

Stock Code : 6426



APOGEE Optocom Co., Ltd.

2024 ANNUAL REPORT

Notice to readers

This English version is only a translation of the Chinese version. If there is any inconsistency or discrepancy between the English version and Chinese version, the Chinese version shall prevail for all intents and purposes.

Apogee annual report is available at website :

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

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1. Spokesperson and acting spokesperson

(1) Spokesperson

Name : Law Lee

Title : Chairman& Director of Management Department

Phone : +886-6-505-3700

E-mail : law@nextapogee.com.tw

(2) Deputy Spokesperson

Name : Rick Wei

Title : General Manager

E-mail : rick@nextapogee.com.tw

2. Address and phone number of headquarters and factories

Headquarters : 4th Floor, No. 7, Nanke 3rd Road, Xinshi District, Tainan City

Phone : +886-06-5053700

3. Stock transfer service

Name : Yuanfu Securities Stock Agency Department

Address : B1, No. 35, Lane 11, Guangfu North Road, Songshan District, Taipei City

Phone : +886-2-2768-6668

Website : <http://www.masterlink.com.tw>

4. Certifying CPA of last-year financial statements

CPA Firm : Ernst&Young, Taiwan

CPA : Yao, Shih-Chieh 、 Hu, Tzu-Ren

5. Overseas listing : None

6. Corporate website : <http://www.nextapogee.com.tw/en/index.php>

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I. Letter to Shareholders

Dear Shareholders,

I would like to thank all shareholders for your full support to the Company in the past year. On behalf of the Company, I would like to express my deepest respect and gratitude to all shareholders. APOGEE OPTOCOM will uphold the consistent philosophy, provide the best quality and service to customers, create a win-win situation with customers, create better profit sharing to all employees and investors, and achieve the goal of sustainable business operation. The Company's 2024 annual business report and a summary of future business plans are hereby reported as follows.

1.2024 operating results

(1)2024 business plan implementation results

Unit: NT\$1,000

Item \ Year	2024 (Consolidated)	2023 (Consolidated)	Increase (Decrease) Ratio (%)
Net Operating Income	329,852	362,789	-9.08
Operating gross profit	2,708	36,712	-92.62
Operating profit	(171,491)	(147,435)	+16.32
Net profit pre-tax	(140,012)	(136,234)	+2.77
Net Profit	(137,943)	(103,355)	+33.47
Total profit (loss)	(138,342)	(106,280)	+30.17
Earnings per share (NT\$)	(3.58)	(2.68)	+33.58

Net revenue for 2024 was NT\$ 3.3 million, a decrease of 9.08% from 2023, and net loss was NT\$ 1.38 million.

In 2024, Global 5G infrastructure progress is not as good as expected, final after-tax loss per share was 3.58.

(2)Budgetary Implementation: No financial projections were publicly announced for the year 2024, and the overall operations were carried out in accordance with the Company's internal business objectives.

(3) Analysis of financial income and expenditure and profitability:

Year		2024 (Consolidated)	2023 (Consolidated)
Item			
Financial income and expenditure status	Liabilities to Assets Ratio (%)	9.89	10.58
	Ratio of long-term funds to property, plant and equipment (%)	411.25	327.32
Profitability analysis	Return on Assets (%)	(11.90)	(7.60)
	Return on shareholders' equity (%)	(13.31)	(8.56)
	Ratio of operating profit to paid-in capital (%)	(44.53)	(38.28)
	Operation Income before tax	(36.35)	(35.37)
	Net Profit rate (%)	(41.82)	(28.49)
	Earnings per share (NT\$)	(3.58)	(2.68)

(4) Research development status:

Our R&D focuses on both aspects :

Optical communications in cloud data center 800G & 1.6G application filter process development and assembly application technology improvement, using the company's precision coating equipment, we developed a new process method to accurately control film thickness, refractive index, and stress during the thin film process, increase batch output, with the goal of providing the highest quality optical communication filters in the industry, and develop products such as DWDM Band Splitter Filter (Skip Filter).

Semiconductor packaging applications involve wafer-level vacuum optical coating processes, applying various types of metal or compound thin-film products on 6-inch, 8-inch, and 12-inch wafers. These coatings include Infrared Cut Filters (IR-Cut Filter), Waveguide Distributed Bragg Reflectors (DBR), Broadband Antireflection Coatings (BBAR), Visible Band Pass Filters (VIS Band Pass Filter), Near-Infrared Low Shift Band Pass Filters (NIR Low Shift Band Pass Filter), Middle-to-Far Infrared Long Pass Filters (Middle-Far Infrared Long Pass Filter), and Index-Matched Transparent Conductive Films (Index Match ITO).

2. Summary of the 2025 business plan

(1) Operating policy

- A. Talents: Hire professional and excellent staff and enhance staff's professional knowledge through education and training to maximize staff value.
- B. Production Control: To improve the yield of coating and to reduce the working hours in the middle and later stages of the production process.
- C. Production Costs: Continuously test various materials and new suppliers to reduce production costs and maintain competitiveness.
- D. Customer Service: To provide customers with a full range of solutions and proactively create win-win opportunities.
- E. Market Development: To actively explore overseas markets to increase customer base and maintain market competitiveness and market shares.

(2) Expected sales volume and its basis: The Company's estimated shipment of filters for 9,541 thousands this year would be approximately.

(3) Important production and sales policies:

A. Important production policies

- (a) Production technology: Continuous improvement of production technology, in addition to the improvement and upgrading of production skills and processes, also includes the development of automated equipment required for production lines, reducing manpower and increasing product stability.
- (b) Production process improvement: Increase coating yield and usable area to reduce costs and increase added value; add AOI inspection equipment and multi-band measurement instruments, introduce laser slotting and cutting process to reduce cutting losses, improve production efficiency and increase measurement capability.
- (c) Management system enhancement: Introduce MES process management system, through the integration of process data, to provide data exploration and discovery problems to increase production and yield rate. Build standard inventory items to reduce customer lead time.

B. Important sales policies

- (a) The passive market for optical communications: European and American infrastructure and the B5G fronthaul market are the main sources of revenue in the near future. The market fluctuations are greater than before, and construction may be delayed. Pay attention to the market prices of competitors to facilitate pricing strategies. In addition, some resources will be invested in the development of filter requirements for the data computing center.
- (b) Cloud Data Market: As the fermentation of AI, 800G modules will begin mass production, and we will cooperate with customer 1.6TG&CPO(Co-Packaged Optics) to develop the next generation of key components.
- (c) Non-Optical Communication Active Market: CIS, LEO satellite, Virtual Reality & LiDAR Sensor and other related coating applications as the development direction.
- (d) Biomedical Market: There are many types of fluorescence filters for flow cytometers, wide wavelengths ranging from 300 to 850 nm. They are an indispensable technology in the biomedical field. They have been approved by a customer for a long time. Biological testing, small batch production started.

3. Future company development strategy

To maintain the Company's leading position in optical coating technology, the company continues to make significant investments in R&D equipment and talent. While progressing in filter technologies for 800Gb/s and 1.6Tb/s optical modules, APOGEE's forward-looking R&D efforts will focus on filter technologies for 25G-PON and 50G-PON, silicon photonics (SiPh) waveguides, protective coating layers for co-packaged optics (CPO), anti-reflection coatings for edge couplers, and low-resistance semiconductor contact interfaces. These initiatives aim to establish a solid foundation for future silicon photonics innovation platforms.

The Company's advanced silicon photonics co-packaging R&D is actively developing innovations in optical coupling, beam splitting, and DWDM components to further enhance cutting-edge optical coating technologies for next-generation optical communication applications. The company continues to focus on novel specialty process technologies, such as ultra-thin dichroic filters for miniature optical systems and optical matching films for fiber arrays. Forward-looking research is also dedicated to developing new materials, processes, optical coating components, and optical modules that may be adopted in the next five years. The company maintains strong collaborations with academic institutions and industrial alliances to co-develop cost-effective optical thin-film technologies and vacuum coating manufacturing solutions for its clients. The forward-looking R&D team and its commitment to innovation in optical thin-film applications empower customers with competitive vacuum optical coating technologies, driving future business growth and profitability.

4. Affected by the external competitive environment, regulatory environment, and overall business environment

The optical communication market in 2024 has shown little difference compared to 2023, with the U.S.-China rivalry becoming more defined and overall demand remaining at a relatively low base level. However, based on upcoming infrastructure projects in the United States, bidding processes are expected to commence gradually in 2025, which is anticipated to generate revenue opportunities for the company.

In addition to maintaining close cooperation with key customers, the Company will continue to improve the production efficiency and yield of its products to reduce costs and establish a win-win Relationship between supply and sales. We will also continue to monitor the market situation, develop new products and adjust the direction of our operations in response to market demand, and keep an eye on the impact of the law on our operations.

We thank our shareholders for their long-term support and care. The management team is committed to providing the most complete range of products and the best services to create maximum benefits for our shareholders and customers.

Best regards,

Chairman:

Law Lee



General Manager:

Rick Wei



Manager, Corporate Finance:

Peter Sun



II. Corporate Governance Report

(I) Information on Director, Supervisor, General Manager, Vice General Manager, Assistant Manager, and senior managers

1. Directors and Supervisors

A. Information of Directors and Supervisors

April 30, 2024 Unit: Share; %

Title	Nationality or Registration	Name	Gender & Age	Date First Elected	Term	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions concurrently served in other companies	Executives, Directors or Supervisors Who are Spouses or within the Second Degree of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	Taiwan	Sheng Lin Investment LTD.	-	2022.6.14	3	2009.5.15	5,489,146	14.25%	5,498,146	14.25%	-	-	-	-	-	-	-	-	-
	Taiwan	Rep: Lee	Male 61~70	2022.6.14	3	2020.6.17	524	-	524	-	189	-	-	-	Master's Degree in Department of Business and Economic Law, CTBC Business School LAI, JIAN-NAN Law Firm, Supervisor	Apogee Optcom Co., Ltd. Administrative Officer Ferrule Precision CO., Ltd. Chairman Opulence Optronics Co., Ltd Corporate Director, Representative	-	-	-
Director	Taiwan	Sheng Lin Investment LTD.	-	2022.6.14	3	2009.5.15	5,489,146	-	5,489,146	14.25%	-	-	-	-	-	-	-	-	-
	Taiwan	Rep: Lan	Male 61~70	2022.6.14	3	2009.5.15	91,240	0.24%	64,864	0.17%	-	-	-	-	Department of Mechanical, FCU Executive Assistant to the Chairman of Cho-Chih Electronics Co., Ltd. YCL OPTCOM CO., LTD. Vice General Manager Apogee Optocom CO., Ltd General Manager	-	-	-	
Director	Taiwan	Guang Rong Investment Ltd.	-	2022.6.14	3	2020.6.9	60,244	0.16%	60,244	0.16%	-	-	-	-	-	-	-	-	-
	Taiwan	Rep: Yinglin	Male 31~40	2022.6.14	3	2020.7.19	873	-	873	-	-	-	-	-	Master of Applied Chemistry, Waseda University, Japan	Note 1	-	-	-
Director	Taiwan	Shieh Jinnan	Male 61~70	2022.6.14	3	2020.6.9	-	-	-	-	-	-	-	-	MBA, NSYSU, Taiwan LUNG CHING STEEL ENTERPRISE CO., LTD. Chairman	Note 2	-	-	-
Independent Director	Taiwan	Zheng Youren	Male 61~70	2022.6.14	3	2020.6.9	-	-	-	-	-	-	-	-	Note 3	Joint Chair Professor, Department of Biomedical Engineering, National Cheng Kung University Joint Chair Professor, Department of Mechanical Engineering, National Chung Cheng University	-	-	-

Title	Nationality or Registration	Name	Gender & Age	Date First Elected	Term	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions concurrently served in other companies	Executives, Directors or Supervisors Who are Spouses or within the Second Degree of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Independent Director	Taiwan	Cheng Yunyao	Female 61~70	2022.6.14	3	2020.6.9	-	-	-	-	-	-	-	-	Note 4	Princepharmaceutical Co.,Ltd Independent Director	-	-	-
Independent Director	Taiwan	Chung Chienwen	Male 61~70	2022.6.14	3	2021.6.14	1,000	-	-	-	-	-	-	-	Note 5	-	-	-	

Note1: Corporate Director Representative and Executive General Manager of Sports Goods Adhesives and Materials Business Division of NAN PAO RESINS CHEMICAL CO., LTD. ; Corporate Director Representative and Chairman of Sheng Lin Investment Ltd.; ITLS International Development Co., Ltd.; Nanpao Fine Materials Co., Ltd.; Chairman of Sheng Bao Investment Co., Ltd.; Guang Lin Investment Co., Ltd.; Ching Lin International Development Co., Ltd.; Director of Greatwill Materials (HK) Ltd.; Ongoing Profits Ltd.; Rising Sun Associates Ltd.; Nan Pao Resins (Vietnam) Enterprise Ltd.; Goldford Investments Ltd.; Nan Pao Resins (Holdings) Ltd.; Eastlion Enterprises Ltd.; Nan Pao Resins Development Ltd.; Nan Pao Materials Vietnam Co., Ltd.; Nan Pao Resins International Ltd.; Changshu Yu Bo Polymer Materials Co., Ltd.; Profit Land Ltd.; Giant Profit Development Ltd.; Great Mount Enterprises Ltd.; Fuqing Nan Pao Investment Ltd.; Wealth Castle Development Ltd.; Thai Nan Pao Investments Ltd.; ITLS Holding Pte. Ltd.; Nan Pao Materials Resins India Private Ltd.; Contact BioSolutions Australia Pty. Ltd. ; Opulence Optronics Co., Ltd.; Nan Pao Village Industry Co., Ltd.; Nan Pao Village Development Co., Ltd.; Advant Analytics Tactics Ltd.; Corporate Director Representative of Ferrule Precision Co., Ltd.; Biorich Biotechnology Co., Ltd.; Nan Pao Industry Co., Ltd.; Yun Teh Industrial Co., Ltd.; Spark Foamtech Enterprise Co., Ltd.; Corporate Representative Director of Prince Pharmaceutical Co., Ltd.; Supervisor of PT. Indo Nan Pao Resins Chemical Co., Ltd.

Note2 : Lung Ching Steel Enterprise Co., Ltd. Legal representative Chairman, South Taiwan Investment Co., Ltd. , Nan Fa Investment Limited , Advant Analytics Tactics Ltd., Xiaogang Warehousing Co., Ltd. Chairman, Huangjia Investment Co., Ltd., Jiaqi Enterprise Co., Ltd., CHAO YANG STEEL INDUSTRY CO., LTD. Director.

Note3 : Chair Professor, Department of Mechanical Engineering, Chung Cheng University, Vice President of National Chung Cheng University, General Motors Research Labs Chief R&D Engineer, NASA Glenn Research Center researcher, Independent Director of Control Technology Co., LTD.

Note4 : Ph.D., Institute of Business Administration, Chang Jung University, Associate Professor and Head of the Department of Business Management and Design, Datong Technical College, Adjunct Associate Professor, Department of Business Administration, Chang Jung University, Associate Professor, Department of Business Management, Datong Technical College, Apogee Optcom Co., Ltd. Remuneration Committee member, Nan Pao Resins Chemical Co., Ltd. Remuneration Committee member.

Note5 : Assistant Professor, Department of Electronics, Far East University of Science and Technology 、 Associate Professor, Department of Electrical Engineering, Far East University of Science and Technology 、 Pingtung University of Science and Technology Smart Agriculture Production Technology Alliance Advisory Committee 、 Council of Agriculture, Executive Committee Member of the Chicken Association of the Republic of China 、 Consultant of Huading Optoelectronics Co., Ltd.

a. Major shareholders of the institutional shareholders:

April 30, 2024

Name of Institutional Shareholders (Note 1)	Name of Institutional Shareholders (Note 2)
Sheng Lin Investment LTD.	Shengbao Culture Foundation (88.89%) World Top Investment Holding LTD. (11.11%)
Guang Rong Investment Ltd.	Guang Rong Investment Development Limited (Samoa) (100%)

* If the Director, Supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be filled in.

* Enter the name of the major shareholder (the top ten shareholders) and its shareholding ratio. If the major shareholder is a corporation, the following table 2 should be completed.

* If the corporate shareholder is not a corporate organization, the name of the shareholder and the percentage of shareholding disclosed in the preceding paragraph shall be the name of the contributor or donor (please refer to the announcement of the Judicial Yuan) and the percentage of contribution or donation. If the donor is deceased, add "dead".

b. Section B Major shareholders of institutional shareholders are institutional shareholders

Name of Institutional Shareholders (Note 1)	Name of Institutional Shareholders (Note 2)
Shengbao Culture Foundation	Donor and Donation Ratio: Huang Chingfang (dead)(95.30%)
World Top Investment Holding LTD.	World Top Investment Holdings Limited (Samoa) (100%)
Guang Rong Investment Development Limited (Samoa)	Worthy Virtue Electronic Industrial Co., Ltd. (100%)

* When the major shareholder in Table 1 above is a legal entity, the name of the legal entity should be filled in.

