of the internal control system should disclose matters:

2.3.8.1. Internal Control Statement

APEX DYNAMICS, INC.

Statement of Internal Control System

Date: February 21, 2025

The Company's internal control system for 2024, based on the results of self-assessment, hereby declares as follows:

1. The Company knows that it is the responsibility of the Board of Directors and managers of the Company to establish, implement and maintain an internal control system, and the Company has already established such a system. Its purpose is to achieve the goals of operation effectiveness and efficiency (including profit, performance, and asset security protection, etc.), report reliability, timeliness, transparency, and compliance with relevant norms and compliance with relevant laws and regulations, and provide reasonable ensure.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary change. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.
3. The Company judges whether the design and implementation of the internal control system are effective based on the items for judging the effectiveness of the internal control system stipulated in "Regulations Governing Establishment of Internal Control Systems by Public Companies". The internal control system judgment item adopted by "Regulations Governing Establishment of Internal Control Systems by Public Companies" is to divide the internal control system into five components according to the process of management control: (1.) Control environment, (2.) Risk assessment, (3.) Control operations, (4.) Information and communication, and (5.) Supervision operations. Each constituent element in turn includes several items. Please refer to the regulations for the aforementioned items.
4. The Company has adopted the above-mentioned internal control system to judge projects and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the Company believes that the Company's internal control system (including the supervision and management of Subsidiaries) as of December 31, 2024, includes understanding the effectiveness of operations and the degree to which efficiency goals are achieved, reports are reliable, Timely, transparent, and compliance with relevant norms and relevant laws and regulations, the design and implementation of relevant internal control systems are effective, which can reasonably ensure the achievement of the above goals.
6. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosed content contains falsehood, concealment and other illegal matters, it will involve the laws of Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act. responsibility.
7. This statement was approved by the Company's Board of Directors on February 21, 2025. Among the 6 Directors present, none of them held any objection, and all agreed with the content of this statement, and hereby declare.

APEX DYNAMICS, INC.

Chairman: Chang, Chung-Hsing

General Manager: Kuo, Chung-Che

2.3.8.2. Those who entrust an Accountant to audit the internal control system shall disclose the accountant's audit report: None.

2.3.9. Important resolutions of the Shareholders' Meeting and the Board of Directors in the most recent year and up to the date of publication of the annual report:

2.3.9.1. Important Resolutions of the Shareholders' Meeting

Date	Shareholders Meeting	Contents of the Resolution	Execution Situation
May 24, 2024	Annual Shareholders' Meeting	2023 Annual Business Report and Financial Statements.	The voting results were 99.49% in favor, and the approval of the 2023 annual business report and financial statements was approved.

2.3.9.2. Major Resolutions of Board Meetings

Date	Contents of Board Meeting Resolutions	Resolution Situation
February 23, 2024	<p>The first meeting of the board in 2024, the 4th of the 9 session</p> <ol style="list-style-type: none"> 1. Self-assessment report on the internal control system and written statement on the internal control system for 2023. 2. The 2023 Chartered Public Accountant, Public-Funded and Accountant Professional and independent assessment review case. 3. The Company's 2023 business report and financial statements 4. Annual Employee Remuneration and Director Remuneration Distribution Report for 2023. 5. The Company's 2023 Directors' remuneration report. 6. The Company's 2023 Earning Distribution Proposal. 7. Annual Related Party Transaction Report for 2023. 8. The Company's salary structure and standards for Directors and managers in 2023. 9. Salary adjustment case for promotion of Deputy General Manager of the Company. 10. The Company applied for a short-term credit line renewal case from E.SUN Bank. 	<p>Except for the Directors who did not participate in the discussion and voting and who were withdrawn in accordance with the law, the resolution was passed without objection from the other Directors present. In addition, the 4th, 5th, 6th and 7th cases were submitted to the Shareholders' Meeting for report, and the 3rd case was submitted to the Shareholders' Meeting for approval.</p>

Date	Contents of Board Meeting Resolutions	Resolution Situation
	<ol style="list-style-type: none"> 11. The Company applied for a short-term credit line renewal case from Mega Bank. 12. Formulate the Company's "Implementation Measures for the Reporting System". 13. The Company has established a " Sustainable Development Group ". 14. Matters related to the Company's 2024 annual Shareholders' Meeting. 	
April 26, 2024	<p>The second meeting of the board in 2024, the fifth of the nine session</p> <ol style="list-style-type: none"> 1. Financial Statements for the First Quarter of 2024. 2. Amendment to the Company's " Related party and Group Transaction Management Regulations." 3. Draft the Company's 2024 related party transaction case. 4. Amendment to the Company's "Insider Trading Prevention Management Procedures." 5. Amendment to the Company's "Board Meeting Rules." 6. Amendment to the Company's "Audit Committee Organizational Regulations." 	After the Chairman consulted all the Directors present, the resolution was passed without objection.
July 26, 2024	<p>The third meeting of the board in 2024, the sixth of the nine session</p> <ol style="list-style-type: none"> 1. Financial Statements for the Second Quarter of 2024. 2. Case of capital loan of the Company and subsidiary Company. 3. Amendment to the salary structure and standards for managers. 4. Salary adjustment for the Company's managers 	After the Chairman consulted all the Directors present, the resolution was passed without objection.
October 25, 2024	<p>The fifth meeting of the board in 2023, the 3th of the 9 session</p> <ol style="list-style-type: none"> 1. Formulate the Company's 2025 audit plan. 2. Formulate the Company's 2025 operating plan and budget. 3. Financial Statements for the Third Quarter of 2024. 4. Draft the Company's 2024 related party transaction case. 5. Case of acquisition of right-of-use assets by the Company. 6. Amendment to the Company's "Internal Control System" and "Internal Control Audit System and Implementation Guidelines." 7. Establish the Company's "Sustainable Information Management Procedures." 	After the Chairman consulted all the Directors present, the resolution was passed without objection.

Date	Contents of Board Meeting Resolutions	Resolution Situation
February 21, 2025	<p>The first meeting of the board in 2024, the 4th of the 9 session</p> <ol style="list-style-type: none"> 1. Self-assessment report on the internal control system and written statement on the internal control system for 2024. 2. The 2024 chartered Public Accountant, Public-Funded and Accountant Professional and independent assessment review case. 3. The Company's 2024 business report and financial statements 4. Annual Employee Remuneration and Director Remuneration Distribution Report for 2024. 5. The Company's 2024 Directors' remuneration report. 6. The Company's 2024 Earning Distribution Proposal. 7. Annual Related Party Transaction Report for 2024. 8. The Company's salary structure and standards for Directors and managers in 2024. 9. The Company applied for a short-term credit line renewal case from E.SUN Bank. 10. The Company applied for a short-term credit line renewal plan from Mega Bank. 11. Discussion of the "Articles of Incorporation of the Company." 12. Establish of the Company's policy for the scope of base-level employees. 13. Establish of the Company's "Procedures for Derivative Trading." 14. Discussion of amendments to the Company's "Procedures for Asset Acquisition & Disposal." 15. Discussion of amendments to the Company's "Responsibility Matrix" 16. The change to the Chief internal auditor of the Company. 17. Discussion on the salary of the new audit manager. 18. Matters related to the Company's 2025 annual Shareholders' Meeting. 	<p>Except for the Directors who did not participate in the discussion and voting and who were withdrawn in accordance with the law, the resolution was passed without objection from the other Directors present. In addition, the 4th, 5th, 6th and 7th cases were submitted to the Shareholders' Meeting for report, and the 3rd case was submitted to the Shareholders' Meeting for approval. The 11th, 13th, and 14th cases are submitted for discussion at the Shareholders' Meeting.</p>

2.3.10. In the most recent year and as of the date of publication of the annual report, if Directors or supervisors have different opinions on important resolutions passed by the Board of Directors and there are records or written statements, the main contents are: None.

2.4. Information on the professional fees of the attesting CPAs Information on CPA (Certified Public Accountant) Professional Fees

2.4.1. The Company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting Certified Public Accountant and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services, and given any of the following conditions, shall disclose information as follows:

Information on CPA (Certified Public Accountant) Professional Fees

Unit: NT\$1,000

Name of Accounting Firm	Period covered by the CPA	Audit period	Audit fees	Non-audit fees	Total	Note
KPMG Taiwan	Chang, Tsu-Hsin	January 1, 2024	2,010	0	2,010	
	Chen, Cheng-Hsueh	~ December 31, 2024				

2.4.1.1. If the accounting firm is changed and the audit fee paid in the replacement year is less than the audit expense in the previous year, the amount and reason of the audit expense before and after the change shall be disclosed: None.

2.4.1.2. If the audit expense has decreased by more than 15% compared with the previous year, the amount, proportion and reason of the audit expense reduction shall be disclosed: None.

2.4.2. The professional fees for auditing services referred to in the preceding item means the professional fees paid by the Company to Certified Public Accountant for auditing, review, and secondary reviews of financial statements and for financial forecast reviews

2.5. Information on replacement of Certified Public Accountant

If the Company has changed its Certified Public Accountant in the past two years and the period thereafter, the following matters should be disclosed: None.

2.6. The Company's Chairman, General Manager, Manager in charge of financial or accounting affairs, who has worked in the Certified Public Accountant's firm or its affiliated companies within the last year:

None.

2.7. Recent years and up to the publication date of the annual report , the changes in share collateralization of Shareholding of Directors , Managers, Shareholders holding more than 10% of the shares:

2.7.1. Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: share

Job Title	Name	Fiscal year: 2024		Current fiscal year as of March 25, 2025	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Chang, Chung-Hsing	0	0	0	0
Director	Chang, Yao-Tung	(36,000)	0	0	0
Director	Huang, Yu-Wen	0	0	0	0
Director	Hsu, Che-Chia	0	0	0	0
Independent Director	Cheng, Wen-Cheng	0	0	0	0
Independent Director	Chuang, Bor-Nian	0	0	0	0
Independent Director	Tsai, Yu-Ching	0	0	0	0
General Manager	Kuo, Chung-Che	(82,000)	0	0	0
Deputy General Manager of Sales Department	Chao, Shu-Fen	0	0	0	0
Production Manager	Huang, Jen-Kuei	(9,000)	0	0	0
Production Manager (The third factory)	Lin, Wen-Yen	(6,000)	0	0	0
Chief Internal Auditor (Note.1)	Lin, Fang-Jung	(11,000)	0		
	Hsiao, Kuo-Tung			0	0
Financial&Accounting Supervisor/Corporate Governance Manager	Hung, Hsiu-Min	(21,300)	0	0	0
Major Shareholder	Hsing-Chang Investment Co., LTD	0	0	0	0

Note.1: In response to internal job adjustments, the original Chief Internal Auditor, Deputy Manager Lin, Fang-Jung of the Audit Department, will be replaced by Deputy Manager Hsiao, Kuo-Tung of the Audit Department, effective February 21, 2025.

2.7.2. Information on Transfers of Shareholding:

None.

2.7.3. The relative person of the pledge of shares is related person information:

None.

2.8. Relationships Among the Top 10 Shareholders

March 25, 2025 ; unit: share; %

Name (Note.1)	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 Shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Note
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Hsing-Chang Investment Co., LTD.	34,142,162	42.59	—	—	—	—	Chang, Chung-Hsing	Representative	—
Chang, Chung-Hsing	29,023,554	36.20	238,800	0.30	34,142,162	42.59	Hsing-Chang Inv estment Co.,LTD. Chang,Yu-Chi Chang, Yi	Representative Father and Daughter Father and Son	—
Chang,Yu-Chi	1,371,395	1.71	—	—	—	—	Chang, Chung-Hsing Chang, Yi	Father and Daughter Sister and Brother	—
Chang, Yi	1,287,101	1.61	—	—	—	—	Chang, Chung-Hsing Chang,Yu-Chi	Father and Son Sister and Brother	—
Chang, Yao-Tung	459,017	0.57	86,976	0.11	—	—	None	None	—
Hu, Man-Ling	310,000	0.39	—	—	—	—	None	None	—
Cheng, Shu-Fen	303,880	0.38	—	—	—	—	None	None	—
Taiwan Life Insurance Co., Ltd. Representative: Hsu, Shu-Bo	299,000	0.37	—	—	—	—	None	None	—
Tsai,Yun-Cheng	239,785	0.30	—	—	—	—	Tsai, Min-Min	sisters	—
Tsai,Min-Min	239,000	0.30	—	—	—	—	Tsai, Yun-Cheng	sisters	—

Note.1 : All the top ten Shareholders should be listed, and the names of legal person Shareholders and representatives should be listed separately for those who are legal person Shareholders.

- 2.9. The number of shares held by the Company, its Directors, Managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise shall be combined to calculate the comprehensive shareholding ratio:

Total Ownership of Shares in Investee Enterprises

Unit: share; %

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
MILLENNIUM VEE HOTEL TAICHUNG	70,000,000	100%	-	-	70,000,000	100%

Note: It is the Company Investments accounted for using equity method

3. Information on capital raising activities

3.1. Capital and Shares

3.1.1. Capital

3.1.1.1. Type of Stock

March 25, 2025

Type of stock	Authorized Capital			Note
	Outstanding shares (Note)	Unissued shares	Total	
Common Stock	80,171,351 shares	19,828,649 shares	100,000,000 shares	

Note : All issued shares of the Company are listed stocks.

3.1.1.2. Sources of Capital

Unit: 1000 shares; NT\$1000

Date Month /Year	Issued Price (NT\$)	Authorized capital		Paid-in capital		Note		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of Capital	Capital paid in by assets other than cash	Other
10/1999	10	100	1,000	100	1,000	Set up share capital	None	Note.1
05/2000	10	10,000	100,000	10,000	100,000	Debt equity swap 99,000 thousand	Creditor's rights serving as payment	Note.2
11/2001	10	21,000	210,000	21,000	210,000	Debt equity swap 110,000 thousand	Creditor's rights serving as payment	Note.3
03/2003	10	35,100	351,000	35,100	351,000	Cash capital increase 141,000 thousand	None	Note.4
04/2003	20	36,687	366,870	36,687	366,870	Cash capital increase 15,870 thousand	None	Note.5
07/2006	10	60,000	600,000	47,693	476,931	Turn profits into capital increase 110,061 thousand	None	Note.6
04/2007	40	60,000	600,000	54,853	548,531	Cash capital increase 71,600 thousand	None	Note.7
06/2008	45	60,000	600,000	60,000	600,000	Cash capital increase 51,469 thousand	None	Note.8
01/2009	10	60,000	600,000	52,641	526,414	Consolidated capital reduction 73,586 thousand	None	Note.9
05/2009	30	80,000	800,000	61,641	616,414	Debt equity swap 90,000 thousand	Creditor's rights serving as payment	Note.10
07/2009	40	80,000	800,000	72,928	729,284	Cash capital increase 38,900 thousand	None	Note.11
	10					Turn profits into capital increase 73,970 thousand	None	
05/2012	—	100,000	1,000,000	72,928	729,284	Increase authorized share capital	None	Note.12
05/2022	200	100,000	1,000,000	80,171	801,714	Cash capital increase 72,430 thousand	None	Note.13

Note.1 : 2009.10.26 Ministry of Economic Affairs (088) Business, letter No.088972958

Note.2 : 2000.05.11 Ministry of Economic Affairs (089) Business, letter No.089114084

Note.3 : 2001.11.28 Ministry of Economic Affairs (90) Business, letter No.09001466480

Note.4 : 2003.03.05 Authorized by the Ministry of Economic Affairs Business, letter No.09201061520

Note.5 : 2003.04.18 Authorized by the Ministry of Economic Affairs Business, letter No.09201114980

Note.6 : 2006.07.20 Authorized by the Ministry of Economic Affairs Business, letter No.09532539390

Note.7 : 2007.04.25 Authorized by the Ministry of Economic Affairs Business, letter No.09601088830

Note.8 : 2008.06.02 Authorized by the Ministry of Economic Affairs Business, letter No.09701126540

Note.9 : 2009.01.19 Authorized by the Ministry of Economic Affairs Business, letter No.09801012090

Note.10 : 2009.05.07 General Chamber of Commerce of the Republic of China No.0980008838

Note.11 : 2009.07.22 General Chamber of Commerce of the Republic of China No.0980014388

Note.12 : 2012.05.31 General Chamber of Commerce of the Republic of China No.1010012473

Note.13 : 2022.05.19 General Chamber of Commerce of the Republic of China No.1110011751

3.1.1.3. Information about the comprehensive reporting system : Not applicable.

3.1.2. List of Major Shareholders

March 25, 2025 ; unit: share; %

Ranking	Shareholder name	Number of Shares Held	Shareholding Ratio
1	Hsing-Chang Investment Co., Ltd.	34,142,162	42.59
2	Chang, Chung-Hsing	29,023,554	36.20
3	Chang, Yu-Chi	1,371,395	1.71
4	Chang, Yi	1,287,101	1.61
5	Chang, Yao-Tung	459,017	0.57
6	Hu, Man-Ling	310,000	0.39
7	Cheng, Shu-Fen	303,880	0.38
8	Taiwan Life Insurance Co., Ltd.	299,000	0.37
9	Tsai, Yun-Cheng	239,785	0.30
10	Tsai, Min-Min	239,000	0.30

3.1.3. Dividend Policy and Implementation Status

3.1.3.1. Dividend Policy

If there is a surplus in the Company's annual final accounts, it depends on factors such as the Company's current and future investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, taking into account Shareholders' Interests, Xuheng dividends, and the Company's long-term financial planning, In accordance with Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute dividends and bonuses or to distribute dividends and bonuses or Company Act 240 with the attendance of more than two-thirds of the Directors and the resolution of more than half of the Directors present. All or part of the legal reserve and capital surplus stipulated in Paragraph 1 of the Article shall be paid in cash, and report to the Shareholders' Meeting. The total amount of dividends for Shareholders is the total amount of distributable surplus that is added to the undistributed surplus at the beginning of the period after paying income tax according to law, making up for losses in previous years, withdrawing 10% as a legal reserve, and withdrawing or reversing the special surplus reserve, and choose a ratio within the range of 2.5% to 15% to prepare a profit distribution shareholder dividend and bonus proposal, in which the proportion of shareholder cash dividend distribution is not less than 50% of the total shareholder dividend.

3.1.3.2. Implementation status:

The Company's 2024 annual profit distribution was approved by the resolution of the Board of Directors on February 21, 2025. The distribution of cash dividends is NT\$12 per share, calculated based on earnings distribution of NT\$8 per share and capital surplus of NT\$4 per share, NT\$962,056 thousand, expected to be issued on April 25, 2025.

3.1.4. The impact of the gratuitous allotment of shares proposed at this Shareholders' Meeting on the Company's operating performance and earnings per share: Not applicable.

3.1.5. Compensation of Employees, Directors and Supervisors

3.1.5.1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

If the Company makes annual profits, no less than 0.5% (inclusive) shall be appropriated as employee remuneration; and no more than 1% (inclusive) shall be allocated as director remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance.

The recipients of the employee remuneration in the preceding paragraph may include the employees of the controlling or subordinate companies who meet certain conditions. Employee remuneration can be distributed in the form of stock (treasury stock, new stock issuance) or cash, which should be specially resolved by the Board of Directors and submitted to the Shareholders' Meeting Report.

3.1.5.2. The basis for the estimation of the amount of employee and director remuneration estimated in the current period, the basis for calculating the number of shares of employee remuneration based on stock distribution, and the accounting treatment when the actual distribution amount is different from the estimated amount:

The employee's remuneration and director's remuneration are estimated based on the current year's profit and within the percentage range stipulated in the articles of association. If there is still a change in the amount after the annual financial statements is released, it will be treated as a change in accounting estimate and will be adjusted and recorded in the next year.

3.1.5.3. The Board of Directors approved the situation of excessive distribution of remuneration:

(1) The amount of employee remuneration and director remuneration distributed in cash or stock. If there is any discrepancy from the estimated amount of recognized expenses in the year, the discrepancy, reason and treatment shall be disclosed:

The resolution of the Board of Directors of the Company on February 21, 2025 approved the allocation of NT\$7,117 thousand for employees and NT\$4,522 thousand for Directors in 2024, a total of NT\$11,639 thousand which was distributed in cash and had no relationship with the estimated amount. significant difference.

(2) The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration of Parent Company Only or individual financial statements in the current period: None.

3.1.5.4. The actual distribution of employee and director remuneration in the previous year (including the number of shares distributed, amount, and stock price), and any discrepancy between the actual distribution of employee and director remuneration and the recognized employee and director remuneration, the difference, reason, and handling situation shall be stated:

On February 23, 2024, the Company's Board of Directors resolved to distribute NT\$5,513 thousand in employee remuneration and NT\$4,522 thousand in Directors' compensation for 2023, totaling NT\$10,035 thousand which was distributed in cash and was not significantly different from the estimated amount. difference.

3.1.6. The Company buys back the Company's shares: None.

3.2. Corporate bond handling status: None.

3.3. Handling status of special shares: None.

3.4. Handling of Overseas Depositary Receipts: None.

3.5. Handling of employee stock option certificates:

3.5.1. The Company's employee stock option certificates that have not yet expired shall disclose the handling status as of the publication date of the annual report and the impact on shareholders' rights and interests: None.