* Fill in the name of the major shareholder of the corporation (whose shareholding is among the top ten) and its shareholding ratio.

* If the corporate shareholder is not a corporation, the name of the shareholder and the percentage of shareholding should be disclosed in the preceding paragraph, i.e., the name of the contributor or donor (please refer to the announcement of the Judicial Yuan) and the percentage of contribution or donation. If the donor is deceased, add "dead".

B. Director professional qualifications and experience

Criteria Name	Professional qualifications and experience	Independence Status	Number of Independent Directorships in Other Public Companies
Sheng Lin Investment Ltd. Rep: Law Lee	Mr. Law Lee graduated from Soochow University with a major in law and later obtained a Master's Degree in Department of Business and Economic Law, CTBC Business School. And has more than 30 years of working experience. He has served as Legal Manager, Associate Manager of Administration Department, Spokesperson, and Administrative Officer, etc. Mr. Lee has served as the Chairman of the Company since 2020 and possesses legal expertise, industry knowledge, and leadership of operating companies.	Chairman Lee is the representative of Sheng Lin Investment, one of the top five corporate shareholders of the Company. He also serves as a director, supervisor, or chairman of the Company's affiliated enterprises. For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	0
Sheng Lin Investment Ltd. Rep: Blue Lan	Mr. Blue Lan graduated from the Department of Mechanical, FCU, and has more than 30 years of work experience. He has successively served as the special assistant to the Chairman, Vice General Manager, and the General Manager. Possess majors in industry knowledge, company management leadership, and business strategy	Director Lan is the representative of Sheng Lin Investment, one of the top five corporate shareholders of the Company. For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	0
Guang Rong Investment Ltd. Rep: Huang Yinglin	Mr. Huang Yinglin obtained a master's degree from the Institute of Applied Chemistry of Waseda University in Japan. He is currently serving as the special assistant to the executive office of Nanbao Resin Company and the director of the company. He has professional knowledge of the industry.	Director Huang is the representative of Guang Rong Investment. He is also the Charman of Sheng Lin Investment, one of the top five corporate shareholders of the Company. For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	0
Shieh Jinnan	Mr. Shieh Jinnan obtained a master's degree from Sun Yat-sen University's Institute of Business Administration and has more than 30 years of work experience. He is currently serving as Lung Ching Steel Enterprise Co., Ltd. Chairman, Advant Analytics Tactics Ltd. Chairman and Xiaogang Warehousing Co., Ltd., etc. He has industry knowledge and leadership in operating companies, business strategy and other expertise.	Director Hsieh previously served as a supervisor of the Company. For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	0
Independent Director Zheng Youren	Dr. You-Ren Cheng holds a Ph.D. in Mechanical Engineering from Case Western Reserve University in the United States and has over 30 years of professional experience.	All independent directors have met the following conditions both during the two	0

	He previously served as a researcher at NASA and as an R&D engineer at General Motors. Currently, he is a jointly appointed Chair Professor in the Department of Biomedical Engineering at National Cheng Kung University and the Department of Mechanical Engineering at National Chung Cheng University. He also formerly served as an independent director of Contrel Technology Co., Ltd. and possesses extensive industry knowledge and expertise.	years prior to their appointment and throughout their tenure: They comply with the qualification requirements set forth in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act. Furthermore, all independent directors have been granted full rights to participate in decision-making and express opinions according to Article 14-3 of the Securities and Exchange Act, thereby independently performing their duties.	
Independent Director Cheng Yunyao	Dr. Cheng Yunyao graduated from the Accounting Department of National Cheng Kung University, and later obtained a master's degree from the Institute of Finance and Finance, University of Iowa, and a Ph.D. from the Institute of Management, Chang Rong University. She has more than 30 years of work experience. Acted as Associate Professor and Head of the Department, Adjunct Associate Professor of the Business Administration Department of Chang Jung Christian University, with majors in accounting, financial management, and financial investment.		1
Independent Director Chung Chienwen	Mr. Chung Chienwen obtained a Master's degree in Information Engineering from Chung Shan University and has over thirty years of work experience. He has previously served as an Assistant Professor in the Department of Electronics at Far East University, an Associate Professor in the Department of Electrical Engineering at Far East University, a consulting committee member of the Smart Agricultural Production Technology Alliance at Pingtung University of Science and Technology, and an executive committee member of the Taiwan Poultry Association under the Council of Agriculture. He possesses industry knowledge and expertise.		0

* None of the Company's directors have any circumstances specified in Article 30 of the Company Act.

C. Diversification and independence of Board of Directors:

(A) Board of Directors Diversification

The Company implements a policy of diversity on the Board of Directors, which is governed by the Corporate Governance Best Practice Principles, including but not limited to the following two broad criteria: Basic Qualifications and Values: gender, age, nationality, race and culture, etc.

Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), expertise, and industry experience.

The Company has a total of three directors (including one independent director), and the Board of Directors has diverse and complementary industry experience and professional capabilities in finance, finance, accounting, and law, in line with the management objectives of the Board of Directors' diversity policy (please refer to Note 1: Implementation of the Board of Directors' Diversity Policy).

Specific management objectives :	Achievement situation :	
(1)The female directors shall reach one-third of the Board;	(1)Female directors account for 14.29% of the board seats, which does not meet the one-third requirement;	Unachieved
(2)Independent Director seats exceed one-third of Director seats;	(2) Independent Director accounted for 42.86 %;	Passed
(3)The number of directors who concurrently act as the company's manager shall not exceed one-third of the director's seats;	(3) Directors who also serve as company managers account for 14.29%;	Passed
(4) No more than 2 directors have a spouse or a relative Relationship within the second degree.	(4) Directors do not have a spouse or relative within the second degree kinship.	Passed

If the board of directors does not reach one-third representation of either gender, the Company shall explain the reasons and the measures planned to enhance gender diversity on the Board:

In the past, the selection of board members has primarily focused on candidates' professional backgrounds, industry and management experience, and their potential contribution to the Company's future development. Gender ratio was not specifically restricted. However, to further promote gender equality on the Board, the Company established a new management objective in 2025 to have female board members account for one-third of the Board seats. Future plans and measures to enhance gender diversity on the Board please refer to page 16: Goals to strengthen the functionality of the board of directors and assessment of implementation results.

Note 1 : Implementation of Diversity Policy for Board Members

Diversified core item	Basic Criteria			Date of First Elected	Independent Director Term (Seniority)	Part time staff	Part-time manager	Professional ability							Industrial experience		
	Gender	Age	Nationality					Operations and Management	Leader-ship Decision-making	Accounting	Taxation	Legal	Human Resources	ESG	Net work	Chemical	Steel
Director's Name																	
Law Lee	Male	61-70	Taiwan	2010.6.17		✓	✓	✓	✓			✓	✓	✓	✓		
Blue Lan	Male	61-70	Taiwan	2009.5.15		✓	✓	✓	✓					✓	✓		
Huang Yinglin	Male	31-40	Taiwan	2010.7.17				✓	✓							✓	
Shieh Jinnan	Male	61-70	Taiwan	2010.6.9				✓	✓					✓			✓
Independent Director: Zheng Youren	Male	61-70	Taiwan	2010.6.9	4-6 years												
Independent Director: Cheng Yunyao	Female	61-70	Taiwan	2016.6.7	7-9 years					✓	✓						
Independent Director : Chung Chienwen	Male	61-70	Taiwan	2022.6.14	1-3 years												

Independence of the Board of Directors: The Board of Directors of the Company is reasonably independent.

- (i) There are x directors, of whom x are independent (42.86 %). All three independent directors meet all the criteria for independence.
- (ii) All independent directors shall serve for no more than three consecutive terms, and no more than three independent directors of other public companies shall serve concurrently.
- (iii) There is no spouse or relative within the second degree among the directors (None of the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act apply).
- (iv) The directors shall exercise a high degree of self-discipline and shall not participate in the discussion of or vote on any resolution listed in the board of directors' meeting in which they or the legal entity they represent has an interest, and shall recuse themselves from the discussion or vote if it is harmful to the interests of the Company. (Please refer to page 16 : Circumvention of Directors' Interests.)

(B) Information on General Managers, Vice General Managers, Associates and Heads of Departments and Branches

April 25, 2025 Unit: Share; %

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor child Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are spouses or within the second degrees of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
General Manager (Note 1)	Taiwan	Rick Wei	Male	2025.03.11	56,238	0.15%	-	-	-	-	Master's Degree in Department of Optics and Photonics, National Central University Manufacturing Manager of YCL ELECTRONICS CO., LTD. R&D Deputy Manager, Lite-On Technology Corporation	Corporate Director Representative and General Manager of Ferrule Precision Co. Ltd.	-	-	-
Chief Management Department	Taiwan	Law Lee	Male	2024.05.10	524	-	189	-	-	-	Master's Degree in Department of Business and Economic Law, CTBC Business School LAI, JIAN-NAN Law Firm, Supervisor	Chairman of Ferrule Precision Co. Ltd. Corporate Director Representative of Optronics Co., Ltd.	-	-	-
Manager, Corporate Finance	Taiwan	Peter Sun	Male	2014.11.08	20,000	0.05%	-	-	-	-	Accounting Department, National Cheng Kung University Ernst & Young Accounting Firm, Auditing Section, deputy manager T.Y.C. BROTHER IND. CO., LTD., Senior Specialist of Investment and Management	Manager of Corporate Finance of Ferrule Precision Co. Ltd.	-	-	-
Assistant Manager	Taiwan	Benny Chuang	Male	2024.05.10	-	-	-	-	-	-	Department of Information Management of Southern Taiwan University of Science and Technology I-shy System Planning Engineer E&R Engineering Corporation. System Control Engineer YCL OPTCOM CO.,LTD. Engineer	-	-	-	-
Chief Technology Officer (Note 2)	Taiwan	Cheng Xuan Li	Male	2025.02.28	-	-	-	-	-	-	Master's Degree in Institute of Physics, National Central University Section Manager of R&D department of Apogee Optocom Co., Ltd	-	-	-	-
Head of Auditing Department	Taiwan	Jingyi Lee	Female	2020.02.10	-	-	-	-	-	-	Tamkang University, Department of International Trade Yonyu Plastics Co., Ltd. Auditing Specialist Chanheng Precision Co., Ltd. Head of Auditing Department	-	-	-	-

Note1: Former General Manager Mr. Blue Lan retired on February 28, 2025. The Board of Directors approved the appointment of Mr. Rick Wei as the new General Manager on March 11, 2025.

Note2: Former R&D Director Mr. Jin-Bin Yeh retired on February 28, 2025, and the newly appointed Chief Technology Officer, Mr. Cheng Xuan Li, assumed the position on the same day.

(II) Remuneration paid to Directors, General Managers and Deputy General Managers

1. Remuneration Paid to Directors and Independent Directors in 2024

- a. The company shall disclose the remuneration of its directors, supervisors, general manager and deputy general manager individually if one of the following circumstances occurs:
- If there have been after-tax losses in the individual or individual financial reports in the last three years, the names and remuneration of the "directors and supervisors" should be disclosed individually, but the individual or individual financial reports in the most recent years have generated after-tax net profits, which are sufficient to make up for the accumulated losses, not limited to this.
 - In the most recent year, when the director's shareholding ratio has been insufficient for more than three consecutive months, the individual director's remuneration shall be disclosed; if the supervisor's shareholding ratio has been insufficient for more than three consecutive months in the most recent year, the individual supervisor's remuneration shall be disclosed.
 - If the average pledge ratio of directors or supervisors for any three months in the most recent year is greater than 50%, the remuneration of individual directors or supervisors whose pledge ratio exceeds 50% in each month shall be disclosed.
 - All directors and supervisors receiving remuneration for directors and supervisors of all companies listed in the financial report accounted for more than 2% of the after-tax net profit, and individual directors or supervisors received remuneration exceeding NT\$15 million. The remuneration of the individual director or supervisor should be disclosed. (Note: The above-mentioned remuneration for directors and supervisors is calculated by adding the item "Director's Remuneration" to "Supervisor's Remuneration" in the attached table, excluding the relevant remuneration received by part-time employees.)
 - Listed OTC companies whose corporate governance evaluation results in the most recent year are at the last level, or have been subject to changes in trading methods, suspension of trading, termination of listing, or other corporate governance issues in the most recent year and up to the date of publication of the annual report. Those who are considered by the evaluation committee should not be evaluated.
 - The average annual salary of non-managerial full-time employees of the listed OTC companies in the most recent year has not reached NT\$500,000.
 - Listed over-the-counter companies whose net profit after tax increased by more than 10% in the most recent year, but the average annual salary of full-time employees who are not in supervisory positions did not increase compared with the previous year
 - The after-tax profit and loss of listed companies in the most recent year has declined by 10% and exceeded NT\$5 million, and the average remuneration of each director (excluding part-time employee compensation) has increased by 10% and exceeded NT\$100,000.

(1). Remuneration paid to general directors and independent directors in 2024 in the most recent year (individually disclose names and remuneration methods)

Unit: NT\$1,000

Title	Name	Director Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Part-time employees receive related remuneration						Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company		
		Base Remuneration (A)		Severance Pay (B)		Directors Remuneration(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Remuneration (G)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The Company	All companies in the consolidated financial statements
Chairman	Sheng Lin Investment Limited Representative : Law Lee	-	-	-	-	-	-	25	25	25/ -0.02%	25/ -0.02%	2,619	2,619	-	-	-	-	-	-	2,644/ -1.92%	2,644/ -1.92%	-
Director	Sheng Lin Investment Limited Representative : Blue Lan	-	-	-	-	-	-	25	25	25/ -0.02%	25/ -0.02%	4,205	4,205	108	108	-	-	-	-	4,338/ -3.14%	4,338/ -3.14%	-
Director	Guang Rong Investment Ltd. Representative : Huang Yinglin	-	-	-	-	-	-	25	25	25/ -0.02%	25/ -0.02%	-	-	-	-	-	-	-	-	25/ -0.02%	25/ -0.02%	-
Director	Shie Jinnan	-	-	-	-	-	-	25	25	25/ -0.02%	25/ -0.02%	-	-	-	-	-	-	-	-	25/ -0.02%	25/ -0.02%	-
Independent Director	Zheng Youren	180	180	-	-	-	-	25	25	205/ -0.15%	205/ -0.15%	-	-	-	-	-	-	-	-	205/ -0.15%	205/ -0.15%	-
Independent Director	Cheng Yunyao	180	180	-	-	-	-	25	25	205/ -0.15%	205/ -0.15%	-	-	-	-	-	-	-	-	205/ -0.15%	205/ -0.15%	-
Independent Director	Chung Chienwen	180	180	-	-	-	-	25	25	205/ -0.15%	205/ -0.15%	-	-	-	-	-	-	-	-	205/ -0.15%	205/ -0.15%	-

※ Except as disclosed in the table above, the most recent year's compensation received by the company's directors for services provided to all companies in the financial statements (e.g., as consultants to non-employees): None.

Note1 : Describe the policy, system, standard and structure of remuneration for general directors and independent directors, and describe the correlation with the amount of remuneration based on factors such as responsibilities, risks, time invested, etc.: Remuneration A is the monthly remuneration of independent directors, and is related to the amount of remuneration paid during the term of office. It is related to the number of months; the director's remuneration C is not higher than 5% according to the company's articles of association, and there was a loss in 2024, so there is no director's remuneration in that year, which is in compliance with the company's articles of association; business execution expenses D are mainly travel expenses, which are related to the number of meetings.

(2) Remuneration of General Manager and Deputy General Manager for the most recent year (2024) (name and method of remuneration disclosed separately)

Unit: NT\$1,000

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Remuneration (D)				Ratio of total remuneration (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Blue Lan	2,625	2,625	108	108	1,580	1,580	-	-	-	-	4,313/ -3.13%	4,313/ -3.13%	-
Executive Vice General Manager	Rick Wei	1,953	1,953	108	108	1,342	1,342	-	-	-	-	3,403/ -2.47%	3,403/ -2.47%	-

2. If a listed company has one of the above (1) or (5), it should disclose the remuneration information of the top five executives (such as General Manager, Vice General Manager, CEO or Head of Financial Department) individually.