3.5.2. Accumulated until the date of publication of the annual report, the managers who obtained the employee stock option certificate and the names of the top ten employees who obtained the certificate and the number of shares that can be subscribed, and the status of acquisition and subscription: None.

3.6. Handling of new shares with restricted employee rights:

3.6.1. For new shares that restrict employee rights that have not fully met the vested conditions, the status of the handling as of the date of publication of the annual report and the impact on shareholders' rights and interests should be disclosed: None.

3.6.2. Accumulated until the date of publication of the annual report, managers who acquired new shares with restricted employee rights and the names and acquisition status of the top ten employees who acquired new shares: None.

3.7. Handling of mergers and acquisitions or transfer of shares from other companies to issue new shares: None.

3.8. Implementation of the fund utilization plan: None.

4. Overview of operations

4.1. Business content

4.1.1. Business Scope :

4.1.1.1. The main business content of the Company:

It is mainly engaged in the manufacture, research and development and sales of mechanical transmission components such as gearbox. Among them, the gearbox mainly produces planetary gearbox. In addition, it invested and operated the MILLENNIUM VEE HOTEL TAICHUNG, which belongs to the hotel industry and mainly provides room and catering services.

4.1.1.2. Main products and operating ratio:

Unit: NT\$1,000; %

Main products (Service) \ Year	2024	
	Sales Amount	Operating ratio
Gearbox	2,188,261	73.95
Room and Catering Services	542,949	18.35
Other	227,781	7.70
Total	2,958,991	100.00

4.1.1.3. The Company's current product (service) items:

(1) APEX DYNAMICS, INC.

Item	Illustrate
Gearbox	A mechanical transmission mechanism used to reduce motor speed, increase torque and increase output torque.

(2) MILLENNIUM VEE HOTEL TAICHUNG

Item	Illustrate
Room and Catering Services	MILLENNIUM VEE HOTEL TAICHUNG and its restaurants.

4.1.1.4. New products (services) planned to be developed:

- (1) Shaft type input gearbox
- (2) More flexible gearbox
- (3) Gearbox with high radial force
- (4) High precision gears and racks
- (5) Backlash-Free Servo Coupling – Disc Type

4.1.2. Industry Overview:

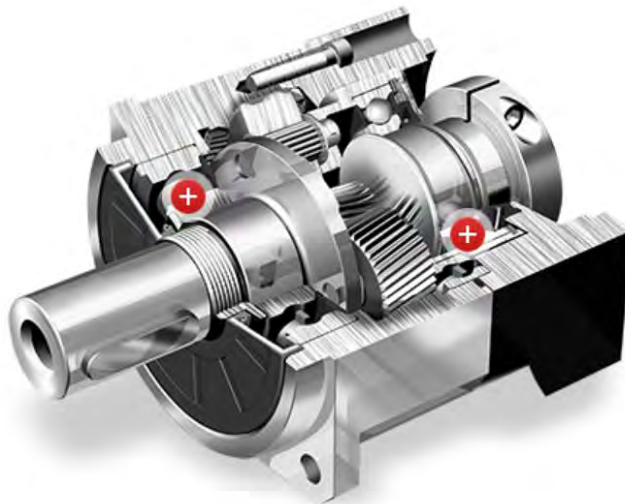
4.1.2.1. Current status and development of the industry

Gearbox and mechanical transmission components industry

Gearbox is a precision mechanical structure composed of mechanical components such as gears, gearboxes, shafts and bearings. It is a transmission device connecting power motors and working machines. It is used to reduce speed, increase torque and increase output torque. Through the function of the gearbox, the low-wattage motor can achieve high torque performance. Compared with the general high-torque motor, which is bulky and inconvenient, the automatic equipment and machine tool equipped with a gearbox can have the advantage of smaller size.

There are many types of gearbox, which can be divided into precision type and standard type according to their precision, and can be divided into planetary gearbox (Figure 1), right angle gearbox, parallel shaft gearbox, worm gearbox according to transmission mode, installation method and composition structure, etc. gearbox, RV cycloid gearbox and harmonic gearbox, etc., have different uses. Among them, the planetary gearbox mainly takes advantage of its compact structure, small return clearance, high output torque, etc. It is suitable for mechanical operation of XYZ axis Cartesian coordinates, and is widely used in semiconductors, panels, biotechnology, medical, aerospace, electronics, etc. Industrial and traditional industries and other automation equipment and machine tools.

Figure 1: Structural diagram of planetary gearbox



Source of information: provided by the Company

The changes in the Company's operations are closely related to the automation equipment and machine tool industries. The industry operation risks of the automation equipment industry and the machine tool industry to which the Company belongs are explained as follows:

(1) Overview of Automation Equipment Industry

Industrial automation refers to the combination of various types of computers, application software, and communication technologies to control multiple equipment devices, coordinate the actions of each equipment or each process, correct errors and inspect quality, so that the production process can be automatically realized according to the requirements of the operator. , and minimize human operations, with the aim of replacing or saving labor, increasing productivity, improving quality and efficiency.

After Industry 4.0 was proposed by Germany, it has become the development focus of the global manufacturing industry. The key to its development lies in the system integration of digital information, including the use of automation equipment, communication between systems and machines, and the construction of smart factories to improve production capacity and flexibility to accelerate Product innovation meets the needs of customization, and therefore drives global automation to accelerate. For example, major industrial countries such as Germany, the United States, Japan, and China have successively proposed relevant policies for smart manufacturing in order to continuously promote industrial and economic development. With smart production With the formation of the trend, the demand for transmission components is also increasing day by day. It is expected that under the global trend of industrial 4.0 smart manufacturing, it will drive the demand for industrial robots and other automation equipment and its transmission components related supply chain to increase.

China is the main production base of the global manufacturing industry. In recent years, China is facing an increasingly serious shortage of workers, and labor costs such as labor wages and social welfare insurance have increased, resulting in rising manufacturing costs. Therefore, the global manufacturing industry is actively transforming and introducing various automation equipment. Introduce production line operation to improve production efficiency to replace the need for a large number of manpower.

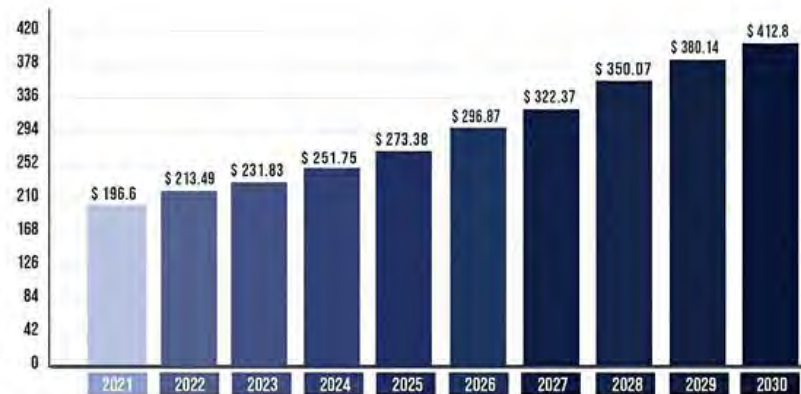
Under the impact of the Covid-19 epidemic, enterprises around the world have made global enterprises aware of the importance of remote control of automation equipment, thereby improving enterprises to accelerate the upgrading and transformation of production automation and promote digitalization , Internet of Things, big data and industrial robots and other technologies, accelerate the systemization and informatization of factories, further develop towards the development of industrial 4.0 smart manufacturing, and promote relevant industrial policies to assist the upgrading of the manufacturing industry, so that enterprises can continue to grow and develop competition force.

After the raging impact of the COVID-19 epidemic, the clamor for automated manufacturing to replace traditional human labor with automated equipment and robots has gradually fermented in the industry. The tools and technologies related to smart manufacturing and factory process automation have developed rapidly. In order to survive sustainably, global companies will increase the proportion of production automation and deploy more autonomous unmanned trucks, autonomous mobile robots and industrial robots to reduce

manpower needs and maintain social distance.

According to Precedence Research market research data (Figure 2), the global automation industry market is projected to reach US\$251.8 billion in 2024, with an estimated compound annual growth rate (CAGR) of nearly 8.59% between 2022 and 2030. The synergistic effects of the transformation of sub-industries such as machinery manufacturing, smart logistics and warehousing, electronic manufacturing, and self-driving cars brought about by global automation will continue to expand and drive demand for precision transmission components such as precision planetary gearbox.

Figure 2: Global automation market size from 2022 to 2030. (Unit: US\$ billion)



Source: Precedence Research (2023)

(2) Hotel and Tourism industry

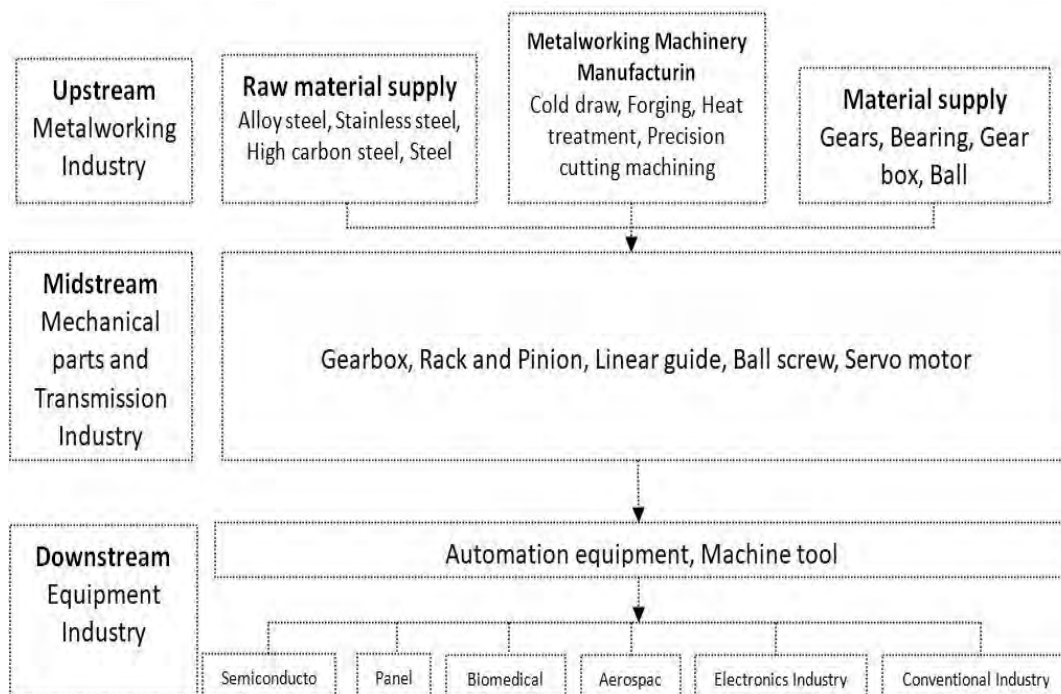
With the resumption of tourism and international business exchanges after the pandemic, international inbound tourist arrivals in 2024 have recovered to 98% of the 2019 pre-pandemic levels, increasing by approximately 11% compared to the same period last year. This primarily reflects strong travel demand in most international regions, continued recovery in the Asia-Pacific region, and increased air connectivity and passenger capacity.