(1). The compensation paid to the top five executives in the most recent year (2024) (individual disclosure of Name and compensation method)

Unit: NT\$1,000

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Remuneration (D)				Ratio of total remuneration (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Blue Lan	2,625	2,625	108	108	1,580	1,580	-	-	-	-	4,313/ -3.13%	4,313/ -3.13%	-
Executive Vice General Manager	Rick Wei	1,953	1,953	108	108	1,342	1,342	-	-	-	-	3,403/ -2.47%	3,403/ -2.47%	-
Chief Technology Officer	Chin Pin Yeh	1,682	1,682	103	103	899	899	-	-	-	-	2,684/ -1.95%	2,684/ -1.95%	-
Chief Administrative Officer	Law Lee	1,721	1,721	-	-	898	898	-	-	-	-	2,619/ -1.90%	2,619/ -1.90%	-
Assistant Manager	Benny Chuang	1,278	1,278	76	76	755	755	-	-	-	-	2,109/ -1.53%	2,109/ -1.53%	-

3. Names of managers who distributed employee compensation in the most recent year (2024) and the circumstances of the distribution:

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

	Title	Name	Stock	Cash	Total	Proportion of total amount to net profit after tax (%)
	Managers	General Manager	Blue Lan	-	-	-
Executive Vice General Manager		Rick Wei				
Manager, Corp. Finance		Peter Sun				
Chief Administrative Officer		Law Lee				
Assistant Manager		Benny Chuang				
Chief Technology Officer		Chin Pin Yeh				
Head of Auditing Department		Jingyi Lee				

4. Comparing and explaining the ratio of the total amount of remuneration paid to the Company's Director, Supervisor, General Manager, and Vice General Manager in the last two years by the company and all companies in the consolidated statement to the after-tax net profit of individual or individual financial reports, and explaining the policy and standards for payment of remuneration and portfolio, the procedure for determining remuneration, and the relationship with business performance and future risks.

(1) Analysis of the ratio of total remuneration paid to after-tax net profit:

Unit: NT\$1,000

Item	2023		2024	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Total Director Remuneration	7,719	7,719	7,647	7,647
Proportion of director's total remuneration to after-tax net profit (%)	-7.47%	-7.47%	-5.54%	-5.54%
General Manager and Vice General Manager	7,532	7,532	7,716	7,716
The total remuneration of the general manager and deputy general manager is a percentage of net income after tax. (%)	-7.29%	-7.29%	-5.59%	-5.59%

Note: The total amount of Director's remuneration includes the portion of remuneration received by part-time employees, so there is duplication with the calculation of General Manager/Vice General Manager's remuneration.

(2) The policy, criteria and composition of remuneration, the process of setting remuneration, and the correlation with operational performance and future risks.

(a) Director

In accordance with Article 25 of the Company's Articles of Incorporation, the Director's remuneration shall be no more than 5% of the Company's earnings for the period before the Company distributes the earnings. The portion related to directors or supervisors who also serve as employees should be referenced in accordance with the explanation provided in Note (2).

(b) General Manager and Vice General Manager

The remuneration of the CEO, General Manager and Vice General Manager consists of salary, bonus and employee compensation. The salary level is determined based on the position held by the Company, the responsibilities assumed and the contribution to the Company's operating objectives, and with reference to industry standards. Relevant bonuses are also granted based on the company's annual operational performance, financial condition, business operations, and individual job performance. The distribution of employee compensation is conducted in accordance with Article 25 of the Company's Articles of Incorporation. Before distributing earnings, the Company shall allocate 1% to 5% of the profits generated during the distribution period as employee

compensation. In summary, the Company's remuneration determination process is based on its Articles of Incorporation and relevant compensation management policies. In addition to considering the Company's overall operational performance, industry risks, and future development trends, individual performance achievement and contributions to the Company's results are also taken into account to provide reasonable compensation. This approach ensures a positive correlation between remuneration and business performance. The performance evaluations and reasonableness of compensation are reviewed by the Compensation Committee and the Board of Directors, and the remuneration system is continuously reviewed and adjusted in accordance with the Company's operational status and applicable laws to maintain a balance between sustainable business operations and risk management.

(III) Corporate Governance Report

1. Board of Directors Operation

In 2024 and up to the publication date of the annual report, the Company's Board of Directors held a total of 7 meetings. The attendance of the directors is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Sheng Lin Investment LTD. Rep: Law Lee	7	0	100%	
Director	Sheng Lin Investment LTD. Rep: Blue Lan	7	0	100%	
Director	Guang Rong Investment Ltd. Rep: Huang Yinglin	6	1	86%	
Director	Shieh Jinnan	6	1	86%	
Independent Director	Zheng Youren	7	0	100%	
Independent Director	Cheng Yunyao	7	0	100%	
Independent Director	Chung Chienwen	7	0	100%	

Other supplementary items.

- The operation of the Board of Directors shall specify the date, period, content of the motion, all Independent Director's opinions and the Company's treatment of the Independent Director's opinions if any of the following circumstances apply.
 - The matters listed in Section 3 of Article 14 of the Securities Exchange Act. Please refer to "Information on the Operation of the Audit Committee" in this annual report. All of the Independent Directors agreed to approve each motion.
 - In addition to the foregoing, other matters resolved by the Independent Director with dissenting or qualified opinions and recorded or stated in writing: None.
- The Director shall recuse himself/herself from the implementation of the interest motion by stating the Director Name, the content of the motion, the reasons for the recusal and the participation in the voting.
 - Board of Directors Meeting on December 25, 2024.
 - In accordance with the Board of Directors' Rules of Procedure, Law Lee and Blue Lan, as managers of the Company, recused themselves from the 2024 Year-End Bonus and the Performance Bonus. The Board of Directors has recused itself from the case. The proposal was approved by a resolution of the other five Directors present.
- The listed company should disclose the period and duration of the Board of Directors' self- (or peer) evaluation, the scope, method and content of the evaluation, and fill out Appendix 2. Implementation of the Board of Directors Evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year Year	2024.01.01-2024.12.31	Board of Directors	Director's self-evaluation	Participation in corporate operations, quality of board decisions, composition and structure of the board, selection and continuing education of directors, and internal control.
		Individual Director member	Self-evaluation by members of the Board (peer)	The Company's objectives and tasks, knowledge of directors' duties, participation in the Company's operations, internal relations and communication, professional and continuing education of directors, and internal control.
		Functional Committee	Internal self-evaluation of each functional committee	An evaluation is conducted once every three years by an external professional independent organization.
An assessment is conducted once every three years by an external professional independent organization.	2022.01.01-2022.12.31	Board of Directors	EY evaluation is conducted once every three years by an external professional independent organization	Aspects including the level of Board involvement and awareness of the company's operations, enhancing the quality of Board decisions and understanding of goals and tasks, Board composition and structure, director selection and ongoing education, as well as internal controls within the Board.

The results of the self-evaluation of the performance of the Board of Directors and the Functional Committee for 2024 were assessed to be good and the overall situation was still effective. The results were submitted to the board meeting on March 11, 2025. The overall performance evaluation and recommendations commissioned by EY, an external professional independent agency, every three years have been submitted to the board of directors on March.09.2023 as a basis for review and improvement.

- Assessment of the objectives of the current year and the most recent year to strengthen the functions of the Board of Directors (e.g., to establish an audit committee and to enhance information transparency, etc.) and

the implementation status:

To promote gender equality among board members, enhance female participation in decision-making, and improve the structure of the Board of Directors, the Company has set a goal for fiscal year 2025 to have female directors occupy at least one-third of the board seats as part of its board diversity policy. This objective will be prioritized during the board elections in 2025 and in subsequent years.

2. Operation of the Audit Committee

(1) Operation of the Audit Committee

The company's Audit Committee was established on June 9, 2020 to replace the original Supervisor system. The members of the committee are composed of 3 Independent Directors from the Board of Directors, and all members elect an Independent Director to serve as the convener and chairman of the meeting. The Audit Committee shall operate in accordance with the Company's "Rules and Regulations Governing the Organization of the Audit Committee" and shall consider the following matters: the Company's financial statements, the Company's internal control system, significant asset or derivative transactions, the issuance of securities, the appointment, dismissal or compensation of the certifying accountant, and the appointment or dismissal of the financial, accounting or internal Head of Auditing Department.

2024 Work Highlights

(a) Review of Financial Statements

The financial statements for 2023 (including the consolidated financial statements) have been audited by CPAs of Ernst & Young; Huang, Shih-Chieh and Hong, Guo Sen and approved by the 2th Audit Committee of the 10st session on March 8, 2024, together with the Business Report and the motion on the appropriation of earnings. The Board of Directors approved the proposal on March 8, 2024, and submitted it to the shareholders' meeting on June 7, 2024 for approval.

(b) Assessment of the Effectiveness of the Internal Control System

The Company's internal control system based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" was effective. In accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies", the Company determined that the design and implementation of the internal control system for 2023 was effective, based on the self-assessment report of each unit and subsidiary's internal control system and the results of the Audit Office's full-year audit program. Therefore, we determined that the design and implementation of the internal control system for 2023 were effective and were reviewed and approved by the 4th Audit Committee of the 2st session on March 9, 2023, and the "Statement of Internal Control System" for 2023 was issued for the resolution by the Board meeting on March 8, 2024.

For the FY 2024 and up to the date of publication of the public statement, the Audit Committee met Seven times with the Independent Director in attendance as follows.

Title	Name	Attendance in Person	Actual attendance by proxy (%)	Remark
Independent Director	Zheng Youren	7	100%	
Independent Director	Cheng Yunyao	7	100%	
Independent Director	Chung Chienwen	7	100%	

Other matters that shall be recorded:

1. The Audit Committee shall specify the date, period, content of the motion, and the outcome of the Audit Committee's resolution and the Company's handling of the Audit Committee's opinion if any of the following circumstances apply to the operation of the Audit Committee.

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

Meeting Date	Session	Content of the proposal	Resolution result	The Company's handling of the opinions of the Audit Committee
2024.3.8	2-10	(1)2023 financial statements (including consolidated and individual financial statements), operating reports and financial statements (2)The Company's reviews 「 Regulations Governing Procedure for Board of Directors Meetings 」 (3)The Company's reviews the 「 Corporate Governance Best Practice Principles 」 (4)The Company's reviews 「 Audit Committee Charter 」 (5)The Company's formulate the 「 Preparation and Verify of Sustainability Reports 」 (6)2023 Internal Control System and Statement. (7)Proposal for Evaluating the Independence of the Signing CPA and the Affiliated Accounting Firm (8)Audit Fees for Financial Statement Certification by Ernst & Young CPA Firm for the Years 2024 to 2026. (9)Proposal for Quarterly Review of Accounts Receivable to Determine Whether Reclassification as Loans to Others is Necessary. (10) List of Non-Assurance Service Items for 2024.	all the members present, the case was approved without objection	all the members present, the case was approved without objection
2024.5.10	2-11	(1) Consolidated financial statements for the first quarter of 2024 (2) Endorsement of guarantee for loans from FERRULE PRECISION CO. (3) The Company reviews quarterly whether the accounts receivable should be transferred to others.	all the members present, the case was approved without objection	all the members present, the case was approved without objection
2024.8.7	2-12	(1) Consolidated financial statements for the second quarter of 2024 (2) Loan of funds to its subsidiary FERRULE PRECISION CO. (3) Foreign exchange hedging operations (4)The Company reviews quarterly whether the accounts receivable should be transferred to others.	all the members present, the case was approved without objection	all the members present, the case was approved without objection

2024.11.6	2-13	(1) Consolidated financial statements for the third quarter of 2024. (2)The Company's proposal to amend "Corporate Governance Code of Practice ". (3)The Company's proposal to amend "The Rules Governing Financial and Business Matters Between this Corporation and its Related Parties". (4)Proposal for the Revision of the Company's "Organizational Responsibilities and Management Guidelines" (5)The Company reviews quarterly whether the accounts receivable should be transferred to others.	all the members present, the case was approved without objection	all the members present, the case was approved without objection
2024.12.25	2-14	(1) Proposed 2025 annual budget2024. (2) Proposal for Establishing the Company's "Sustainability Information Management Procedures"	all the members present, the case was approved without objection	all the members present, the case was approved without objection
2025.3.11	2-15	(1)2024 financial statements (including consolidated and individual financial statements), operating reports and financial statements (2) 2024 Internal Control System and Statement. (3)Proposal for Evaluating the Independence of the Signing CPA and the Affiliated Accounting Firm (4)Proposal for Quarterly Review of Accounts Receivable to Determine Whether Reclassification as Loans to Others is Necessary. (5) List of Non-Assurance Service Items for 2025.	all the members present, the case was approved without objection	all the members present, the case was approved without objection
2025.5.8	2-16	(1) Consolidated financial statements for the first quarter of 2025. (2) Endorsement of guarantee for loans from FERRULE PRECISION CO. (3)The Company reviews quarterly whether the accounts receivable should be transferred to other parties.	all the members present, the case was approved without objection	all the members present, the case was approved without objection

(2) Except for the matters described in the preceding paragraph, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

2. The recusal of the independent directors from the implementation of the interested parties' motions, including the names of the independent directors, the content of the motions, the reasons for the recusal and their participation in the voting: None.

3. Communication between the independent directors and the internal auditors and certified public accountants (including significant matters, methods and results of communication regarding the Company's financial and business conditions):

(1) Communication between the independent directors and the internal auditors and certified public accountants: The independent directors of the Company have direct contact with the internal auditors and certified public accountants.

In accordance with the regulations of the competent authorities, the Company conducts regular audits of the Company's financial and business conditions and communicates directly with the management and governance units.

1. The Company's internal audit manager regularly conducts internal audit reports at the quarterly audit committee meetings, and has fully communicated with the Company regarding the execution of audit operations, the tracking of audit deficiencies and their effectiveness; the internal audit manager not only provides written audit reports to the independent directors on a monthly basis but also conducts project business reports to at least once a year through a separate meeting.

2. The Company's certified public accountant shall, at least twice a year, conduct annual audit planning and audit summary reports to the independent directors through separate meetings, as well as other communication matters required by relevant laws and regulations.

(2) Communication between the independent directors and the internal auditors is good. The independent directors have no other recommendations. A summary of the major communications for fiscal year 2024 is as follows.

Date and Communication Method	Communication key point	Communication results
2024.3.8 The Board Meeting	(1) Audit results and improvement tracking results. (2) Progress of auditing and reporting operations. (3) Progress of annual internal control self-assessment.	After discussion and communication, no objection was raised.
2024.5.10 The Board Meeting	(1) Audit results and improvement tracking results. (2) Audit the progress of reporting operations.	After discussion and communication, no objection was raised.
2024.8.7 The Board Meeting	(1) Audit results and improvement tracking results. (2) Audit the progress of reporting operations.	After discussion and communication, no objection was raised.
2024.11.6 The Board Meeting	(1) Audit results and improvement tracking results. (2) Audit the progress of reporting operations.	After discussion and communication, no objection was raised.
2024.12.25 The Board Meeting	(1) 2025 Annual Audit Plan.	After discussion and communication, no objection was raised.

(3) The communication between the independent directors and the certified public accountants was good and the independent directors had no other recommendations. a summary of the major communication items for FY 2023 is as follows.

Date and Communication Method	Communication key point	Communication results
2024.3.8 Checking and aggregation stage communication meeting	Communication to the Independent Director on the 2023 audit results. 1, Group audit scope and methodology 2, Identification of significant risks and responses 3, Individual and consolidated key audits	After discussion and communication, no objection was raised.
2024.12.25 Checking and aggregation stage communication meeting	Communication to the Independent Director on the 2024 audit plans. 1, Group audit scope and methodology 2, Identification of significant risks and responses 3, Individual and consolidated key audits	After discussion and communication, no objection was raised.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary Description	
(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		The Board of Directors established the "Board of Directors' Performance Evaluation Method" on November 4, 2020, and the performance evaluation was performed annually in accordance with the methodology and method of evaluation. The evaluation results for 2023 were reported to the Board of Directors on March 8, 2024, and the evaluation results were all in compliance with the standards. The performance evaluation results of each year were provided to the Remuneration Committee as a reference for individual director's remuneration and nomination for re-appointment. The results will be used as a reference for individual director's remuneration and nomination for reappointment.	
(4) Does the Company regularly evaluate the independence of CPAs?	✓		The Company conducts an annual assessment of the independence and suitability of its certified public accountants and provides The Company conducts an annual evaluation of the independence and suitability of the certified public accountants and submits it to the Board of Directors for approval. The evaluation of the independence and appropriateness of the accountants for 2024 (Note 1) was discussed and approved by the Board of Directors on March 11, 2025.	
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		<p>The Company's Finance Department is a dedicated corporate governance unit responsible for corporate governance-related matters and is supervised by the Chief Executive Officer. Corporate governance-related matters, including the following.</p> <ol style="list-style-type: none"> 1. To register and change the registration of the company. 2. To handle matters related to the meetings of the board of directors and shareholders' meetings in accordance with the law and to assist the Company in complying with the relevant laws and regulations of the board of directors and shareholders meetings. 3. Prepare minutes of board meetings and shareholders' meetings. 4. To provide directors and independent directors with information necessary for the performance of their duties and to assist directors and independent directors in complying with the latest legal and regulatory developments related to the operation of the Company. Other matters in accordance with the Company's articles of incorporation or contract. 	No major differences yet. ◦
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>The Company has set up a stakeholder area on the Company's website. We usually communicate with our bank, employees, customers and suppliers by phone or e-mail. We respect their legitimate rights and interests, and handle their responses appropriately. The Company respects the legitimate rights and interests of the stakeholders and handles their responses appropriately.</p> <p>The Company has set up a stakeholder area on the Company's website. We usually communicate with our bank, employees, customers and suppliers by phone or e-mail. We respect their legitimate rights and interests, and handle their responses appropriately. The Company respects the legitimate rights and interests of the stakeholders and handles their responses appropriately.</p>	No major differences yet. ◦

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The sales and trading department of Master Link Securities Co., Ltd. was appointed to conduct the shareholders' meeting.	No major differences yet.
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		Investors of the Company may access the Company's website. The Company's website and Market Observation Post System provide financial and corporate governance information.	Same as summary description
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The Company has set up a website in English (http://www.nextapogee.com.tw/en/news.php), which designates a person responsible for the collection and disclosure of company information. In addition, a spokesperson system is established to clearly define the division of responsibilities and powers of spokespersons, and to disclose information to all investors and the media in an open and transparent manner at the same time to implement the spokesperson system.	
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		✓	The Company announces and reports all information (including annual financial report) to the public before the deadline in accordance with the law, and considering the manpower and work situation, there is no plan to announce earlier.	
8. Does the Company have other important information that can help understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		<ol style="list-style-type: none"> 1. The Company encourages direct communication between employees and management to appropriately reflect the opinions of employees on major decisions regarding the Company's operations or employee interests. 2. The Company has established a public information reporting network in accordance with the regulations to provide information that may affect the decisions of investors and interested parties. 3. The directors and supervisors of the Company attend training from time to time. 4. Implementation of risk management policies and risk measurement standards: Not applicable (for securities dealers) 5. Enforcement of consumer or customer protection policies: Not applicable (for securities dealers) 6. The Company has taken out liability insurance for all directors and supervisors since April 2018 and renewed the insurance policy in April 2025. 	No major differences yet.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
<p>9. Please describe the improvements that have been made to the results of the Corporate Governance Assessment released by the Taiwan Stock Exchange Corporation in the most recent year and propose priorities and measures to enhance those that have not yet been improved. (Not required for companies not included in the assessment). The improvements to be made in FY2025 are as follows.</p> <ol style="list-style-type: none"> 1. 1.7 : The Company has already simultaneously upload the shareholders' meeting manual and meeting supplementary information 30 days before the regular shareholders' meeting. 2. 2.23 : The Company has conducted evaluations during the assessed year or the past two years, and has disclosed the implementation status and evaluation results in the Company's annual report. 3. 3.5 : The Company has uploaded the annual financial report disclosed in English at least 16 days prior to the shareholders' meeting. For the remaining evaluation items that have not yet been improved, the Company will continue to plan and implement improvements in 2025 and the following years. <p>The Company will continue to plan for the improvement of the remaining evaluation issues in 2025 and subsequent years.</p>				

Note 1 : CPAs' independence and suitability evaluation procedure

Evaluation Item		Evaluation Result	Whether it meets independence
1. Financial benefits			
i	Do the members of the audit team and their families have any direct financial interest or significant indirect financial interest in the Company? Do they have any direct financial interest or material indirect financial interest in the Company?	Yes	V
ii	Do the other certified public accountants and their families have no direct financial interest or significant indirect financial interest in the Company? Do they have any direct financial interest or significant indirect financial interest in the Company?	Yes	V
iii	Are there any direct financial interests or significant indirect financial interests between the CPA firm and its affiliates and the Company? Do you have any direct financial interest or significant indirect financial interest in the Company?	Yes	V
2. Financing and Guarantee			
i	Is there any mutual financing or assurance between the Company and the firm, the firm's affiliates, and the audit service team members?	Yes	V
3. Business Relationships			
i	Is there no close business relationship between the firm, its affiliates and the audit team members and the Company or the Company's Are there any close business relationships between the directors, supervisors, and managers of the Company? Such relationships include, for example, the following: Strategic alliances with the Company or its controlling shareholders, directors, supervisors, or managers that have significant interest. A firm or firm-affiliated company that allies its service offerings or products with those offered by the Company and markets them externally at the same time. A firm or a firm-affiliated company and the Company that mutually promotes or market their products or services for the benefit of each other.	Yes	V
ii	Are the Company selling goods or providing services to a firm, or is the firm related to a corporation or a member of an audit service group, in the normal course of business?	No such things	V
4. Family and Personal Relationships			
i	Are there any members of the audit service team who are not directors, supervisors, managers or have direct and significant influence on the audit work of the Company, or who have held such positions during the audit period?	Yes	V
ii	Are there any members of the audit service team who are not directors, supervisors, managers or have direct and significant influence on the audit work of the Company, or who have held such positions during the audit period?	Yes	V
5. Employment Relationships			
i	Are there any members of the audit service team who are not directors, supervisors, managers or have direct and significant influence on the audit work of the Company, or who have held such positions during the audit period?	Yes	V
ii	If a member of the audit services team, a CPA or a retired CPA from a firm is employed by the Company, please consider the following circumstances to determine the extent to which the independence of the CPA is affected. . the position held with the Company. . the length of time the accountant has been employed by the Company since the firm's departure. . Importance of past positions held in the firm.	None	V
iii	Are there any members of the audit service team known to be employed by the Company in future periods?	Yes	V
iv	Are there any members of the audit services team known to be employed by the Company in future periods? Are there any accountants or employees of the accounting firm or firm's affiliates who provide services as directors, supervisors, managers or equivalent positions for the Company	Yes	V
6. Gifts and Special Offers			
i	Are the Company's gifts or special offers to members of the Audit Services Group normal social courtesies or business practices that are not of significant value and do not have any motive or intent to influence professional decisions or to obtain confidential information?	Yes	V

Evaluation Item		Evaluation Result	Whether it meets independence
7. Rotation of CPAs			
i	Does an accountant serve as the Company's principal accountant for no more than seven years and must be rotated at least two years before returning? What is the interval between rotations?	Yes	V
8. Non-audit business			
i	Ask the accountant about the details of the non-audit business provided by the Company and its impact on independence. What is the impact on the Company's independence?	Yes (Note)	V
9. An independence statement from the auditors and an assessment of the auditors' independence and suitability based on Audit Quality Indicators (AQIs) were conducted.			
i	Obtaining the independence statement from the auditor addressed to the Audit Committee (or equivalent governing body, if no Audit Committee is present).	Yes	V
ii	Obtaining the evaluation report from the CPA firm based on Audit Quality Indicators (AQIs), confirming that the CPA firm has met the requirements for independence and suitability certification.	Yes	V

Note: The confirmed list of approved services for non-audit engagements in 2025, along with the independence assessment checklist, has been reviewed, and it is determined that it will not have a significant impact on independence.

(4)Composition and Operation of the Remuneration Committee :

A.In accordance with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange In accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", the Company approved the establishment of the "Remuneration Committee" and the establishment of its organizational regulations at the Board of Directors' meeting on October 3, 2013. In accordance with Article 5 of the Organizational Regulations of the Compensation Committee, the Compensation Committee shall consist of three members, and the fourth Remuneration Committee member was appointed by the Board of Directors as Mr. Zheng Youren, Ms. Cheng Yunyao and Mr. Chung Chienwen.

Information on the members of the Remuneration Committee

Title (Note 1)	Criteria	Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as a remuneration committee member	Remark
Independent Director	Zheng Youren	Please see page 8-9 for the Director's professional qualifications and independence disclosure.	<p>All Remuneration Committee members are in compliance with "Article 14-6 of the Securities and Exchange Law promulgated by the Financial Supervisory Commission" and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", Article 6 related to independence.</p> <ul style="list-style-type: none"> The director, spouse, or a relative within the second degree of consanguinity is not a Director, Supervisor or employee of the Company or its affiliates. The director, my spouse, or a relative within the second degree of consanguinity (or using the name of another person) do not hold shares and weightings in the Company. not be a director, supervisor or employee of a company with a specific relationship with the Company. have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last 2 years. <p>All independent 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 accordingly execute relevant powers independently.</p>	None	None
Independent Director	Cheng Yunyao	Please see page 8-9 for the Director's professional qualifications and independence disclosure.		1	None
Independent Director	Chung Chienwen	Please see page 8-9 for the Director's professional qualifications and independence disclosure.		None	None

Note 1: Please fill in the identity as Director, Independent Director or Other.

B. The Compensation Committee is responsible for evaluating the Company's overall compensation and benefits policies, as well as the compensation policies and systems of the Company's Directors, Supervisors and managers, in a professional and objective manner, and making recommendations to the Board of Directors for their reference in making decisions. The Board of Directors will make recommendations to the Board of Directors for their reference in making decisions. The third session of the Board meeting on December 23, 2022, and the Board of Directors elected Mr. Zheng Youren, Independent Director, as the convener and chairman of the meeting.

C. Information on the operation of the Remuneration Committee :

- (a) There are four members of the Remuneration Committee of the Company.
 (b) The term of office of the current committee members: from June 14, 2022 to June 13, 2025, the salary and remuneration committee has held 4 meetings (A) in the most recent year and as of the publication date of the annual report. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】 (Note)	Remarks
Convener	Zheng Youren	4	0	100%	
Member	Cheng Yunyao	4	0	100%	
Member	Chung Chienwen	4	0	100%	
Other matters that shall be recorded:					
1. If the Board of Directors does not adopt or amend the recommendation of the Compensation Committee, it shall state the date, date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's handling of the recommendation of the Compensation Committee (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, it shall state the difference and the reasons for the difference): None.					
2. If the members of the Compensation Committee have any objections or reservations and there are records or written statements, the date, period, content of the resolution, opinions of all members and the handling of the opinions of the Compensation Committee should be stated: None.					
3. A summary of the major communication items and resolutions for the fiscal year 2024 was as follows.					
Remuneration Committee	Content of the proposal			Resolution result	
4-4 (2024.3.8)	The appropriation of directors' remuneration and employees' remuneration in 2023			The content of the proposal listed on the left was passed by the Remuneration Committee without objection and submitted to the Board of Directors of the Company for approval.	
4-5 (2024.5.10)	The Manager promotion and salary adjustment			The content of the proposal listed on the left was passed by the Remuneration Committee without objection, and submitted to the Board of Directors of the Company for approval.	
4-6 (2024.12.25)	The year-end bonus and performance bonus for the managers of the Company for fiscal year 2024.			The content of the proposal listed on the left was passed by the Remuneration Committee without objection, and submitted to the Board of Directors of the Company for approval.	
4-7 (2025.3.11)	1. The appropriation of directors' remuneration and employees' remuneration in 2024 2. The appointment of the general manager of the Company 3. The appointment of the general manager of the branch Company			The content of the proposal listed on the left was passed by the Remuneration Committee without objection, and submitted to the Board of Directors of the Company for approval.	

Note:

- (1) If a member of the Compensation Committee leaves the Company before the end of the year, he/she should indicate the date of departure in the Remarks column, and the actual attendance rate (%) is calculated based on the number of meetings of the Compensation Committee and his/her actual attendance during his/her employment.
 (2) If there is a re-election of the Compensation Committee before the year-end date, both new and old members of the Compensation Committee should be listed, and the date of re-election should be indicated in the Remark column as the old, new or re-elected member. The actual attendance rate (%) is calculated based on the number of meetings of the Compensation Committee and the actual attendance during the term of employment.

(5) Important resolutions and implementation of the shareholders' meeting.

APOGEE OPTOCOM held its 2024 Annual General Meeting of Shareholders on June 7, 2024 in Tainan. The following items were approved by the shareholders at the meeting and the status of implementation.

A. Recognition of the 2023 Business Report and Financial Statements: The 2023 Business Report and Financial Statements were recognized, with consolidated revenue of NT\$362,789 thousand, the net loss for the current period of NT\$103,355 thousand, with losses per share of NT\$ 2.68.

B. Proposal for Approval of the 2023 Loss Appropriation and Distribution of Cash Dividends from Capital Surplus.

Implementation: Approval was granted to distribute NT\$0.5 in cash per common share.

September 3, 2024, was set as the ex-dividend date, and the cash distribution will be made on September 25, 2024.

C. Approval of Amendments to the Company's Internal Regulations as Follows:

● Regulations Governing Procedure for Board of Directors Meetings

● Corporate Governance Best Practice Principles

Implementation: The resolution was approved and has been fully executed in accordance with the resolution of the shareholders' meeting.

D. Election: None.

(6)Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Item	Implementation (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No.	Summary Description	
1. Does the Company has establish a dedicated position to promote corporate social responsibility? This position may be held by a full-time or part-time staff member. The Board of Directors has authorized the senior management to handle CSR-related matters and report on the progress to the Board of Directors?		✓	The Company has not yet set up a dedicated (part-time) unit to promote corporate social responsibility.	The Company has proposed to amend the "Corporate Social Responsibility Practice" on March 12, 2020. Based on the company's business scale and characteristics, gradually promote the implementation of corporate social responsibility and full-time (part-time) units in 2024.
2. Does the Company has accordance with the principle of materiality, the company conducts risk assessments on environmental, social, and corporate governance (ESG) issues related to its operations. Based on the assessment, the company establishes relevant risk management policies or strategies.		✓	The Company has established its Corporate Social Responsibility Best Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and has disclosed the implementation status on the Company's website. In the future, should practical needs arise, the Company will formulate relevant risk management policies accordingly.	No major differences yet.
3. Environmental issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		Our company promotes the environmental management system which has obtained ISO14001 environmental management system certification and is regularly verified. 3. Our Company has formulated an environmental protection strategy that integrates the principles of energy conservation, carbon reduction, and greenhouse gas mitigation: (1)The environmental management system operates effectively, embodying the spirit of continuous improvement in environmental management and pollution prevention, thereby reducing environmental impact. (2)Strengthen the control of process improvements and pollution prevention equipment operations, conduct regular inspections in line with environmental protection requirements, and ensure compliance with applicable laws and regulations. (3)Promote energy conservation and carbon reduction, encourage recycling and reuse, and reduce resource consumption to effectively implement pollution prevention. (4)Strengthen education and training to raise environmental awareness among all employees, ensuring thorough fulfillment of environmental responsibilities. In the past two years, the Company has only established policies to reduce water usage and has tracked water consumption and total waste volume. However, it has not yet measured greenhouse gas emissions or formulated reduction policies.	No major differences yet.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		Our Company is committed to implementing activities such as industrial waste reduction and resource classification and recycling, in order to conserve global resources and protect environmental hygiene.	No major differences yet.
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		Our environmental protection strategy combines the spirit of energy saving, carbon reduction and greenhouse gas reduction. 1. Effective operation of the environmental management system, implementation of environmental management, pollution prevention and control of the spirit of continuous improvement to reduce environmental impact. 2. Strengthen the process improvement, pollution prevention equipment operation control, in line with the environmental protection requirements of regular inspection and meet the requirements of the law. 3. Energy saving and carbon reduction, recycling, and reuse, reduce resource consumption to implement pollution prevention. 4. Strengthen education and training to enhance the awareness of environmental protection of all employees to thoroughly implement environmental responsibility.	No major differences yet.

Item	Implementation (Note 1)			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No.	Summary Description	
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management? ?		✓	In the past two years, the Company has only established policies to reduce water usage and has tracked water consumption and total waste volume. However, it has not yet measured greenhouse gas emissions or formulated reduction policies.	
4. Social Issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company has established the "Company Management Regulations" and its labor rights and obligations comply with labor laws and regulations and respect the internationally recognized basic labor human rights principles without gender, age, ethnicity, or religion differences. There is no difference in gender, age, ethnicity, or religion.	No major differences yet.
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries? ?	✓		The Company follows the Labor Standards Act and related laws and regulations to establish various employee welfare measures and provide competitive salaries. In addition, the Company has established a reward system such as performance bonuses and employee compensation, which not only considers the Company's overall operating performance, future operating risks and development trends of the industry, but also takes into account the individual's performance achievement rate and contribution to the Company's performance, and provides reasonable compensation, which has a positive correlation with operating performance.	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		The company is responsible for maintaining the safety and health of the workplace and the environment. We conduct regular inspections and spot checks, and request improvements when the safety and health environment is not in compliance. Workplace Health and Safety Rules" have been established for employee work environment and equipment management and are implemented and enforced. Regular employee safety and health education and training are conducted to ensure the provision and continuous improvement of a safe and healthy work environment for employees.	
(4) Does the Company provide its employees with career development and training sessions ?	✓		An annual training needs survey is conducted to develop the yearly education and training plan. Courses are designed and relevant training is carried out based on the specific needs of each department.	
(5) Do the Company's products and services comply with relevant laws and international standards in Relationship to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		Product labeling and markings are handled in accordance with the characteristics of each product, customer requirements, and relevant local regulations. The Company fully implements a quality-first management approach to consistently deliver quality and services that meet customer satisfaction. The Sales Department is responsible for handling customer complaints and grievances.	