According to Tourism Administration, M.O.T.C. Republic of China (Taiwan), the total number of visitors to Taiwan in 2024 exceeded 7.77 million, a significant increase from 6.49 million in 2023. However, performance in the second and third quarters fell short of expectations due to factors such as weather, earthquakes, and exchange rate fluctuations. Furthermore, post-border reopening, domestic tourism has seen a decline due to a shift in preference towards domestic travel. This reflects the impact of inflation on domestic travel costs, which has decreased confidence and willingness among citizens to engage in domestic tourism.

The government is following international trends in sustainable tourism, guiding the transformation of hotels and tourism into low-carbon, green tourism and strengthening marketing efforts for Taiwan. However, the government must first address and mitigate rising hotel operating costs and labor shortages in the industry to enhance the growth and value of domestic tourism.

4.1.2.2. The relationship between the upper, middle and lower reaches of the industry

The Company is mainly engaged in the R&D, manufacturing and sales of planetary gearbox and other mechanical transmission components, which are mainly used in automation equipment and machine tools. The industrial relevance of the upper, middle and lower reaches of the industry is as follows:



4.1.2.3. Product Development Trend

The Company's main products are planetary gearbox. In recent years, in response to Industry 4.0, the global manufacturing industry has invested in the transformation and upgrading of smart manufacturing, extensively using the Internet of Things, big data analysis and AI artificial intelligence, and actively adopting various automation equipment. , industrial robots and machine tools, upgrade the production line to a smart factory to replace a large number of manpower needs, improve production efficiency and product quality, and move towards a non-manualized production model to maintain the competitiveness of the manufacturing industry. The gearbox is one of the indispensable components of mechanical transmission. It is widely used in automation equipment and machine tools such as semiconductors, panels, biotechnology and medical treatment, aerospace, electronics and traditional industries. It is important for positioning, accuracy, quality and speed The requirements are more stringent, so the gearbox has become a key role. It must cooperate with automation equipment and machine tools to develop towards high precision, low wear, low backlash, low noise, small size and high output torque.

4.1.2.4. The situation of market competition

Under the long-term development of automation equipment, machine tools and related components industries, world-class industrial countries such as Germany and Japan occupy a leading position in technology. Among them, the main manufacturers of planetary gearbox are WITTENSTEIN(Germany), NEUGARTN(Germany), SEWN(Germany) and SHIMPO (Japan), SUMITOMO(Japan) etc.

The Company is committed to the manufacture, R&D and sales of planetary gearbox and other mechanical transmission components. It has a complete product line and manufacturing capabilities, and has a number of patents. It is also the only one in Taiwan that can design and produce planetary gearbox by itself. The leading brand of and pinion, and provides well-coordinated and high-quality mechanical transmission components to meet different industrial needs.

In line with the business philosophy of specialization and globalization, the Company will continue to improve product quality to provide cost-effective products, and focus on fast delivery and professional after-sales maintenance services to create maximum value for customers and gain customer satisfaction. The trust of the Company's production quality to maintain the Company's market competitiveness.

4.1.3. Technology and R&D Overview

4.1.3.1. The technical level and research and development situation of the business operated by the Company

The Company's main R&D technical team has more than 20 years of experience in the machine tool and its mechanical transmission components industry. It has rich R&D capabilities and manufacturing technology, and has applied for a number of patented technologies in Europe, America, China and Taiwan. It can modify the product according to the needs of customers to achieve stable production quality. At present, it can produce a series of high-precision gearbox products. The Company's gearbox products are self-developed and designed throughout the process, with low backlash, high efficiency, high input speed, high output torque, smooth operation, low noise and other characteristics. In addition, the appearance and structural design are developed towards light weight, so that the gearbox can reduce the load inertia of its feedback and increase the output torque when the servo motor is running at high speed.

4.1.3.2. Research and development expenses invested in the most recent year and up to the publication date of the annual report

Unit: NT\$1,000; %

Item \ Year	2023	2024
Research and Development Expenses (A)	31,967	39,120
Net operating income (B)	2,686,956	2,958,991
Percentage of Net Revenue (A)/(B)	1.19	1.32

4.1.3.3. echnologies or products successfully developed in the last two years

Year	Successfully developed technology or product	Main purpose and function
2023	Backlash - Free Servo Coupling - Disc Type	The critical part of precision automated equipment, used to buffer axial or lateral errors in transmission.
	Gearbox- MF / MFK Series	Shaft type output, interface compatible with AF series gearbox, used in environments without special needs, longer service life.
	Gearbox- MD / MDK Series	The flange type output interface can provide an alternative choice for AD series gearbox customers, with a wider application environment and longer service life.
2024	Backlash-free servo coupling	Convenient for axial installation, the elastomer pre-stressed assembly ensures zero backlash transmission. It also provides good vibration damping performance, effectively improving the stability of the transmission system.
	Gearbox - MG / MGH/MGK/MGHK series	It can meet greater radial force demands, and with a gear-type output, it can fully utilize the output torque of the reducer. It also offers options for flange interfaces.
	Gearbox - MGO / MGOH /MGOK/MGOHK series	In addition to meeting greater radial force demands, it offers customers more flexible installation options, differing from the installation methods of MG / MGH.

4.1.4. Long-term and short-term business development plans

4.1.4.1. short-term business development plans:

- (1) Fully grasp the market information to meet the diversified and timely product needs of customers, continue to develop new customers and increase market share.
- (2) Continuously review and improve the Company's quality management, continuously improve product accuracy and quality, and increase the Company's product competitive advantage.
- (3) Strengthen the cooperative relationship with upstream suppliers to reduce the cost and risk of material acquisition.

4.1.4.2. Long-term business development plans

- (1) Integrate relevant technologies, continue to focus on the research and development of automation equipment, actively develop new product applications, and expand the breadth of product lines to win more industrial customers.

- (2) Improve the production process, increase production efficiency, and truly grasp the customer's delivery time to enhance the Company's competitiveness.
- (3) Strengthen global channel strategy cooperation, actively expand agent service bases, provide customers with timely technical consultation, and rely on high quality and short delivery time to strengthen APEX brand value and enhance international market competitiveness.

4.2. Market and production and sales overview

4.2.1. Market analysis

4.2.1.1. Sales area of the Company's main market (Consolidated)

Unit: NT\$1,000; %

Area \ Year	2023		2024	
	Sales Amount	Ratio	Sales Amount	Ratio
Asia	1,777,917	66.17	1,973,032	66.68
America	405,223	15.08	450,515	15.23
Europe	488,098	18.17	521,582	17.63
Other	15,718	0.58	13,862	0.46
Total	2,686,956	100.00	2,958,991	100.00

4.2.1.2. Market share

The Company is mainly engaged in the manufacture, research and development and sales of mechanical transmission components such as planetary gearbox, among which precision planetary gearbox is the main source of revenue for the Company. According to the Global Information (GII) research report, the global precision gearbox market size will grow at an average annual compound growth rate of 8.33% from 2023 to 2029. The global planetary gearbox market size in 2024 is estimated to be approximately US\$1.315 billion. The Company's 2024 The annual operating revenue of planetary gearbox is NT\$2.188 billion, and its market share in the global precision planetary gearbox market is approximately 5.2%.

4.2.1.3. The future supply and demand situation and growth of the market

(1) Gearbox and mechanical transmission components industry

As industrial countries around the world have launched Industry 4.0 plans and actively launched industrial upgrading policies, they will use the Internet of Things, smart robots, and innovative technologies such as big data to develop smart factories. It is expected that through smart automated production and human-machine collaboration, It has become the future development trend of the manufacturing industry to reduce manpower demand, improve production efficiency and increase output value. In order to cope with the progress of related software and Internet of Things technology, in terms of hardware, there is an increasing demand for smart automation equipment such as high efficiency, high precision, and high customization, industrial robots, and machine tools.

The industrial robot market is estimated to reach US\$42.59 billion in 2024, projected to reach US\$79.87 billion by 2029, with a compound annual growth rate (CAGR) of 13.40% during the forecast period (2024-2029). Collaborative robots (cobots) are projected to account for 34% of total robot sales by 2025. According to the International Federation of Robotics (IFR), industrial robot penetration is expected to increase in industries such as plastics, food and beverage. Industrial robots are projected to drive factory automation in consumer goods, semiconductors and electronics, life sciences, and pharmaceuticals.



Source: Mordor Intelligence (2024)

Under the expected trend of global manufacturing transformation towards automation, the demand for automation equipment and machine tools will grow significantly, and the demand for planetary gearbox required for the production of automation equipment and machine tools is expected to continue to increase. , so it can be expected that the gearbox market will grow in the future.

Among them, the Asia-Pacific region is the production center of the world's major manufacturing industries, with strong demand for automation equipment and machine tools, and driven by the overall trend of smart factories, it is expected to become the fastest-growing regional market for precision gearbox.

(2) Hotel and tourism industry

International and domestic business travel continues to rise, with a concentration of visitors from Europe, the Americas, and Southeast Asia. International tourists visiting Taiwan are primarily from Japan, South Korea, and Northeast Asia. The business market continues to grow throughout the year, boosted by the activity in the semiconductor and memory industries, increasing demand for hotel accommodations.

In contrast, domestic tourism has declined compared to last year due to weather, earthquakes, and rising consumer costs. Domestic travel remains a lower priority for many citizens, with trips primarily concentrated on weekends or short consecutive holidays.

In 2024, to maintain consistent occupancy rates throughout the year, the focus remained on meeting business travel demand. The hotel also accommodated various group bookings, airline crew, and international events in different quarters, dynamically adjusting guest mix to maintain high occupancy and room rates throughout the year.

4.2.1.4. Competitive niche

- (1) A management team with rich experience and professional ability, and provide fast delivery service

The Company has advanced manufacturing machinery and equipment and a research and development team. Cooperate with production in response to customer needs, and can provide faster delivery services that are superior to those of the industry, to meet customer needs for products, services and delivery requirements, and will continue to improve production technology, optimize manufacturing processes, improve production efficiency, and provide customers with more comprehensive , More immediate service, so as to effectively increase the dependence with customers and achieve long-term cooperative and stable relationship with customers.