Evaluation Item	Implementation(Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(6) Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		The company continues to work with suppliers to improve product compliance with green standards, and has established a supplier evaluation system and will promote suppliers to sign the Code of Ethics and Supplier Code of Conduct in 2021 in a joint effort to enhance corporate social responsibility.	
5. Does the Company reference internationally accepted reporting standards or guidelines, and prepares reports that disclose non-financial Information on the Company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?	✓		The Company has prepared a CSR report for 2023 and has received an opinion of assurance from Ernst & Young. It is expected that the report will be maintained for 2024.	No major differences yet.
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the Company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: None.				
7. Other useful information for explaining the status of corporate social responsibility practices: <ol style="list-style-type: none"> 1. Our company has obtained ISO14001 certification and complies with the environmental management series standards and the corporate social responsibility indicators contained therein. 2. We follow the "Workplace Health and Safety Rules" established by the Labor Safety and Health Act to maintain employee safety and health. 3. Obtain the required environmental management certification, maintain and continuously improve it, and conduct operations, records and reports in accordance with the regulations. 4. Information about the Company's operations related to the promotion of corporate sustainable development is disclosed in the CSR section of the Company's website at http://www.nextapogee.com.tw/ch/csr.php 				

(7) The implementation status of climate-related information is as follows:

Item	Execution situation
1. The Board of Directors and management team provide oversight and governance regarding climate-related risks and opportunities. They are responsible for ensuring that the company identifies, assesses, and manages climate-related risks in a proactive manner.	(1)The Board of Directors serves as the highest governing body responsible for climate governance. The Board regularly oversees the company's overall sustainability development strategy and the progress towards its goals. However, at present, there is no dedicated unit specifically responsible for addressing climate-related risks and opportunities under the Board of Directors. (2) According to ESG-related matters—including the preparation of the annual ESG report and the greenhouse gas inventory and verification timeline as stipulated in the "Sustainability Development Roadmap for TWSE/TPEX Listed Companies"—are handled concurrently by the Shareholder Services Department. The department is responsible for compiling and preparing the Company's annual ESG report and reporting the progress of the greenhouse gas inventory and verification schedule to the Board of Directors on a quarterly basis. At present, climate-related risks and opportunities are also temporarily managed by the Shareholder Services Department.
2.The Company how to distinguish the climate risks and opportunities affect a company's business, strategy and finances in the short, medium and long term	Refer to Note 1 : TCFD climate-related risks and opportunities identification table in 2024.
3. The impact of extreme weather events and transition actions on finances.	Refer to Note 1 : TCFD climate-related risks and opportunities identification table in 2024.
4. How climate risk identification, assessment, and management processes are integrated into the overall risk management framework.	Refer to Note 1 : TCFD climate-related risks and opportunities identification table in 2024.
5. When assessing resilience to climate change risks, it is important to provide an explanation of the scenario, parameters, assumptions, analysis factors, and key financial impacts used in the scenario analysis.	None.
6. In response to managing climate-related risks, please provide an explanation of the content of the transition plan and the indicators and objectives used to identify and manage physical risks and transition risks.	None.
7. Using internal carbon pricing as a planning tool requires an explanation of the price-setting foundation.	None.
8. When setting climate-related goals, it is important to provide an explanation of the activities covered, scope of greenhouse gas emissions, timeline, and progress achieved annually. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these goals, the source and quantity of carbon offsets or the number of RECs should be specified.	None.
9. Greenhouse Gas Inventory and Assurance Status.	It is expected that the greenhouse gas inventory for Scope 1 and Scope 2 will be completed by July 2026, and external verification of greenhouse gas emissions is planned to be completed by July 2028.

Note 1 : 2024 TCFD climate-related risks and opportunities identification table

Type	Key Factors / Risk Issues	Impact degree	Impact time	Risk	Chance	Financial impact	Strategic response
Transformation Risk	regulations : Greenhouse Gas Control	High	Short term	1.Low carbon technology, equipment and management cost input 2. Total carbon emission and carbon trading, carbon fee and carbon tax system	1. Smart low-carbon production 2. Participate in carbon trading 3. Differentiation enhances competitiveness	1.Capital expenditures 2.operating costs	1. Planning a carbon reduction roadmap and moving towards carbon neutrality in the long run. 2. Promoting energy saving and carbon reduction programs. 3. Replace low-energy resource-using equipment. 4. waste recycling
	Market : low carbon technology 1. renewable energy 2. Carbon Capture, Utilization and Storage (CCUS)	High	Mid term	Renewable Energy Regulations and Procurement	1. Expansion of new energy business 2. Carbon capture technology development and application	1.Capital expenditures 2.operating costs	1. Invest in improving energy efficiency equipment. 2.Look for opportunities to build solar power generation devices 3.Actively look for new energy sources such as wind power, biomass energy, geothermal energy, and organic solvent cracking power generation
	Market : 1. Environmental protection and sustainable products. 2. Green Supplier Verification (Bluesign, ZDHC, Higg Index)	High	Short term	R&D technology and cost input	Improve product competitiveness	1.Capital expenditures 2.operating costs	1. Continue to invest in R&D funds to enhance R&D energy. 2. Actively improve the product passing inspection rate.
Physical risk	typhoon, flood	High	Short term	Heavy rainfall/severe typhoon floods lead to increased transportation and equipment maintenance costs	Strengthen operational resilience	operating costs	1. Establish a real-time monitoring system for rainfall, water levels, and water conditions to establish a coordinated mechanism for emergency response in production and distribution. 2. Make effective use of real-time information from the Water Resources Agency to monitor water conditions and develop strategies to address water shortages. 3. War management: Adopt optimal inventory management and flexible transportation scheduling to optimize supply chain operations. 4. Implement water-saving processes and projects.

(8)Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

Evaluation Item	Implementation (Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs (1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy? ✓			The Company has established the "Ethical Corporate Management Best Practice Principles", which is supervised by the Management Department, and in case of dishonest behavior, it will handle the matter and review the improvement measures to the Board of Directors. In case of dishonest behavior, the management department will report to the Board of Directors on how to handle the situation and review the improvement measures.	No major differences yet.
(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? ✓			The Company has announced the "Ethical Corporate Management Best Practice Principles" to all employees, and has conducted education and training for new employees when they report for duty. The risk assessment mechanism has not yet been established, but it will be improved in FY2025.	
(3) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments? ✓			The Company analyzes the business activities with higher risk of dishonest behavior in the business area and strengthens the following preventive measures: 1. Bribery and accepting bribes. 2. Making illegal political contributions. 3. Improper charitable donations or sponsorships. 4. Providing or accepting unreasonable gifts, hospitality or improper benefits.	
2. Fulfill operations integrity policy (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? ✓			The Company has established the "Ethical Corporate Management Best Practice Principles" to follow. When conducting business activities, the Company will consider the integrity records of its counterparties before dealing with them and promote suppliers to sign the "Code of Ethics and Supplier Code of Conduct" in 2021, giving priority to companies that have signed the commitment to operate with integrity. The Company will also promote the signing of the Code of Ethics and Supplier Code of Conduct by suppliers in 2021.	

Evaluation Item	Implementation (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary Description	
(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? ✓			To improve the management of integrity management, the Management Department is responsible for formulating and monitoring the implementation of integrity management policies and prevention programs and reports to the Board of Directors from time to time.	No major differences yet. °
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? ✓			The Company has established "Ethical Corporate Management Best Practice Principles" to prevent conflicts of interest. In addition to a physical mailbox for employees to make representations, the Company also has an Email communication channel for external parties such as suppliers in the "Code of Ethics and Supplier Code of Conduct".	
(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? ✓			To ensure the implementation of the integrity management, the Company has established an effective accounting system and internal control system, and internal auditors regularly review the compliance of the preceding system.	
(5) Does the Company regularly hold internal and external educational trainings on operational integrity? ✓			The Company conducts regular educational training in accordance with the Ethical Corporate Management Best Practice Principles.	
3.Operation of the integrity channel				
(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? ✓			The company provides proper reporting channels and keeps the identity of the reporter and the content of the report confidential. In case of violation, we will announce and disclose the Title, Name, date of violation, the content of the violation, and the handling situation of the violator.	

Evaluation Item	Implementation (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary Description	
(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? ✓			The Company provides proper reporting channels in accordance with the Ethical Corporate Management Best Practice Principles and ensures the operation of confidentiality mechanisms.	No major differences yet. °
(3) Does the Company provide proper whistleblower protection? ✓			The Company provides proper reporting channels in accordance with the Ethical Corporate Management Best Practice Principles and ensures the operation of confidentiality mechanisms.	
4.Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS? ✓			The Company has announced the "Ethical Corporate Management Best Practice Principles" on its website. The Company also discloses information related to the Ethical Corporate Management Best Practice Principles in this annual report. The Company discloses information on the Market Observation Post System on a regular basis to protect the interests of investors.	
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established a Code of Ethical Conduct, which is published on its official website. The Company's operations are in alignment with both its own Code and the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."				
6. other important information to facilitate a better understanding of the Company's ethical corporate management policies. Ethical Corporate Management Best Practice Principles, etc.):				
<ol style="list-style-type: none"> 1. The Company complies with the Company Act, the Securities Exchange Act, the Business Accounting Act, the regulations related to listing on the stock exchange, and other business conduct related laws and regulations as the basis for the implementation of honest management. 2. The Company's "Regulations Governing Procedure for Board of Directors Meetings" provides for the recusal of the Director's interest in the Board of Directors' motions. If the Board of Directors has an interest in the Board of Directors' proposals that may be harmful to the Company's interests, the Director may present his or her opinion and answer questions, but may not participate in the discussion or vote, and shall recuse himself or herself from the discussion or vote. 3. The Company has established "management practices to prevent insider trading", and has conducted relevant education, training, and education and signed confidentiality agreements for Directors, Supervisors, managers and employees, important units related to important information, and targets of important information transmission; The Company regularly monitors the stock movements of insiders for any abnormalities and pays attention to the management and preservation of important information related documents and electronic records. 				

- (8) Other material information that may enhance understanding of the Company's corporate governance practices may also be disclosed as appropriate:
- A. Code of Corporate Governance and related regulations: The Company has established the "Procedures for Handling Material Internal Information" and the "Procedures for Preventing Insider Trading" as behavioral guidelines for its directors, supervisors, managers, and employees. These procedures explicitly require all such personnel to comply with applicable laws, regulations, and directives, including those related to insider trading.
 - B. The Company's website features a dedicated "Corporate Sustainability" section, where the annual sustainability report is published and regularly updated to disclose the effectiveness of corporate governance initiatives.
 - C. The relevant rules and regulations of the Company have been placed on the Company's website for investors' reference.

(9)The Implementation Status of Internal Control System

A. Internal Control Statement:

The Company's 2024 Statement on the Internal Control System has been disclosed and filed on the information reporting website designated by the Financial Supervisory Commission (FSC). It is also available on the Market Observation Post System (MOPS). Please visit MOPS > List Company Info > Corporate Governance > Company Rules / Internal Control > Internal Control Statement Disclosure for inquiry. Website : <https://mops.twse.com>.

B. For companies that engage accountants to conduct special reviews of the internal control system, the accountant's review report should be disclosed: None.

(10) In the most recent year and as of the date of the annual report, the Company and its internal personnel have been punished by law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the result of the punishment may have a significant impact on shareholders' equity or securities prices. The content of the penalties, major deficiencies, and improvements: None.

(11) Significant resolutions of shareholders' meetings and board meetings for the most recent Year and up to the printing date of the annual report.

Date	Type of Meeting	Important resolutions
2024.03.08	Board Meeting	(1)Reviewing the allocation of directors' and supervisors' remuneration as well as employee compensation for the year 2023
		(2)Financial statements (including consolidated and individual), operating reports, and statement of accounts for the year 2023
		(3) The 2023 loss appropriation plan
		(4) Discussion on the proposal to distribute cash from capital surplus
		(5) Revision of the Company's "Board of Directors Meeting Rules"
		(6) Revision of the Company's "Corporate Governance Best Practice Principles"
		(7) Revision of the Company's "Audit Committee Charter".
		(8)Establishment of the Company's "Sustainability Report Preparation and Verification Procedures"
		(9)Discussion on the date and venue for the 2024 Annual General Meeting of Shareholders
		(10) Issuance of the 2023 "Internal Control System Statement"
		(11)Evaluation of the independence of the certified public accountant and the affiliated auditing firm
		(12)Audit fees for Ernst & Young Certified Public Accountants for fiscal years 2024 to 2026.
		(13)The Company's quarterly review on whether accounts receivable should be reclassified as loans to others.
		(14)2024 Q1 Bank loan.
		(15)List of non-assurance service items for 2024.
2024.05.10	Board Meeting	(1)Consolidated Financial Statements for the First Quarter in 2024.
		(2)Provision of funds to FERRULE PRECISION CO.
		(3)2024 Q2 Bank loan.
		(4)The Company reviews quarterly whether the accounts receivable should be transferred to others.
		(5)The Manager promotion and salary adjustment
2024.06.07	Shareholders Meeting	(1) Business report and financial statements in 2023
		(2) Deficit compensation in 2023
		(3) Discussion on the proposal to distribute cash from capital surplus
		(4) Revision of the Company's "Board of Directors Meeting Rules"
		(5) Revision of the Company's "Corporate Governance Best Practice Principles"
2024.08.07	Board Meeting	(1)Replacement of the certified public accountant starting from the second quarter of 2024
		(2) Consolidated Financial Statements for the Second Quarter in 2024
		(3) Provision of funds to FERRULE PRECISION CO.

		(4) Foreign exchange hedging transactions operation plan
		(5) 2024 Q3 Bank loan.
		(6) Revision of the Company's "Board of Directors Meeting Rules"
		(7) Proposal for the sale of a batch of real estate properties in Kaohsiung
2024.11.06	Board Meeting	(1)Replacement of the certified public accountant starting from the third quarter of 2024
		(2)Consolidated financial statements for the third quarter of 2024.
		(3)Drafting of the "2025 Audit Plan" proposal
		(4)Revision of the Company's "Corporate Governance Best Practice Principles"
		(5)Revision of the Company's "Operational Procedures for Financial and Business Transactions Among Related Enterprises" proposal
		(6)Revision of the Company's "Organizational Responsibilities Management Measures" proposal
		(7) 2024 Q4 Bank loan.
		(8)The Company's quarterly review of whether accounts receivable should be reclassified as loans to others
2024.12.25	Board Meeting	(1)To prepare the budget for 2025.
		(2)Discussion on the 2024 year-end and performance bonuses for managers
		(3)Establishment of the Company's "Sustainable Information Management Procedures" proposal
2025.03.11	Board Meeting	(1)Revision of the Company's "Articles of Incorporation" proposal
		(2)Definition and scope of the Company's "Entry-level Employees" proposal
		(3)Review of the 2024 proposal for the allocation of remuneration to directors, supervisors, and employees
		(4)The appointment of the general manager of the Company
		(5)The appointment of the general manager of the branch Company
		(6)The 2024 financial statements (including consolidated and individual), business report, and final accounts documents
		(7)2024 Loss Appropriation Plan
		(8)Discussion on the proposal to distribute cash from capital surplus
		(9)Proposal for the full re-election of the Company's 10th Board of Directors (including Independent Directors)
		(10)Discussion on the date and venue for the 2025 Annual General Meeting of Shareholders
		(11)Issuance of the 2024 "Internal Control System Statement"
		(12)Evaluation of the independence of the certified public accountant and the affiliated auditing firm proposal
		(13)The Company's quarterly review on whether accounts receivable should be reclassified as loans to others proposal
		(14)List of non-assurance service items for 2025
2025.05.08	Board Meeting	(1)Consolidated financial statements for the first quarter of 2024
		(2)Provision of funds to FERRULE PRECISION CO.
		(3)2025 Q2 Bank loan.
		(4)Review quarterly whether the accounts receivable should be transferred to others.
		(5) Review of the list of independent director candidates proposal
		(6)The Case of Lifting the Non-Compete Restriction for Newly Appointed Directors
		(7)Addition of Agenda Items for the Company's 2025 Annual General Meeting of Shareholders

(12) For the most recent fiscal year and up to the date of the annual report printing, there were no directors or supervisors who disagreed with important resolutions passed by the board of directors and made records or written statements; main content: none.

4. Audit Fee

Unit: NT\$1,000

Name of accounting firm	Names of CPAs	Audit Fee	Non-audit Fee				Sub total	Period Covered by CPA's Audit	Remark
			System of Design	Company Registration	Human Resource	Other (Notes 2)			
Ernst & Young Taiwan	Huang, Shih-Chieh	2,480	-	10	-	320	330	2024.01.01~ 2024.03.31	Note3
	Hong, Guo Sen								
	Huang, Shih-Chieh								
	Yao, Shih-Chieh								
	Yao, Shih-Chieh								
	Hu, Tzu-Ren								
							2024.04.01~ 2024.06.30		
								2024.07.01~ 2024.12.31	

Note 1: If the Company has changed its certified public accountant (CPA) or accounting firm during the current fiscal year, please list the audit periods separately, and explain the reasons for the change in the remarks column. Additionally, disclose the audit and non-audit fees paid, in sequence.

Note 2: Non-audit fees should be listed separately by service item. If the "other" non-audit fees amount to 25% of the total non-audit fees, the service content should be listed in the Remarks column.

Note3: The changes in certified public accountants were all made in coordination with the internal work scheduling and arrangements of Ernst & Young CPAs.

- (1) If the non-audit fees paid to the certified public accountant, the certified public accountant's firm and its affiliates are at least one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services should be disclosed: Not applicable.
- (2) If the audit fee paid in the year of change of accounting firm is less than the audit fee paid in the year before the change, the amount of audit fee before and after the change and the reasons for the change should be disclosed: None.
- (3) If the audit fee is reduced by 10% or more from the previous year, the amount, percentage, and reasons for the reduction shall be disclosed: None.

5. Replacement of CPA

- (1) About the former accountant: Not applicable.
- (2) For the successor accountant: Not applicable.
- (3) The former accountant's response to the Articles of 10.5.1, 10.5.2 and 10.5.3 of this Standard: Not applicable.

6. If the chairman, General Manager, or managers in charge of financial or accounting affairs of the Company has worked in the firm of the certified public accountants or their affiliates within the last year, the names, titles, and periods of employment in the firm of the certified public accountants or their affiliates should be disclosed: None.

7. Changes in the shareholding of directors, supervisors, managers and shareholders holding more than 10% of the shares as of the last year and as of the publishing date of the annual report

(1) Transfer of shares and change in pledge of shares

1. The share transfer changes of directors and managers for 2024, and up to the date of the annual report printing, have been filed and disclosed on the information reporting website designated by the Financial Supervisory Commission (FSC), and are available on the Market Observation Post System (MOPS). Please visit MOPS > Listed Company Info > Shareholding Changes/Securities Issuance > Share Transfer Data for inquiry. Website: <https://mops.twse.com.tw>.
2. The share pledge changes of directors and managers for 2024, and up to the date of the annual report printing, have been filed and disclosed on the information reporting website designated by the FSC, and are available on the MOPS. Please visit MOPS > Listed Company Info > Shareholding Changes/Securities Issuance > Insider Pledge/Release Data for inquiry. Website: <https://mops.twse.com.tw>.

(2) Information on the related parties of the equity transfer: None.

(3) Information on pledge of shares as related parties: None.

8. Information on the top ten shareholders who are related to each other or are spouses or relatives within the second degree of kinship.

April 25, 2025; Unit: Share/%

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
World Top Investment Holding LTD.	6,344,472	16.48	-	-	-	-	-	-	-
Rep: (Samoan) World Top Investment Holding Company Ltd.	-	-	-	-	-	-	-	-	-
Sheng Lin Investment LTD.	5,489,146	14.25	-	-	-	-	-	-	-
Rep: Huang -Ying.lin	873	-	-	-	-	-	-	-	-
China Trust manages the investment account of Brocade Development Ltd.	1,619,930	4.21	-	-	-	-	-	-	-
Citi custody Berkeley Capital SBL/PB investment account	1,053,000	2.73	-	-	-	-	-	-	-
Sun Jin-Chuan	924,674	2.40	-	-	-	-	-	-	-
Jiang Lizhong	399,000	1.04	-	-	-	-	-	-	-
Pao Wang Investment Co.	346,174	0.90	-	-	-	-	-	-	-
Rep: (Samoan) Pao Wang Investment Development Limited.	-	-	-	-	-	-	-	-	-
Xie Jinzong	310,000	0.81	-	-	-	-	-	-	-
China Trust manages the investment account of Triple Best Overseas Co., Ltd.	253,914	0.66	-	-	-	-	-	-	-
Delta Capital Co. Ltd	225,651	0.59	-	-	-	-	-	-	-
Rep: Liu Liang-fu	-	-	-	-	-	-	-	-	-

* All of the top ten shareholders should be listed, and the names of corporate shareholders and the names of their representatives should be listed separately if they are corporate shareholders.

* The calculation of the percentage of shareholding refers to the calculation of the percentage of shareholding in the name of oneself, one's spouse, minor children, or the use of others.

* The shareholders listed in the preceding paragraph shall disclose their relationship with each other in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

9. The number of shares held in the same investee enterprise by the Company, its directors, supervisors, managerial officers, and businesses directly or indirectly controlled by the Company, along with the combined shareholding ratio: None.

III. Capital Rising

1. Capital and Shares

(1) Source of Capital

A. Capital formation

April 25, 2025 Unit: 1,000 Shares; NT\$1,000

Year/Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2003.08	10	8,000	80,000	2,000	20,000	Cash capitalization		Note 1
2005.05	10	8,000	80,000	8,000	80,000	Cash capital increase of NT\$60,000		Note 2
2007.09	10	48,000	480,000	6,404	64,040	Consolidated capital increase of NT\$64,000 Consolidated capital decrease of NT\$70,060		Note 3
2007.12	10	48,000	480,000	12,404	124,040	Cash capital increase of NT\$50,000	Debt Rights Contribution to Share of NT\$10,000	Note 4
2009.08	10	48,000	480,000	10,800	108,000	Loss recovery of NT\$76,040 Capital increase in cash NT\$60,000	None	Note 5
2012.08	10	48,000	480,000	18,000	180,000	Capital increase of NT\$72,000 from earnings	None	Note 6
2012.08	15	48,000	480,000	18,700	187,000	Capital increase by cash NT\$7,000	None	Note 7
2013.06	18.5	48,000	480,000	19,700	197,000	Employee stock options	None	Note 8
2013.09	10	48,000	480,000	28,700	287,000	Capital increased from earnings	None	Note 9
2014.12	32	48,000	480,000	32,290	322,900	Capital increased by NT\$35,900 in cash	None	Note 10
2017.11	80	48,000	480,000	33,509	335,090	Increased cash capital by NT\$12,190	None	Note 11
2019.12	100	60,000	600,000	38,509	385,090	Capital increased by NT\$50,000 in cash	None	Note 12

Note1 : Approval of Southern Commerce Letter No. 0920012535 by the Southern Science Industrial Park Administration Bureau on August 1, 1992.

Note2 : Approval of Southern Commerce Letter No. 0940009530 by the Southern Science Industrial Park Administration Bureau on May 18, 1994.

Note3 : Approval of Southern Commerce Letter No. 0960022194 by the Southern Science Industrial Park Administration Bureau on September 27, 1996.

Note4 : Approval of Southern Commerce Letter No. 0960028237 by the Southern Science Industrial Park Administration Bureau on December 10, 1996.

Note5 : Approval of Southern Commerce Letter No. 0980019374 by the Southern Science Industrial Park Administration Bureau on August 25, 1998.

Note6 : Approval of Southern Commerce Letter No. 1010020071 by the Southern Science Industrial Park Administration Bureau on August 17, 2012.

Note7 : Approval of Southern Commerce Letter No. 1010021398 by the Southern Science Industrial Park Administration Bureau on August 31, 2012.

Note8 : Approval of Southern Commerce Letter No. 1020013033 by the Southern Science Industrial Park Administration Bureau on June 5, 2013.

Note9 : Approval of Southern Commerce Letter No. 1020023085 by the Southern Science Industrial Park Administration Bureau on September 17, 2013.

Note10 : Approval of Southern Commerce Letter No. 1030034103 by the Southern Science Industrial Park Administration Bureau on December 31, 2014.

Note11 : Approval of Southern Commerce Letter No. 1060028200 by the Southern Science Industrial Park Administration Bureau on November 2, 2017.

Note12 : Approval of Southern Commerce Letter No. 1080035904 by the Southern Science Industrial Park Administration Bureau on December 31, 2019.

B. Type of Shares (include Treasury shares)

April 25, 2025; Unit: Share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	38,509,000	21,491,000	60,000,000	Outstanding shares are Listed shares

C. Information on the general reporting system: None.

- (2) List of major shareholders (shareholders holding more than 5% of the shares or shareholders holding the top ten shares, the number and proportion of shares held)

April 25, 2025

Name of major shareholders	Shareholding (Shares)	Percentage (%)
World Top Investment Holding LTD.	6,344,472	16.48
Sheng Lin Investment LTD.	5,489,146	14.25
China Trust manages the investment account of Brocade Development Ltd.	1,619,930	4.21
Citi custody Berkeley Capital SBL/PB investment account	1,053,000	2.73
Sun Jin-Chuan	924,674	2.40
Jiang Lizhong	399,000	1.04
Pao Wang Investment Co.	346,174	0.90
Xie Jinzong	310,000	0.81
China Trust manages the investment account of Triple Best Overseas Co., Ltd.	253,914	0.66
Delta Capital Co. Ltd	225,651	0.59

- (3) The company's dividend policy and its implementation status

1. Dividend Policy as Stipulated in the Company's Articles of Incorporation

If the company has profits in its annual financial statements, it shall, according to law, pay taxes and use the remainder to offset accumulated losses. Then, 10% of the remaining profits shall be allocated as the statutory surplus reserve. However, if the statutory surplus reserve has reached the company's paid-in capital, no further allocation is required. Other special surplus reserves shall be allocated or reversed in accordance with relevant laws and regulations. If there is still a remaining balance, together with accumulated undistributed earnings, the Board of Directors shall draft a profit distribution proposal and submit it to the shareholders' meeting for approval and distribution of dividends to shareholders.

The company's dividend policy evaluates future capital budgets, plans for future funding needs, financial structure, and earnings. Therefore, the dividend payout ratio follows a balanced policy between cash and stock dividends, with cash dividends not less than 10%.

2. Proposed Dividend Distribution for This Shareholders' Meeting

On March 11, 2025, the Board of Directors resolved to distribute cash dividends of NT\$0.5 per share from the capital surplus. The distribution will be carried out following the approval of the shareholders' meeting and according to the established procedures.

3. If the dividend policy is expected to change significantly, it should be explained: As of the date of publication of the annual report, the Company does not expect any significant change in its dividend policy.

- (4) The impact of the proposed free allotment of shares at this shareholders' meeting on the company's operating performance and earnings per share: None.

(5) Employee Compensation and Director Compensation

A. Remuneration Rates and Scope for Employees and Directors as Stipulated in the Company's Articles

of Incorporation:

If the company generates profits in a given year, 1% to 5% of the profits shall be allocated as employee remuneration. The Board of Directors will decide whether to distribute this remuneration in the form of stock or cash. The recipients include employees of subsidiaries who meet certain conditions. From the aforementioned profit amount, the Board may also allocate up to 5% as directors' remuneration. The distribution plan for employee and directors' remuneration shall be reported to the shareholders' meeting. However, if the company still has accumulated losses, the amount needed to cover those losses shall be reserved first before allocating remuneration according to the above percentages.

B. Accrued Amounts of Employee and Director Remuneration for the Current Period:

(a) Basis for Estimating Employee and Director Remuneration for the Current Period:

The estimated amount of employee and director remuneration is calculated based on the current period's net profit as of the end of the reporting period, in accordance with the percentage range specified in the Articles of Incorporation and with reference to historical payout percentages.

(b) Basis for Calculating the Number of Shares for Stock-Based Remuneration: Not applicable.

(c) Treatment of Differences between Actual and Estimated Amounts:

Any differences between the actual amount distributed and the estimated amount will be recognized in the profit or loss of the following fiscal year.

C. The Board of Directors approved the proposed allotment of employee bonuses and other information:

1. Amounts of employee and director remuneration distributed in cash or stock:

(a) Employee cash remuneration: NT\$0 thousand.

(b) Employee stock remuneration: NT\$0 thousand.

(c) Director remuneration: NT\$0 thousand.

(d) There is no difference between the resolved distribution amounts of employee and director remuneration and the previously accrued amounts.

2. Amount of employee remuneration distributed in stock and its proportion to the total of current period's after-tax net income and total employee remuneration in the individual financial statements: Not applicable.

D. Actual Distribution of Employee and Director Remuneration for the Previous Fiscal Year:

The Company's deficit compensation plan for the year 2023 was approved by the Board of Directors on March 8, 2024. As the Company did not generate any profit in 2023, it was proposed, in accordance with the Articles of Incorporation, not to distribute director or employee remuneration. There was no difference between the proposed distribution amount and the actual distribution amount.

(6) Buy-back of Treasury Stock

A. Repurchases already completed

Treasury stocks: Batch Order	The 1 st Batch	The 2 nd Batch
Purpose of buy-back	Shares Transferred to Employees	Shares Transferred to Employees
Timeframe of buy-back	2015/06/17~2015/08/16	2018/10/22~2018/12/22
Price range	25.00~45.00	30.00~65.00
Type and number of shares bought back	Common shares 251,000	Common shares 248,000
Amount of shares repurchased	NT\$8,909,191	NT\$11,466,145
Number of shares cancelled and transferred	251,000 Share	248,000 Share
Cumulative number of shares held by the Company	0 share	0 share
Ratio of cumulative number of shares of the Company to total number of shares in issue (%)	0.00%	0.00%

B. Any repurchase still in progress: None.

2. Corporate bonds: None.

3. Issuance of preferred stocks: None.

4. Issuance of GDRs: None.

5. Issuance of employee stock warrants: None.
6. Issuance of new restricted employee shares: None.
7. Issuance of New Shares upon any Merger and Acquisition with Other Companies: None.
8. Implementation of Capital Allocation Plans: None.

IV. Business Overview

1. Business Description

(1) Business Scope

A. Main business items

The Company's main business items are filter design, production and sales services, and revenue from the processing of optical coating components.

B. Operating weight

Unit: NT\$1,000 ; %

Products	2024		2023	
	Sales Amount	Sales %	Sales Amount	Sales %
Optical Coating	329,275	99.83	362,566	99.94
Other	577	0.17	223	0.06
Total	329,852	100.00	362,789	100.00

Note: The other product category includes products for ceramic inserts, spectrometers and their components.

C. Main Products and Services Item

(a) Thin-film filters for active optical communication components (E-PON, G-PON...).

(b) Thin-film filters for passive optical communication components (CWDM, DWDM...).

(c) Optical and functional thin film processing.

D. New products planned for development

(a) Short-term development plans

(i) Optical filter for 1.6T Gbps optical communication module.

(ii) Co-packaged optics (CPO) coating applications.

(iii) Bandpass filters for mid-infrared (MIR) sensors.

(b) Long-term development plan

(i) Integrated optics (PIC) optical component coating process.

(ii) Low Earth Orbit (LEO) satellite solar cell packaging.

(iii) Ultrafast laser optical components.

(2) Industry Overview

A. Industry Overview

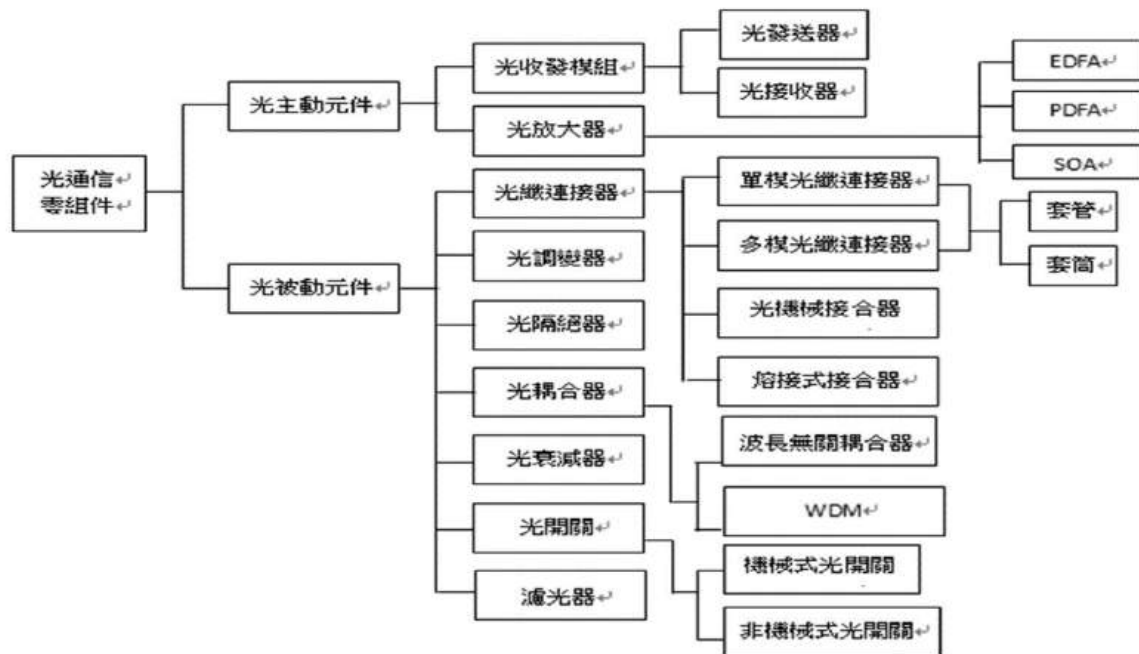
(a) Current status and development of the optical communications industry

(i) Overview of Optical Communication Components

According to the PIDA study, there are many different types of optical communication products, which can be divided into two main categories: optical communication components and devices, among which optical communication components can be divided into active, passive, functional and institutional components.