- (2) High-precision processing technology and equipment

In order to meet product design requirements, the Company uses advanced precision processing equipment in the processing and manufacturing stage, such as: turning and milling compound processing machines, precision grinding machines, gear shaping machines, gear hobbing machines, gear grinding machines, etc., to manufacture product design quality to meet The customer's functional requirements for high-precision gearbox.

- (3) Diversified product items

At the beginning of the Company's establishment, the Company mainly produced robotic arms, and then successively developed and launched high-precision planetary gearbox.

And other mechanical transmission components, and have developed many models, sizes, torques, etc. can be used with servo motors, which have low backlash, high efficiency, high input speed, high output torque, smooth operation, low noise and other characteristics, and can be widely used It is widely used in automation equipment and machine tools in semiconductor, panel, biomedical, aerospace, electronics and traditional industries.

- (4) Capable of vertical integration

The Company has a high degree of vertical integration capabilities in the manufacturing process of R&D design, metal forming, gear grinding and assembly testing, from raw material special steel to planetary gearbox.

The product, its self-made rate has exceeded 90%, has the advantages of high production efficiency, cost reduction and stable quality, and can effectively respond to customers in different industries, expand the breadth of its market, and meet the needs of downstream customers for one-time purchase .

(5) Marketing channels all over the world

The Company has a complete layout of global marketing channels, with bases all over Asia, America, Europe, Australia and other regions. Through the detailed distribution channels, it can enter the local market more effectively, so that global customers can quickly obtain the Company's products and provide comprehensive after-sales service.

4.2.1.5. Favorable and Unfavorable Factors and Countermeasures of Development Prospect

The Company is mainly engaged in planetary gearbox. The advantages and disadvantages of the future development of R&D, manufacturing and sales of mechanical transmission components are as follows:

(1) Favorable factors

A. Trends in Industry 4.0

Global wage costs continue to rise, prompting the development of manufacturing policies towards Industry 4.0, and building smart factories is the future trend, changing the production mode that required a lot of manpower in the past to automated production equipment, reducing manpower and improving product quality stability. The Company's gearbox and other products are mainly targeted at automation equipment and key mechanical transmission components of machine tools. In the future, the industry will gradually upgrade to high-level automation and intelligent equipment will drive gearbox and other mechanical transmission components. The demand will help drive the Company's product sales and become the driving force for performance growth.

B. High technical requirements

The gearbox is a technology-intensive industry. In addition to strong capital, it needs to rely on long-term investment in product research and development and maintenance of production technology thresholds. Without solid technology and patents as the backing, only non-precision products can be produced, so it is difficult for new manufacturers to enter .

C. The product has a wide range of applications

The Company mainly produces gearbox, we have a series of complete product lines and self-made capabilities. Its product models are diverse, and its application fields involve automation equipment and machine tools such as semiconductors, panels, biotechnology, aerospace, electronics and traditional industries. Due to scattered industrial applications, except Systemic risk In addition to the contraction of the business climate, there will be less risk of multiple industries falling to the bottom at the same time or the risk of large fluctuations in sales caused by only supplying a single industry.

(2) Unfavorable factors

A. Rising staff costs and insufficient manpower

With the rise of domestic labor wages and the shortage of manpower, the machinery industry is facing a gradual increase in production costs.

Countermeasures:

Strengthen employee welfare measures, advanced training, retirement system and reward system, and pay attention to the agreement between labor and management and various employee rights and interests, and use and improve the employee promotion system to reduce employee turnover. In addition, by providing a diversified employee incentive system in the future, in addition to retaining existing talents, it can also attract more outstanding talents to join the Company, thereby strengthening the Company's competitiveness.

B. Fluctuations in Foreign Exchange

The Company's products are mainly exported, so foreign currency exchange rate fluctuations have a certain degree of impact on the Company.

Countermeasures:

The Company keeps abreast of the trend of major currencies in the international foreign exchange market at any time, maintains an appropriate net foreign exchange position, and at the same time maintains close contact with the bank's foreign exchange to grasp changes in foreign currency exchange rates to reduce the risk of exchange rate changes.

4.2.2. Important uses and production processes of main products

4.2.2.1. Important uses of major products:

The Company's main products are planetary gearbox. Such mechanical transmission components can be widely used in automation equipment and machine tools, covering industries such as semiconductors, panels, biotechnology and medical care, aerospace, electronics and traditional industries.

4.2.2.2. Production process of main products:

Saw material → Turning → Heat treatment → Milling → Gear cut → Grinding → Gear lapping → Assemble and Install → Test → Inspection → Packing

4.2.3. Supply status of main raw materials

The main raw materials are special steel, gears, gearboxes, bearings, oil seals, planetary arms, etc. The main sources of these parts come from TAIWAN and China. The Company maintains a good cooperative relationship with major suppliers to maintain a good and stable supply situation.

4.2.4. In any of the last two years, the name of the customer who accounted for more than 10% of the total purchase (sales) and its purchase (sales) amount and proportion, and the reason for the increase or decrease.

4.2.4.1. Information on major suppliers in the last two years

Reason for increase or decrease:

The changes in purchase objects and amounts are mainly due to purchases based on the production specifications required by customer orders. Purchases in 2024 increased compared to the previous year, but the concentration of purchases decreased.

Consolidated Information

Unit: NT\$1,000 ; %

Item	2023				2024			
	Name (Note)	Amount	Ratio of net purchases in the whole year %	Relationship with Issuer	Name (Note)	Amount	Ratio of net purchases in the whole year %	Relationship with Issuer
1	Company B	76,384	14.85	None	Company B	90,201	16.13	None
2	Company A	66,570	12.94	None	Company C	66,888	11.96	None
3	Company C	65,478	12.73	None	Company A	64,759	11.58	None
4	Other	306,082	59.48	—	Other	337,392	60.33	—
	Net Purchases	514,514	100.00		Net Purchases	559,240	100.00	

Note: List the name of the supplier whose total purchase amount exceeds 10% in the last two years, as well as the purchase amount and proportion. However, if the supplier's name cannot be disclosed due to contractual agreement or the transaction partner is an individual and not a related party, it shall be represented by a code.

4.2.4.2. Information on major sales customers in the last two years

Reason for increase, decrease or change:

The Company mainly sells planetary gearbox. With the global economy recovering, revenue in 2024 increased compared to the previous year.

Consolidated Information

Unit: NT\$1,000 ; %

Item	2023				2024			
	Name (Note)	Amount	Ratio%-Accounted for the whole year net sales	Relationship with Issuer	Name (Note)	Amount	Ratio%-Accounted for the whole year net sales	Relationship with Issuer
1	Company B	385,714	14.36	None	Company B	431,767	14.59	None
2	Company C	282,264	10.50	None	Company C	286,102	9.67	None
3	APEX DYNAMICS, INC. - Shanghai	253,815	9.45	Related party	APEX DYNAMICS, INC. - Shanghai	306,973	10.37	Related party
4	Other	1,765,163	65.69	—	Other	1,934,149	65.37	—
	Net sales	2,686,956	100.00		Net sales	2,958,991	100.00	

Note: List the name of the customer whose total sales amount exceeds 10% in the last two years, as well as the sales amount and proportion. However, if the customer name cannot be disclosed due to contractual agreement or the transaction partner is an individual and not a related party, a code name can be used to represent it.

4.3. Number of employed employees, average seniority, average age and educational distribution ratio for the most recent two years and as of the publication date of the annual report

Consolidated Information

Unit: Person ; %

Item		Year	2023	2024	As of 2025 March 31
Number of employees	Supervisor		74	75	77
	Direct Labor		163	157	158
	Indirect Labor		715	784	779
	Total		952	1,016	1,014
Average Age			37	37	37
Average Seniority			6	6	6
Educational Distribution Ratio (%)	Doctor's Degree		0.11	0.10	0.10
	Master's Degree		2.52	1.87	1.87
	Bachelor's Degree		52.10	53.54	53.75
	High school diploma (including below)		45.27	44.49	44.28

4.4. Expenditure of Environmental Protection

4.4.1. In the most recent year and up to the publication date of the annual report, the losses suffered due to environmental pollution (including compensation and environmental protection audit results in violation of environmental protection laws and regulations, the date of punishment, the name of the punishment, the violation of laws and regulations, the content of violations of laws and regulations, and the content of punishment should be listed), And disclose the estimated amount and response measures that may occur at present and in the future:

In recent years and as of the publication date of the annual report, the Company has not suffered losses due to environmental pollution. It is expected that there will be no major environmental protection expenditures in the next two years.

4.4.2. In accordance with relevant laws and regulations on environmental protection, it is necessary to apply for and set up special environmental protection personnel and instructions for setting up permits for various pollution facilities or pollution source prevention and control equipment:

4.4.2.1. The Company has obtained ISO14001 (environmental management system) and ISO45001 (occupational safety and health management system) certification.

4.4.2.2. The Company conducts ISO14064 greenhouse gas inventory every year and provides it to the Central Science Park Administration of the National Science and Technology Commission.

4.4.2.3. The Company has set up special environmental protection unit personnel in accordance with the laws and regulations, and has also set up fixed pollution source prevention and control facilities and obtained a fixed pollution discharge permit. The operation and discharge of fixed pollution sources are in compliance with the requirements of the fixed pollution source operation permit.

4.4.2.4. According to the laws and regulations, the Company regularly declares the fixed pollution source air pollution fee and discharge amount every quarter, and pays the air pollution prevention and control fee.

4.4.2.5. All factories of the Company have obtained waste disposal plans in accordance with the provisions of the Waste Disposal Act, and entrusted manufacturers who legally remove and dispose of industrial waste to dispose of waste in accordance with regulations, and regularly report and pay for soil and groundwater pollution on a quarterly basis. remediation fee.

4.4.2.6. All factories of the Company have applied to the Central Science Park Administration of the National Science and Technology Commission for the connection and drainage of waste water in accordance with laws and regulations, and have obtained water pollution prevention and control permits; Emission standards stipulated by the Pollution Control Act.

4.4.2.7. All factories of the Company are required by laws and regulations to conduct waste water sampling and testing every six months, and pay water pollution fees and sewage treatment fees on a regular basis every quarter.

4.4.3. In the past two years and up to the date of publication of the annual report, the Company has improved its environmental pollution process, and if it has pollution disputes, it shall explain its handling process: None.

4.5. Labor relations

4.5.1. List the Company's various employee welfare measures, advanced education, training, retirement systems and their implementation status, as well as the agreement between labor and management and the protection measures for employees' rights and interests:

Since the establishment of the Company, we have adhered to the concept of sharing business results with employees and taking care of employees, formulated relevant regulations, and provided a comprehensive management system and welfare measures, including labor insurance, national health insurance, annual bonuses, employee restaurants, and fitness centers. , Employee Welfare Committee. Based on the Company's overall operations, team and individual performance, a reward incentive plan is designed to share profit surplus with employees to achieve the purpose of attracting, retaining, motivating and cultivating high-quality talents. The relevant welfare policies and implementation results are as follows:

4.5.1.1. Rationalization of management system

- (1) Talent recruitment and reward system planning: recruit proactive and diverse talents, distribute rewards and rewards fairly, and share business results.
- (2) Talent retention and organizational structure planning: In line with the long-term development of the Company, we aim to make employees suitable for their positions; in addition, we will continue to strengthen organizational integration, promote rationalization of manpower allocation, continue to cultivate talents, and improve productivity.
- (3) The Company's procedures for formulating employee rewards are based on the Company's articles of association and the "Annual Operation Bouns Incentive Policy" applicable to managers and employees, and are linked to the Company's overall operating performance as the basis for the evaluation of reasonable remuneration and bonus allocation. In addition, if there is a profit in the current year, no less than 0.5% (inclusive) should be allocated as employee remuneration.
- (4) The Company has established performance appraisal management and other related measures to fairly and reasonably evaluate the work performance of employees and supervisors, and determine their salary adjustment levels based on employees' professional knowledge, skills and personal performance. In addition, the Company conducts annual manager performance appraisals and quarterly employee performance appraisals, using the appraisal results as a reference for job promotions. The employee performance appraisal system is handled in accordance with the Company's personnel management regulations and work rules regarding rewards and punishments.

4.5.1.2. Employee benefits

(1) Protection of basic rights and interests of employees:

- A. All employees participate in labor insurance and National health insurance from the day they arrive at work, and all their benefits are handled in accordance with the law.
- B. All employee leave (special leave, maternity leave, sick leave and personal leave) and holidays shall be provided in accordance with the Labor Standards Act, Regulations of Leave-Taking of Workers and Act of Gender Equality in Employment.
- C. Establish the Company's welfare committee in accordance with the law to effectively operate the Company's welfare matters.

(2) Improve employee benefits

- A. Each vacancy has a standard salary benchmark, and the overall assessment of work ability and experience is the focus of salary assessment.
- B. Based on Company annual performance and individual performance, the Company provides annual holiday remuneration bonuses to ensure fair distribution of rewards and share operating results.
- C. In order to promote the friendship and communication among colleagues in the department, we subsidize the staff dinner expenses of each department.
- D. The Company provides healthy and nutritious lunch and dinner for free.
- E. Wedding/funeral/childbirth/hospitalization consolation allowance and gifts or gift certificates for three holidays; birthday gift certificates are provided for colleagues' birthdays.
- F. Employee travel (domestic and domestic itineraries) is held every year. Employees can form tour groups and choose travel locations by themselves. Employees' families are encouraged to participate.
- G. Promote the physical and mental health of employees, encourage colleagues to use the free gym, and promote friendship among colleagues and benefit the body and mind.
- H. Free parking for cars and motorcycles.
- I. Conduct annual employee health checks that are superior to those stipulated in the Labor Standards Act, and regularly care about the health of employees.
- J. Discounts of MILLENNIUM VEE HOTEL TAICHUNG are regularly offered.
- K. Employee discounts on store purchases.

4.5.1.3. Employee training

The Company believes that talent is the Company's most important asset. In order to cultivate mechanical professionals and improve personnel quality, the Company has formulated "Education and Training Management Measures" to plan the Company's training system according to each core function, which is divided into new employee training, The three major systems of professional training and management training allow employees and the Company to grow together through continuous learning.

(1) New employee training: Special personnel from the management department will guide to receive education and training, which includes introductions to corporate governance, culture and values, organizational systems, occupational safety and health, work responsibilities and practical operation instructions, etc., and will be led by senior personnel. , assist in adapting to the work environment, learning work-related skills, and quickly integrating into the team.

"Integrity" is the most important core value of the APEX DYNAMICS, INC., it is also the core operating principle of the Company. In order to let colleagues clearly understand, the Company's "Integrity Business Code", "Integrity Business Operation Procedures and Guidelines", "Ethical Code of Conduct" and relevant codes such as human rights and fair treatment principles have been disclosed on the company website; at the same time, we have strengthened the Promote the concept of corporate social responsibility, integrity management and ethical code of conduct, information security and prevention of insider trading and other related issues to new colleagues.

(2) Professional training: In addition to developing professional course training for each department according to its professional functions, in order to systematically cultivate professional talents, the Company has, according to the needs of each department, department heads, managers, and technical personnel as professional lecturers. Through diversified training, knowledge Diversified training such as inheritance and job rotation can cultivate knowledge and skills and improve work quality and performance. In addition to internal training courses, the Company can also apply for external training courses, providing diversified further education options.

(3) Management training: According to the level of managers and the management functions they need, it is divided into training for mid-level manager and senior managers, including self-exploration and interpersonal communication, problem analysis and solution skills, performance management, leadership and other courses, and management practical experience sharing.

4.5.1.4. Employee retirement plan and its implementation

In order to stabilize the post-retirement life of our employees, our Company has handled retirement applications and payment standards in accordance with the Labor Standards Law and Labor Pension Regulations. The Company's employees who are subject to the Labor Standards Law's pension payment standard (old system pension) have settled the old system seniority and Bank of Taiwan pension reserve accounts on February 14, 2014 (Official Letter No. 1035002213).

The government's new retirement system has been adopted in parallel since July 1, 2005. The Company will allocate 6% of the employee's total salary to the employee's personal pension account every month; The contribution rate is deducted from the monthly salary to the employee's personal pension account.

4.5.1.5. The agreement between employees and the Company and various employee rights and interests protection measures

All regulations of our Company are governed by the Labor Standards Act. In order to protect the rights and interests of labor and coordinate labor relations, the Company is committed to strengthening labor harmony and two-way communication and coordination to solve problems. So far, labor relations are harmonious and there have been no major labor disputes that would affect the normal operation of the Company's financial business.

The Company attaches great importance to labor-management relations. In addition to formulating all policies in compliance with the Labor Standards Act and relevant laws and regulations, the Company also prioritizes the rights and interests of employees. In addition, in order to allow colleagues to fully express their opinions, in addition to following the administrative management system to reflect their opinions, the following communication channels are also established:

- (1) Implementing Labor-Management Meeting regularly.
- (2) Chairman's mailbox (received by the Chairman) to understand the real thoughts of employees and start to improve.
- (3) Establish an innovative reward system: employees can put forward improvement suggestions and feasible solutions at any time.

4.5.2. List the losses suffered due to disputes between employees and the Company in the most recent year and as of the date of publication of the annual report, and disclose the estimated amount and countermeasures that may occur at present and in the future:

In recent years and as of the publication date of the annual report, the Company has not suffered losses due to disputes between employees and the Company.

4.6. Cyber Security Management

4.6.1. Explain the cyber security and risk management, plan of information security policy, specific management plan for information security, specific and resources Invested in cyber security management, resources invested in information security management, etc.:

4.6.1.1. Cyber security and risk management

The Company has set up a dedicated information security unit on July 28, 2023, with an information security supervisor and a dedicated staff responsible for information security management affairs. The information security supervisor will lead the department to perform information security related operations and establish Safe and reliable information communication system, promote information security management system to strengthen information communication system and network security.

The Company has implemented information security-related specifications in the internal control management measures. The approval level is the Chairman. Through regular inspections every year, the information security management operations and results are reported to the Chairman and General Manager. Since its establishment, it has held 4 information security meetings. In addition, the audit office conducts information computerization operation reviews every year, including information security inspections, to ensure the effectiveness of the Company's internal information security controls.

The Company regularly reviews the information security policy every year, conducts assessment and analysis on relevant risks, and reports the implementation status to the Board of Directors. The latest reporting date is July 26, 2024. The Company reports on the risk management implementation status of information security management during the meeting.

4.6.1.2. Plan of information security policy

- (1) Professionals are responsible for the prevention and crisis management of information system security to maintain information system security.
- (2) Establish a security control mechanism for the computer network system to ensure the security of network transmission data, protect network operations, and prevent unauthorized system access from leaking confidential information.
- (3) Cross-Company computer network systems should especially strengthen network security management, install anti-virus software internally, and set up external network firewalls to prevent computer viruses and aggressive malicious software from invading and causing paralysis of the Company's network system.
- (4) According to actual needs, implement information security education and training to encourage employees to understand the importance of information security, improve employees' information security awareness, and urge them to abide by information security regulations.

4.6.1.3. Specific management plan for information security

In response to the Company's business characteristics, some cross-Company computer network systems have particularly strengthened network security management, installed anti-virus software internally, and set up external network firewalls to prevent computer viruses and aggressive malware from intruding into the Company network. The road system is paralyzed. In addition, information security education and training are implemented based on actual needs to help employees understand the importance of information security, improve employees' information security awareness, and encourage them to comply with information security regulations.

- (1) Formulate internal control management systems such as information security inspection control operations, system use authority management methods, software and hardware use management methods, email management methods, FTP use management methods, and information security regulations.

- (2) Establish security measures such as network firewall and computer anti-virus, and conduct information security education and training for all employees according to actual needs from time to time to reduce information security risks.
- (3) Establish a management mechanism for host and network usage, grant different access rights according to functions, and prevent unauthorized access.
- (4) Establish information computer room and environmental safety protection measures, and implement relevant maintenance on a regular basis.
- (5) Establish an internal audit plan for the information security management system, and regularly review the use of all personnel and equipment within the scope of the information security management system.
- (6) Formulate drills for managing backup and restoration to ensure the continuous operation of the Company's business.

4.6.1.4. Resources invested in information security management

- (1) Establish an information computer room with independent air conditioning, temperature and humidity monitoring system and active notification of abnormal temperature and humidity, uninterruptible power supply system and connection to an outdoor backup generator, access control and camera system monitorin
- (2) Update the latest firewall software and maintenance, establish connection communication control rules, and external connection management mechanism.
- (3) Update and maintain anti-virus software virus codes, and send the latest virus codes to all computers regularly.
- (4) Establish an email service host, and establish a SPAM spam and information security threat filtering gateway system.
- (5) Computer account, Internet access authority, external access authority management mechanism.
- (6) The whole company and the whole factory are equipped with personnel access control system and camera monitoring system.
- (7) In 2024, the Company invested a total of NT\$2,841 thousand for information security maintenance.
- (8) The Company has joined the Taiwan Computer Network Crisis Management and Coordination Center (TWCERT) to share information security information to strengthen corporate information security joint defense.
- (9) The Company will regularly send e-mails every month. All colleagues were reminded that information security should guard against relevant information, and information security related propaganda was conducted for 131 new employees in 2024.