An active component is defined as a component that converts energy, such as electricity to light, light to electricity or light amplification, and includes an Attenuator, Modulator, Transceiver and Optical Amplifier. Passive components are those components in optical communication systems that do not have an external source of energy to modify the original optical signal. Passive components are components in an optical fiber communication system that do not involve the conversion of optical energy to electrical energy and are transparent to the telecommunications signal carried in the optical signal, e.g. Optical Fiber, Optical Cable, Optical Grating, Optical Waveguide, Collimator, Optical Coupler, and Optical Amplifier. (Coupler, Isolator, Circulator), etc. Functional components are components that are used only to generate electrical and optical signals and to switch between them, such as light transmitters and light receivers; mechanical components are auxiliary components that can perform the characteristics of active, passive and functional components, such as Connectors and Switches, of which active and passive components are the main ones.

Classification of optical communication components



Source: PIDA; compiled by Taishin Securities
Optical Communication Components by Category

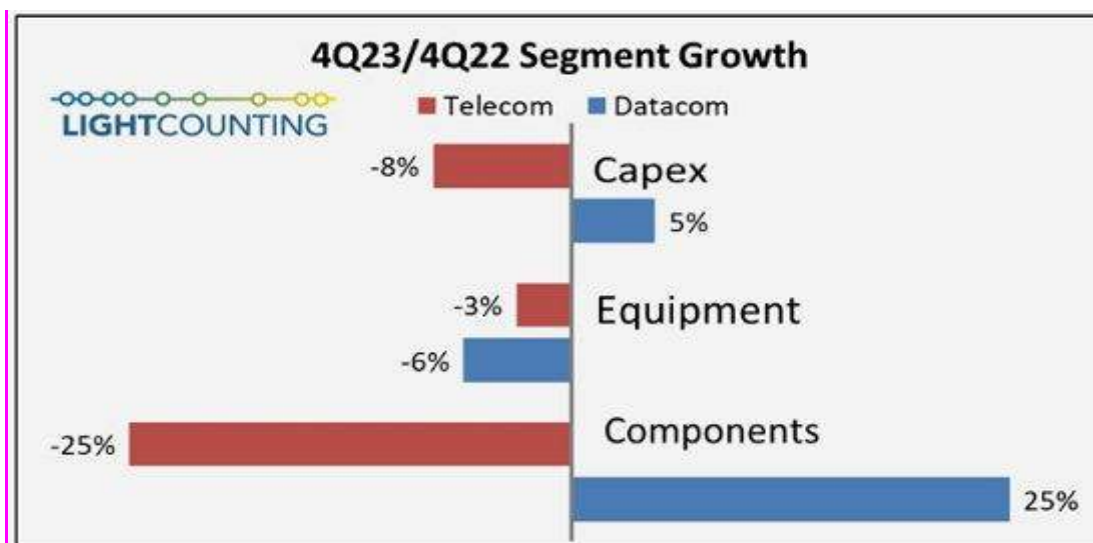
Optical amplifiers (e.g. EDFA-ErbiumDopedFiberAmplifier) are used to increase the transmission distance and compensate for the additional light loss during transmission.

Optical passive components are mainly used for the connection between optical line terminals (OLTs) and optical network units (ONUs) for cable television (CATV), data networks (Datacom) and telecommunications networks (Telecom), the connection between the optical splitter equipment and the chassis in front of the FTTx client, and the connection between the main network equipment and the optical cables of telecommunications operators and the connection element between the main network equipment and the optical cable of the telecom operator. The characteristics of optical passive components generally require small size, low loss, resistance to environmental changes and high reliability. In recent years, with the growing maturity of the mobile broadband environment, the popularity of mobile broadband applications and the introduction of mobile devices and applications such as smartphones and tablet PCs, mobile broadband networks have become an essential element of people's lives. The new 400G/800G market, the rise of cloud computing technology and the Internet of Things industry will drive the demand for more optical communication components.

(ii) Optical Communications Market Overview

The establishment of fiber-optic networks has a direct impact on the development of the optical communications industry. With the growing maturity of the mobile broadband environment, the popularity of mobile broadband applications and the proliferation of mobile devices and applications such as smartphones and tablets, mobile broadband networks have become an indispensable element of people's lives, resulting in a significant increase in the bandwidth requirements for network transmission, making fiber-optic broadband networks increasingly important.

2024Q1 quarterly report LightCounting (LC) releases sales comparison of telecommunications and data center 2023Q4 with the same period last year



Source : Lightcounting Q1.2024

In 2023, the telecommunications industry will gradually decline in various projects, including DWDM, FTTx and 5G fronthaul transceivers. However, expenditures in data centers (data centers) in the AI industry continue to increase, and the demand for Ethernet 800G transceiver modules has also exceeded 400G for the first time. Google Cloud & NVIDIA are the two largest customers, and NVIDIA is expected to become the largest customer in 2024. It cannot be denied that new markets are rapidly shifting to data centers under artificial intelligence.

Since the Biden administration in the United States passed 65 billion U.S. broadband construction in 2022, with a budget of up to 42.5 billion U.S. dollars, in 2024, according to the announcement on the website of the responsible U.S. department BEAD (Broadband Equity Access and Deployment Program), 10 states have completed the application, and the application progress of the remaining states It has also reached 80%~90%. It is expected to start after the middle of this year, which will be of great help to optical communication manufacturers.

(iii)The era of self-driving IoT AI is coming

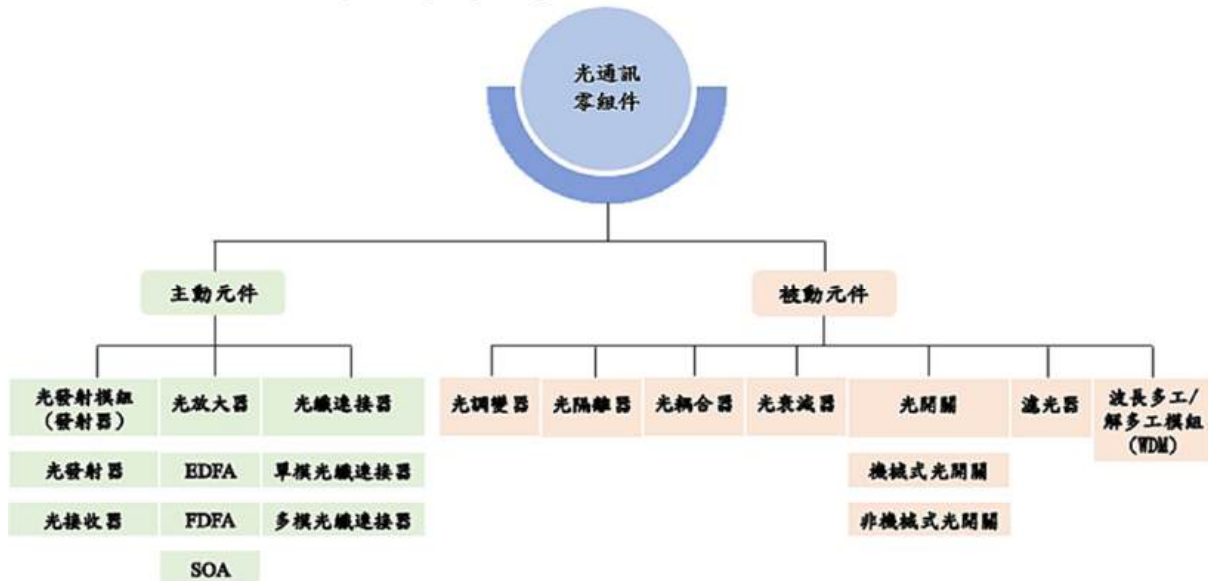
In the era of AI and cloud computing, the optical communication industry is at a critical turning point.

As AI and cloud computing rapidly evolve, who powers the neural backbone of this massive data flow? The answer lies in the optical communication industry.

According to research by PIDA, the optical communication industry consists of two main sectors: optical communication components and equipment. Components can be further divided into active, passive, functional, and structural components. These tiny optical parts form the indispensable infrastructure for the high-speed data era.

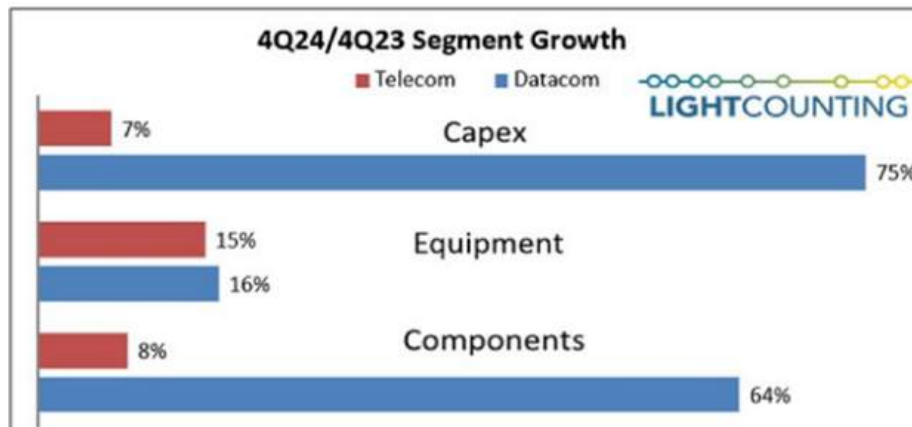
Active optical components, such as optical transceivers, are central to the conversion of optical and electrical signals and are widely used in network architectures like DWDM, PON, and SONET/SDH. Optical amplifiers enhance transmission distance and compensate for signal loss. Passive components, including optical fibers, couplers, and splitters, play a key role in networks without requiring external power. Functional and structural components support integration and signal conversion, providing essential functions to complete the system, as illustrated below.

CPO packaging diagram



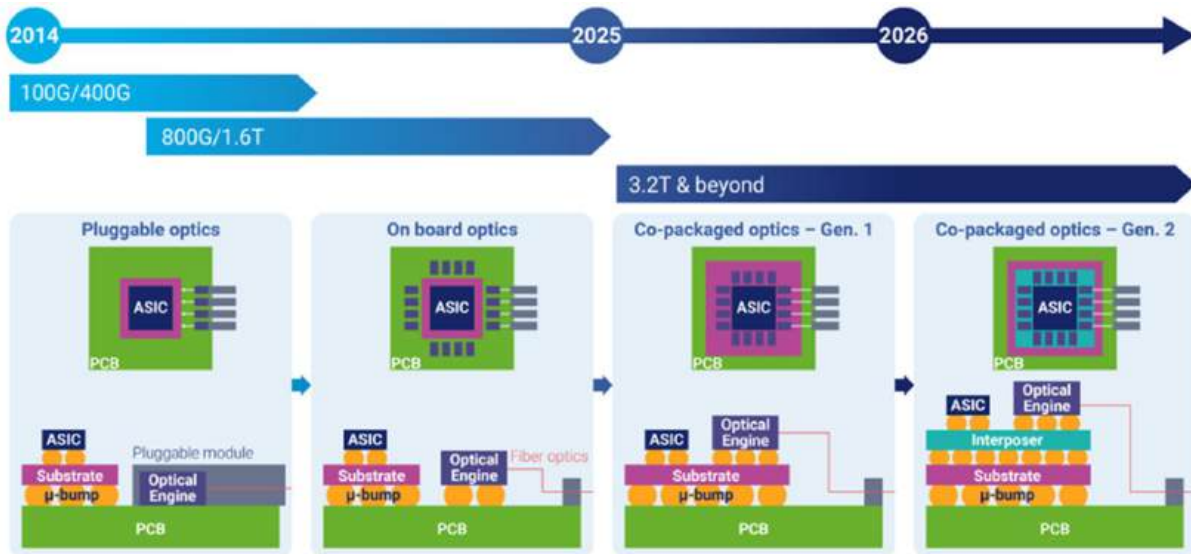
Source : Apogee

With the advancement of mobile broadband, AI, IoT and other applications, the market demand for high-speed, large-capacity, and low-latency networks has surged. From CATV to data centers, from home FTTH applications to cloud data exchange, the demand for optical communication components continues to expand. The LightCounting report pointed out (as shown below) that despite the overall decline in the telecommunications equipment market in 2023, AI applications will drive data center spending growth, and the demand for 800G transceiver modules will surpass 400G for the first time. In particular, led by Google Cloud and NVIDIA, 1.6T and even 6.4T CPO (commonly packaged optical components) are being rapidly promoted.

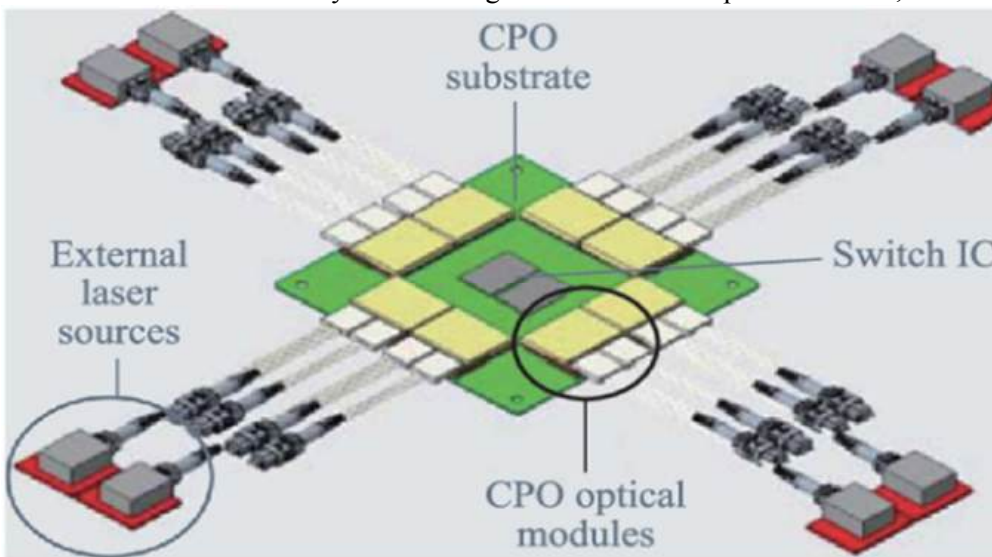


Source : <https://broadbandusa.ntia.gov/public-resources-related-bead-plans-and-milestones#D>

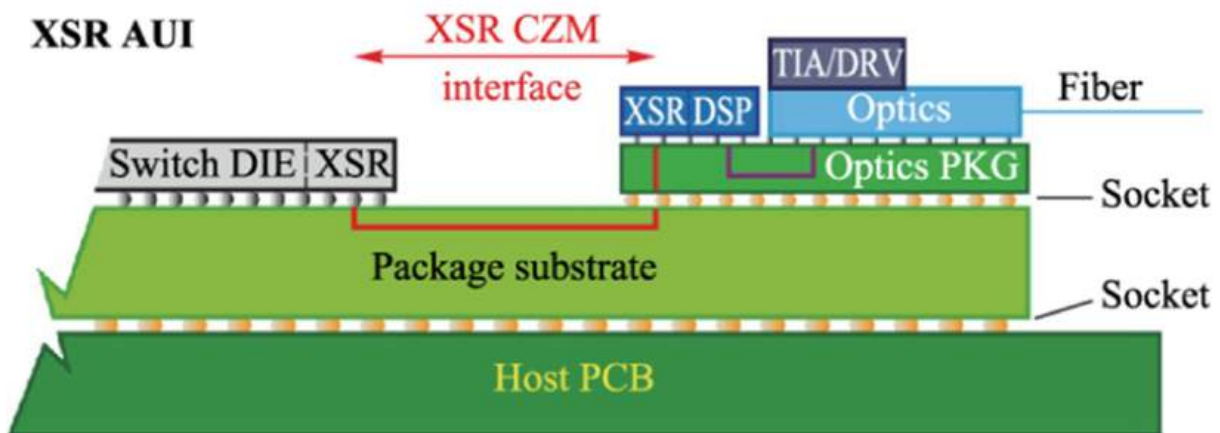
The key to CPO technology is to integrate the optical communication module directly with the switch chip and install it in the same slot, effectively reducing energy consumption and latency. Its architecture and plug-in module configuration can be seen in the figure below. If filters are used as a splitting solution, Apogee, which has coating process technology, will have a key competitive advantage.