4.6.2. List the losses suffered due to major information security incidents in the most recent year and as of the date of publication of the annual report, possible impacts and countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained:

In 2024, the Company's execution status was good, and no major information security incidents occurred and suffered losses.

4.7. Important Contract

Nature of Contract	Party	Period	Major Contents	Restrictions
Land lease	Central Taiwan Science Park Bureau, NSTC	January 1, 2025 ~ December 31, 2044	Leased land to build the first factory	Restriction to build factories and warehouses required for business only
Land lease	Central Taiwan Science Park Bureau, NSTC	From June 1, 2012 ~ May 31, 2032	Lease the land to build the second factory	Restriction to build factories and warehouses required for business only
Land lease	Central Taiwan Science Park Bureau, NSTC	April 1, 2018 ~ December 31, 2037	Lease the land to build the third factory	Restriction to build factories and warehouses required for business only
Land lease	Ministry of Education	January 25, 2007 ~ January 24, 2028	Leased the land to build hotel	Businesses for special purposes, such as special industry, are not allowed
Operation and Management Agreement	Millennium & Copthorne Hotel Holdings (Hong Kong) Limited	November 1, 2012 ~ December 31, 2027	Brand use	Cessation of use of the "Millennium" trademark upon termination of the agreement
Credit contract	E.SUN Bank	May 7, 2024 ~ May 7, 2025	Comprehensive Credit Facilities Master Agreement	None
Credit contract	E.SUN Bank	April 16, 2024 ~ April 16, 2025	Short-term secured loans	None
Credit contract	E.SUN Bank	May 7, 2024 ~ May 7, 2025	Short-term secured loans	None
Credit contract	Mega Bank	May 31, 2024 ~ May 30, 2025	Comprehensive Credit Facilities Master Agreement	None
Credit contract	Mega Bank	December 6, 2024 ~ December 5, 2025	Comprehensive Credit Facilities Master Agreement	None

5. Review and analysis of the Company's financial position and financial performance, and a listing of risks

5.1. Analysis of Financial

Analysis of Financial Status

Unit: NT\$1,000 ; %

Item	Year	2023	2024	Increase (Decrease) change	
				Amount	%
Current Assets		6,554,328	7,083,861	529,533	8.08
Property, Plant and Equipment		3,516,988	3,317,028	(199,960)	(5.69)
Intangible Assets		223,739	223,116	(623)	(0.28)
Other Assets		589,328	566,967	(22,361)	(3.79)
Total Assets		10,884,383	11,190,972	306,589	2.82
Current Liabilities		472,939	469,473	(3,466)	(0.73)
Non-Current Liabilities		554,535	532,285	(22,250)	(4.01)
Total Liabilities		1,027,474	1,001,758	(25,716)	(2.50)
share capital		801,714	801,714	-	-
Additional Paid-in Capital		1,364,285	1,203,942	(160,343)	(11.75)
Retained Earnings		7,690,910	8,183,558	492,648	6.41
Total Equity		9,856,909	10,189,214	332,305	3.37

1. Description of major changes (The change rate is more than 20%, and the change amount reaches NT\$10 million)

None

2. The above major changes have no material impact on the company's financial status and operating results.

5.2. Analysis of Financial Performance

5.2.1. Comparative Analysis of Consolidated Operating Results

Unit: NT\$1,000 ; %

Item \ Year	2023	2024	Increase (Decrease) change	
			Amount	%
Operating Revenue	2,686,956	2,958,991	272,035	10.12
Operating Costs	1,195,994	1,346,459	150,465	12.58
Gross Profit	1,490,962	1,612,532	121,570	8.15
Operating Expenses	585,197	617,652	32,455	5.55
Operating Income	905,765	994,880	89,115	9.84
Non-Operating Income and Expenses	186,775	416,800	230,025	123.16
Income Before Tax	1,092,540	1,411,680	319,140	29.21
Income Tax Expense	219,383	277,661	58,278	26.56
Net Income for Current Period	873,157	1,134,019	260,862	29.88
<p>1. Explanation of major changes (if the change ratio is more than 20%, and the change amount reaches NT\$10 million)</p> <p>(1) Increase in Non-operating income and expense: mainly due to the increase in foreign currency exchange benefits.</p> <p>(2) Increase in income before tax, Income tax expense and net income for the current period: mainly due to the increase in operating income and foreign currency exchange benefits.</p> <p>2. Possible impact on future financial business: No significant impact.</p> <p>3. Future Contingency Plan: Not applicable.</p>				

5.2.2. The effect of the Company's future financial business and response actions

The Company mainly sets annual shipment targets based on the estimated needs of customers, considering production capacity planning and past operating performance. The Company's products have a wide range of applications, and continue to develop markets, pay attention to market trends, in order to expand market share, increase profits, and maintain good financial quality.

5.3. Cash Flow

5.3.1. Analysis of changes in consolidated cash flow

Unit: NT\$1,000 ; %

Item	Year		Increase (Decrease) Change	
	2023	2024	Amount	%
Net Cash Flow from Operating Activities	1,007,927	1,379,730	371,803	36.89
Net Cash Flow (outflow) from Investing Activities	1,506,032	(1,275,686)	(2,781,718)	(184.71)
Net cash inflow (outflow) from Financing Activities	(851,162)	(833,922)	17,240	(2.03)
<p>Change Analysis Instructions:</p> <p>(1) Increase in cash inflow from operating activities: mainly due to the increase income before tax.</p> <p>(2) Increase in cash outflow from investing activities: mainly due to the increase in other financial assets.</p> <p>(3) Decrease in cash outflow from financing activities: mainly due to the repayment of borrowings decrease.</p>				

5.3.2. Improvement plan for insufficient liquidity

5.3.2.1. The Company has no shortage of cash, so there is no risk of insufficient liquidity.

5.3.3. Consolidated cash flow analysis for the next year

Unit: NT\$1,000 ; %

Opening Cash Balance	Estimated Annual Net Cash Flow from Operating Activities	Annual Cash Inflows (Outflows) From Investment Activities	Annual Cash Inflows (Outflows) from Financing Activities	Projected Cash Remaining Amount (e)=(a)+(b)+(c)+(d)	Estimated Cash Shortfall Remedial Measures	
					Investment Plan	Financial Planning
(a)	(b)	(c)	(d)	(e)		
3,319,809	3,747,875	(1,240,006)	(1,037,711)	4,789,967	—	—
<p>1. Analysis of cash flow changes</p> <p>(1) Business activities: The market demand is expected to be stable, and the net cash inflow generated under the normal operating plan.</p> <p>(2) Investment activities: mainly capital expenditures and other financial assets for new equipment needed for operation.</p> <p>(3) Funding activities: The main reason is distribution of cash dividends and the repayment of lease principal.</p> <p>2. Estimated cash shortfall remedial measures: None</p>						

5.4. Major Capital Expenditure Items on financial business in recent year:

None

5.5. Investment policy in the last year, main causes for profits or losses, improvement plans and investment plans for the Next year

5.5.1. Reinvestment policy

The Company follows the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by the Competent Authority and has "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as the basis for the Company's reinvestment business to grasp the relevant business and financial status. The Company's current reinvested business is a 100% invested subsidiary Company. The supervision and management of the subsidiary Company has been stipulated in the internal management system to regularly monitor the operation status of the subsidiary Company.

5.5.2. Reinvestment profit or loss and improvement plan

Unit: NT\$1,000

Reinvested Business	Business Items	2024 Recognized	Main reason of Profit or Loss	Improvement Plan
MILLENNIUM VEE HOTEL TAICHUNG	Hotel	60,987	Domestic and foreign business markets continue to grow, hosting groups and international event.	Continue to understand the changes in business and international travel needs, adjust marketing strategies in time, and effectively respond to the market in advance.

5.5.3. Investment plan for the next year: There is currently no investment plan for the next year.

5.6. Risk Matters and Assessment

5.6.1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Financial, and Future Response Measures

5.6.1.1. Interest rate

(1) Impact on profit and loss

Unit: NT\$1,000 ; %

Item \ Year	2023		2024	
	Amount	Ratio of Operating Income Net Ratio	Amount	Ratio of Operating Income Net Ratio
Interest Income	153,428	5.71	138,719	4.69
Interest Expense	6,431	0.24	6,124	0.21

The interest income of the Company and its Subsidiaries in 2023 and 2024 years were NT\$153,428 thousand and NT\$138,719 thousand, accounting for 5.71% and 4.69% of the net operating income of each year, respectively, in addition, the interest expenses of the Company and its Subsidiaries in 2023 and 2024 were NT\$6,431 thousand and NT\$6,124 thousand, accounting for 0.24% and 0.21% of the net operating income of each year, respectively. The interest income and interest expenses of the Company and its Subsidiaries account for a small percentage of net operating income, so the impact of interest rate changes on the Company and its Subsidiaries is still limited.

(2) Future Response Measures

With the change of financial interest rate, the Company adjusts the use of funds in a timely manner, in response to the financial risks that may arise from changes in interest rates, the Company's future capital planning will still be based on the principle of prudence, and capital allocation will be under safe control and consider the Company's future operating scale and profitability improvement, In addition to maintaining a good relationship with financial institutions, and timely striving for the best interest rate to reduce interest expenses.

5.6.1.2. Foreign exchange rates

(1) Impact on profit and loss

Unit: NT\$1,000 ; %

Item \ Year	2023		2024	
	Amount	Ratio of Operating Income Net Ratio	Amount	Ratio of Operating Income Net Ratio
Net Foreign Exchange Gain (Loss)	8,747	0.33	248,560	8.40

The net foreign exchange gain (loss) of the Company and its Subsidiaries in 2023 and 2024 are NT\$8,747 thousand and NT\$248,560 thousand respectively, the ratios to the net operating income of each year are 0.33% and 8.40%. Overall, the impact of foreign exchange rate fluctuations on the profit and loss of the Company and its Subsidiaries is still limited.

(2) Future Response Measures

The Company and its Subsidiaries keep abreast of the trends and changes of major currencies in the international foreign exchange market, maintain an appropriate net foreign exchange position and provide it to the business as a reference for quotation. Timely control foreign currency positions, and timely use exchange rate hedging tools to reduce the impact of exchange rate fluctuations.

5.6.1.3. Inflation

The profit and loss of the Company and its Subsidiaries have not been significantly affected by inflation as of the publication date of the annual report, the impact of forecasted inflation on the profit and loss of the Company and its Subsidiaries is still limited. In the future, the Company and its Subsidiaries will continue to keep abreast of the impact of inflation on the cost of purchases, and keep abreast of changes in upstream supply chain costs, when necessary, take appropriate cost stabilization measures to reduce the impact on the Company's operations.

5.6.2. 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

Based on prudent principles and pragmatic business philosophy, the Company and its Subsidiaries focus on business operations, the Company does not engage in high risk, high-leveraged Investments and transactions. Except for the capital loan between the parent Company and the subsidiary Company, there is no capital loan, endorsement guarantee, or derivative commodity transaction to individuals other than the Company and its Subsidiaries. The above-mentioned capital loans between the parent Company and the subsidiary Company have been implemented in accordance with the established "Guidelines for Lending of Capital by Listed Companies", if the Company and its Subsidiaries engage in related transactions in the future, they will follow the established "Guidelines for Lending of Capital by Listed Companies", "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and carry out the announcement and declaration operation in accordance with the relevant laws and regulations, when implementing derivative financial commodity trading strategies, it will also adhere to the conservative and prudent principle to avoid the risk of price fluctuations in foreign exchange transactions.

5.6.2.1. Lend funds to others

Until December 31, 2024 Unit: NT\$1,000

Financing Company	Name of borrower	Related Party	Accounting Subjects	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate	Purpose	Business Transaction Amount	Reason for Financing	Allowance for Uncollectible Accounts	Collateral		Individual funding loan limits	Maximum limit of fund financing
												Name	Value		
APEX DYNAMICS, INC.	MILLENNIUM VEE HOTEL TAICHUNG	Yes	Other receivables-Related parties.	1,300,000	650,000	429,000	1.38%	Short-term Financing	0	Operational Needs	0	None	0	4,075,686	4,075,686

5.6.2.2. Endorsement Guarantee: None

5.6.2.3. Derivatives Trading Situation: None

5.6.2.4. Main reasons for losses and future countermeasures: Not applicable

5.6.3. Future Research & Development Projects and Corresponding Budget

5.6.3.1. Future Research & Development plans of future

In recent years, the global manufacturing industry has responded to Industry 4.0, they have invested in the transformation and upgrading of smart manufacturing, and actively introduced various industrial robots, automation equipment and machine tools to upgrade the production line to a smart factory to replace a large number of manpower needs and improve production efficiency and product quality, the gearbox is one of the indispensable components of mechanical transmission. It is widely used in automation equipment and machine tools such as semiconductors, panels, biotechnology and medical care, aerospace, electronics and traditional industries, it has strict requirements on precision, quality and speed, so the gearbox must also be developed towards high precision, low wear, low backlash, low noise, small size and high output torque. The Company has made unremitting efforts to become a leader in the gearbox market. In addition to continuously improving its independent research and development capabilities over the years, it has accelerated product research and development, patent accumulation and market promotion in recent years.

5.6.3.2. Estimated investment in research and development

The Company's research and development expenses for 2023 and 2024 are NT\$31,967 thousand and NT\$39,120 thousand, accounting for 1.19% and 1.32% of the consolidated net operating income, respectively. The Company's research and development funds are compiled item by item according to the development progress of new products and new technologies, and continue to invest in research and development resources to meet the needs of the market and customers to ensure the Company's competitive advantage.

5.6.4. The impact of major policy and legal changes at home and abroad on the Company's financial business and countermeasures

The daily operations of the Company and its Subsidiaries comply with relevant laws and regulations at home and abroad, and the management of the Company and its Subsidiaries also keep an eye on the development trend of relevant important policies at home and abroad and collect changes in laws and regulations to adjust the basis for the Company's relevant operating strategies, Irregularly assign professionals to receive training in relevant courses, which is conducive to responding to market changes in real time and taking appropriate response measures to enhance international competitiveness Therefore, as of the publication date of the annual report, the Company and its Subsidiaries have not been subject to important domestic and foreign policy and legal changes that have a major impact on the company's finances and business.

5.6.5. The impact of technological changes (including information security risks) and industrial changes on the company's financial business and countermeasures

The Company and its Subsidiaries always pay attention to the technological changes (including information security risks) and technological developments related to the industry in which they are located, and quickly grasp the changes in the industry, and continue to strengthen and improve its own research and development capabilities, with a particular focus on strengthening network security management. This includes

installing antivirus software internally and setting up external firewalls to prevent computer viruses and malicious software attacks that could paralyze the company's network systems. Additionally, they actively expand into future market application areas to respond to the impacts of technological changes (including information security risks) and industry shifts on the Company.

5.6.6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since its establishment, the Company and its Subsidiaries have taken the realization of sustainable business operations as their mission, complied with relevant laws and regulations, actively strengthened internal management, and maintained harmonious labor relations to maintain a good corporate image. In the most recent year and up to the publication date of the annual report, the Company and its Subsidiaries have not had any incidents that have affected the corporate image or suffered any crisis.

5.6.7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company and its Subsidiaries have no plans to acquire other companies in the most recent year and as of the publication date of the annual report. If there is any event or plan involving mergers and acquisitions in the future, we will carry out various benefit assessments and risk control in a prudent manner in accordance with various operating regulations, so as to truly protect the interests of the Company and Shareholders.

5.6.8. Expected benefits from, risks relating to and response to factory expansion plans

1. Expected benefits:

The Company and its Subsidiaries have no plans for plant expansion in the most recent year and as of the date of publication of the year.

2. Possible risks and countermeasures: Not applicable.

5.6.9. Risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration

5.6.9.1. The Company's purchase:

Purchasers mainly provide steel, gearboxes and oil seals. There are many types of manufacturers of this type. The Company's main raw material procurement maintains at least two or more suppliers, and maintain a good relationship with each other, if there is a shortage of supply or shortage of materials, there are other qualified suppliers that can be substituted, so the source of supply is stable, and there is no shortage or interruption of supply.

5.6.9.2. The Company's sales:

The products are used in automation equipment and machine tools such as semiconductors, panels, biotechnology and medical care, aerospace, electronics and traditional industries, Considering the market characteristics such as the vast territory of each region and transaction risks, the Company's sales are mainly through dealers, although the sales targets are relatively concentrated to a few dealers, the Company has not sold more than 30% of its sales to a single customer

in the most recent year and up to the date of publication of the annual report, so there is no risk of sales concentration.

5.6.9.3. Purchase and sale of Subsidiaries

Since the subsidiary mainly operates international sightseeing hotels and restaurant services, the supply of major customer supplies and fresh food is stable, and the purchase and sale objects are scattered, and there is no excessive concentration.

5.6.10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

In the most recent year and as of the date of publication of the annual report, there has been no significant change in the shareholding ratio of the Company's Directors and Major Shareholders holding more than 10% of the shares. Therefore, there has been no significant change in the Company's shareholdings due to the large-scale transfer or replacement of equity interests of relevant personnel. Operations will cause significant impacts and risks.

5.6.11. The impact, risks and countermeasures of the change of management rights on the Company

In recent years and as of the publication date of the annual report, there has been no change in the management rights of the Company.

5.6.12. Litigation or non-litigation matters

It shall list the major litigation, non-litigation or administrative disputes of the Company and the Company's Directors, Supervisors, General Manager, Principals in Charge, Major Shareholders holding more than 10% of the shares, and affiliated companies that have been adjudicated or are still pending. Lawsuit, if the result may have a significant impact on shareholders' rights or securities prices, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the main parties involved in the litigation, and the status of the settlement as of the publication date of the annual report shall be disclosed.

Ms. Cheng, Shu-Fen embezzled a total of NT\$42,694 thousand in accounts receivable from customers during her tenure as the Accounting Supervisor of APEX DYNAMICS, INC., the original APEX DYNAMICS, INC. was merged with Taiwan Guangyong Technology Co., Ltd., and the original APEX DYNAMICS, INC. was eliminated. Later, Taiwan Guangyong changed its name to APEX DYNAMICS, INC. The Company bears the rights and obligations of the original APEX DYNAMICS, INC. that was eliminated, the Company has won the civil judgment of Taichung District Court in Taiwan on December 23, 2019, Ms. Zheng, Shu-Fen's heir should pay the obligation jointly and severally, but the heir refused to accept it, and the two parties are still in litigation. On October 14, 2024, a settlement was reached. The seven heirs agreed to pay APEX DYNAMIC, INC. NT\$6,099,072 each by February 28, 2025. This case has no significant impact on the Company's Shareholders' equity or securities prices.

5.6.13. Other important risks and countermeasures:

None

5.7. Other important matters:

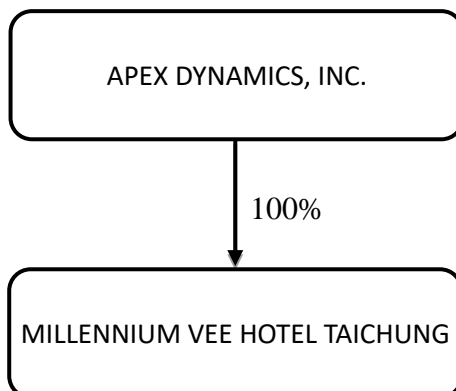
None

6. Other items deserving special mention

6.1. Relevant information of related companies

6.1.1. Affiliated business merger business report

6.1.1.1. Relationship Enterprise Organization Chart



6.1.1.2. Basic information of related companies

December 31, 2024 Unit: NT\$1,000

Company Name	Date of Establishment	Address	Paid-up capital	Main business items
MILLENNIUM VEE HOTEL TAICHUNG	September 23, 2004	No,77, Shizhing Rd, Xitun District Taichung City	700,000	Room and Catering Services

6.1.1.3. Operational overview of affiliated companies

December 31, 2024 Unit: NT\$1,000

Company Name	Total Assets	Total Indebtedness	Total Equity	Operating Revenue	Net income or loss for current period (AfterTax)
MILLENNIUM VEE HOTEL TAICHUNG	1,664,085	979,530	684,555	579,354	60,987

6.1.2. Consolidated Financial Statements of Affiliated Enterprises

The relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the consolidated financial statements, and a statement from Appendix 5 was included on the cover page of the 2024 consolidated financial statements, and the consolidated financial statements of affiliated enterprises will not be prepared separately.

6.1.3. Relationship Report:

Not applicable

6.2. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report:

None

6.3. Other necessary supplementary explanations:

None

6.4. In the most recent year and as of the date of publication of the annual report, if any event that has a significant impact on shareholders' equity or securities prices as stipulated in Subparagraph 2, Article 36, Paragraph 3 of Securities and Exchange Act:

None

APEX DYNAMICS, INC.

Chairman Chang, Chung-Hsing