Source : Key trends in high-end data center optical modules, source: IDTechEx



CPO structure, source: ResearchGate



CPO structure, source: ResearchGate

In addition, the US BEAD program (Broadband Equity Access and Deployment) has used \$42.5 billion to promote broadband construction. The final proposal has been approved by three states (Delaware, Louisiana, Nevada), and the final proposal status is pending in 47 states, providing strong momentum for optical communication manufacturers.



Home

Public Resources related to BEAD Plans and Milestones

The [Broadband Equity and Deployment \(BEAD\) Program](#) has public disclosure and comment requirements to facilitate community engagement and input into each State and Territory's plans and proposals for using grant funds. Below are links hosted by States and Territories to facilitate public input into key elements of the Broadband, Equity, Access, and Deployment (BEAD) Program, including Action Plans, Initial Proposals, Challenge Processes, and Subgrantee Selection Processes.

This page also contains final, NTIA approved State/Territory BEAD Final Proposals where applicable. For more information on the Programs and State and Territory submission requirements, please see the [BEAD Notices of Funding Opportunity](#). To learn more about BEAD program milestones, visit the [BEAD Program Timeline page](#).

*Some States and Territories have chosen to open a pre-qualification phase, and/or to make subgrantee selection portals accessible only to pre-qualified applicants. Please check the specific State or Territory's website for more details on the pre-qualification phase.

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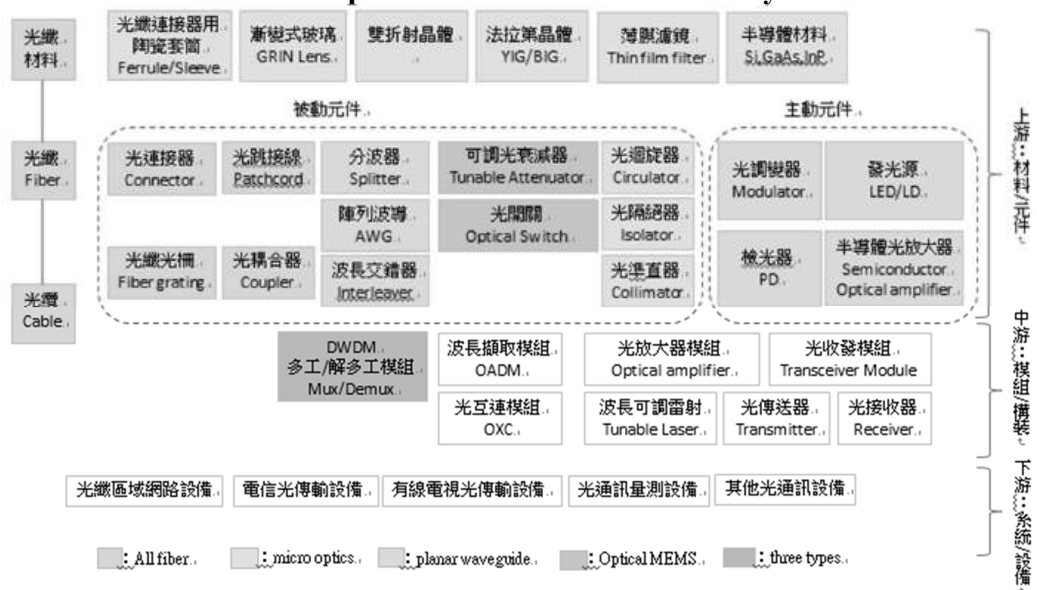
Source: <https://broadbandusa.ntia.gov/public-resources-related-bead-plans-and-milestones#D>

(2) The correlation between the upstream, midstream and downstream industries

Optical communication is to convert the electrical signal from the sending end into a light source with a signal through a light-emitting module, then couple the optical signal into the optical fiber network, and transmit it to the optical receiving module to convert the optical signal into an electrical signal and send it to the receiving end user's equipment.

From the perspective of industrial structure, optical communications can be divided into raw materials, components, equipment and other links (as shown below). APOGEE focuses on the design and manufacture of thin-film filters in optical fiber communication components, modules and subsystems, and supplies them to transceiver modules and terminal equipment manufacturers to establish a complete supply chain connection capability.

Product Structure of the Optical Communication Industry



Source : Taiwan Optical Communication Industry Alliance

(3) Industry Development Trends

(a) Development Trends

(i) AI Cloud technology will drive new opportunities in the optical communications industry

Under the concept of cloud computing technology, the most important thing is to rely on a stable and high-bandwidth network for data transmission. It is expected that many Data Centers will be built, and the demand for bandwidth will grow significantly. Therefore, cloud technology is expected to bring a wave of business opportunities for the optical communication industry.

(b) The demand for high bandwidth in the Internet has increased.

In recent years, the rapid growth of mobile data traffic has driven a significant increase in demand for next-generation ultra-broadband networks. With the continuous expansion of applications such as smart homes, Internet of Things (IoT), high-definition 8K video services, and the ongoing growth of enterprise cloud services, both consumer and enterprise markets are expected to experience significant growth. The flourishing development of network-based video services will be the most important driving force for the consumer market, while the growth in the enterprise market will mainly be driven by the increasing demand for enterprise cloud services. The infrastructure and investment needs arising from the ultra-broadband network environment gradually stimulate the overall growth of the communication equipment market, serving as an important source of momentum.

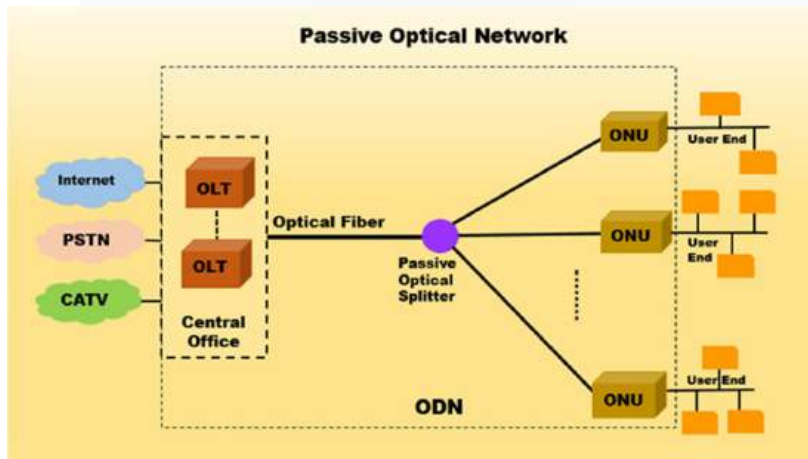
Basically, multiplexing refers to the transmission of two or more signals on the same channel at the same time. (FDM), and Wavelength Division Multiplexing (WDM), which are four types. The most commonly used optical communication systems are TDM and FDM, of which FDM and the later developed high-density FDM are the main multiplexing methods used in optical systems.

However, unlike the backbone one-to-one transmission and management fiber optic network architecture, the access network architecture is facing a group of end-receiving customers, and a single customer often cannot fully utilize the high bandwidth of a single fiber optic, so to achieve easy management and effective use of fiber optic bandwidth, combining fiber optic and Ethernet technology is an inevitable trend. However, in the past, SONET/SDH was the main standard architecture for fiber optic communication, which required active components (e.g., repeater amplifiers), making it more costly and uneconomical for access networks and local area networks with shorter transmission distances. Therefore, Passive Optical Network (PON) has started to combine with Ethernet for local area networks, access networks and even metropolitan networks.

The PON operates by broadcasting the signal from the local equipment to the customer, and when the number of subscribers exceeds one, the signal is split by a splitter, so that if more subscribers are added, only the splitter needs to be added. When a single splitter can split more frequency bands, the number of users supported can be multiplied, and since the splitter is a passive component, it is easy to maintain and simplify the design of the network circuit. In the application part, since long-haul networks or backbone networks have already used fiber as the transmission channel, and with the continuous development of DWDM and other splitting technologies, the transmission capacity of backbone networks and metropolitan networks is rapidly increasing, and general users are gradually upgrading to Gigabit-class local networks, Access Network, which still uses high-capacity copper cables as the transmission medium, will become the overall network transmission medium. Therefore, the Access Network, which still uses high-

capacity copper cables as the transmission medium, will become a bottleneck in the overall network transmission, so it is expected that telecom operators will significantly upgrade the Access Network in the next few years, especially by combining PON technology to replace copper cables with optical fiber, such as FTTH/FTT.

In terms of future trends, optical communication technology is moving towards higher bandwidth and multiplexing. From wavelength division multiplexing (WDM), density wavelength division multiplexing (DWDM) to spatial division multiplexing (SDM), all are aimed at maximizing the efficiency of limited optical fiber resources. At the access network level, passive optical network (PON) is gradually replacing the high-cost SONET/SDH architecture. With the Splitter splitter design, the construction cost and maintenance difficulty are greatly reduced. The configuration and operation method can be seen in the figure below.



PON Structure, Source: ResearchGate

Apogee's Product strategies are also adjusted in response to the trend: including support for 850~1700nm band passive filters, high-density DWDM components, customized thin-film filters, and continued expansion to LiDAR, biomedical testing, image sensing and other diversified applications. In the short term, Apogee focuses on improving the supply of mid-to-high-end products, expanding automation and introducing AI-assisted tools, and strengthening accounts receivable management; in the medium and long term, it focuses on sustainable operations, promoting technology extension and multi-band product line expansion, strengthening customer automation equipment development services, and improving financial structure to meet the next wave of optical communications golden age.





Source: Apogee

(4) Product Competition

Our main products are DWDM, CWDM, Band Separators Filters, Broad Band Pass Filters, Narrow Band Pass Filters and Edge Filters. The main competitors in China are the Broad Band Pass Filter, Narrow Band Pass Filter and Edge Filter. Currently, East Tender Optoelectronics Corporation is the main competitor in China, while II-VI Incorporated (USA) and Altra Tech. Incorporated (Canada) are foreign companies engaged in R&D and production of related products.

3. Technology and R&D Overview

A. Technology level and research development of the business

The first is the rapid expansion of optical communication 5G/6G applications to the home/commercial/school/infrastructure markets, the upgrading of various high-end filter processes, the improvement of filter separation identification based on the original process method through new coating design and precise optical monitoring technology and equipment, and the increase of batch production. We are aiming to provide the highest quality optical filters in the optical communication industry by introducing low loss, high isolation, multi-channel, and large angle splitters.

In 2022, the application of meta-lenses in the field of micro-optics continued to expand, particularly in imaging and display technologies such as AR/VR/MR for wearable devices. Our company timely provides high-quality dielectric film coatings with ultra-low absorption and precise thickness for meta-lenses. We also actively collaborate with instrument equipment manufacturers to develop optical filters used in medical diagnostic and therapeutic devices. Our optical coating products are applied in various areas of biomedical testing and medical treatment, including spectrum-based flow cytometry, blood glucose level detection, surface imaging, internal imaging, X-ray imaging, optical microscopy examination, molecular spectroscopy, biosensors, and medical laser applications.

To meet market demand, the company continues to improve its process capabilities, including faster and more stable advanced processes, more advanced optical monitoring algorithms, and the use of more composite materials to meet customers' needs for precise and mass manufacturing.

Deeply focused on the end markets of optical communication, automotive, energy, consumer, industrial and medical, driving the diversified growth of semiconductor optical processing is a strong pillar to achieve future goals. We have unique, successful and professional optical coating technology to provide customers with optical processing solutions. Since 110 years, coating equipment and technology have made significant advances, resulting in stronger overall capabilities and increased value, making APOGEE OPTOCOM the target for optical coating application solutions dedicated to long-term value creation.

B. Research and development expenses for the most recent year and up to the date of printing of the annual report

Unit: NT\$1,000

Year	2024	April 30, 2025
R&D expense	96,294	31,517

C. Technology or products developed successfully

The following items are the products we have successfully developed in the last five years:

Year	Specific R&D results
2020	1. 21-channel bandpass selector filter successfully mass-produced.
2021	1. Ultra-thin filter with no substrate support developed. 2. Mass production of far-infrared wafer coating for automotive environmental sensing. 3. Mass production of filters for biomedical applications such as ophthalmic examinations and PCR fluorescence.
2022	1. The spectrometric flow cytometer and the cell detection application filters have been successfully mass-produced. 2. Co-packaging of optical component wafers with coating has been successfully mass-produced. 3. Successful development of 8&12-inch low particle optical component wafer coating. 4. Mass production of optical coatings for multi-junction photovoltaic wafers for artificial satellites.
2023	1. Optical filters for 800 Gbps optical modules were successfully mass-produced. 2. 25G and 50G Passive Optical Network (PON) filters were successfully developed. 3. Thermal imaging optical wafer coating was successfully developed.
2024	1. Visible light extremely narrow band filter has been successfully mass-produced 2. 1.6T 16-channel filter was successfully developed 3. CPO filter was successfully developed. 4. 50G dual peak filter was successfully developed

(4) Long-term and short-term business development plans

A. Short-term Development Plan

- (a) Marketing: Provide high, medium, and low end products for sale, so that customers can buy them all at once.
- (b) Production: Increase the degree of automatic production and Reduced product tolerances make quality more stable and precise.
- (c) R&D: Strengthen the development of non-optical products and increase the application of non-optical products.
- (d) Human resources and automation: The automation department will develop production equipment to enhance competitiveness.
- (e) Finance: Through business management and system monitoring, we reduce the risk of accounts receivable and reversal, and actively increase the turnover rate of accounts receivable to improve the efficiency of capital utilization.

B. Medium and Long-term Development Plan

- (a) To build up a good corporate culture with the concept of sustainable management, in addition to recruiting relevant talents and continuously upgrading technology, coupled with rational market analysis, forecasting and continuous revision of reinvestment, to create room for sustainable growth in the future.
- (b) To enhance the training of professional knowledge of employees and the collection and analysis of market information, and to strengthen internal management in order to improve operational performance and facilitate the re-expansion of sales business.
- (c) Utilize our core coating technology, conduct research and development of coating materials, expand into different wavelength coating fields, and expand product lines and product applications.
- (d) To expand the programming of the automation department, in addition to the development of production equipment required by the plant, we also develop the automation equipment required by customers to help customers effectively reduce costs and enhance their product competitiveness.
- (e) Long-term financial planning is to establish a fundraising pipeline as a backing for operational development and to strengthen the financial structure.

2. Market and Production Overview

(I) Market Analysis

A. Major product (service) sales (supply) regions

Unit: NT\$1,000 ; %

Year Sales regions		2024		2023	
		Sales Amount	%	Sales Amount	%
Domestic Sales		46,976	14.24	52,910	14.58
Export	Asia	267,087	80.97	297,065	81.88
	Europe	284	0.09	425	0.12
	America	15,505	4.70	12,389	3.42
	Subtotal	282,876	85.76	309,879	85.42
Total		329,852	100.00	362,789	100.00

B. Market share

The company is mainly engaged in the design, production and sales of thin-film filters for optical fiber communication components, which belong to the link of optical fiber transmission devices and components. Due to the wide variety of products and different uses in the optical fiber transmission industry, it is difficult to make statistics on individual market conditions, and There is a lack of fair and objective statistical data to evaluate the market share, if it is estimated based on the output value of optical fiber transmission devices and components in Taiwan.

Unit: NT\$1,000

Item Year	Consolidated Operating Revenue(A)	Taiwan optical fiber transmission device and components (2729910) Year sales value (B)	Output value ratio (%) (C)=(A)/(B)
2018	459,909	11,362,656	
2019	617,017	14,944,985	4.13

Source: ITIS Industry Sales Database 及 Market Observation Post System

Note: Fiber optic transmission devices and components include three major categories: fiber optic transmission devices including multimode, single mode; fiber optic active components including optical transmitters, optical receivers, optical amplifiers, optical transceiver modules, etc. and fiber optic passive components including optical collars, optical connectors, optical couplers, splitter multiplexers, optical switches, filters, optical isolators, optical attenuators, optical splitters, etc.

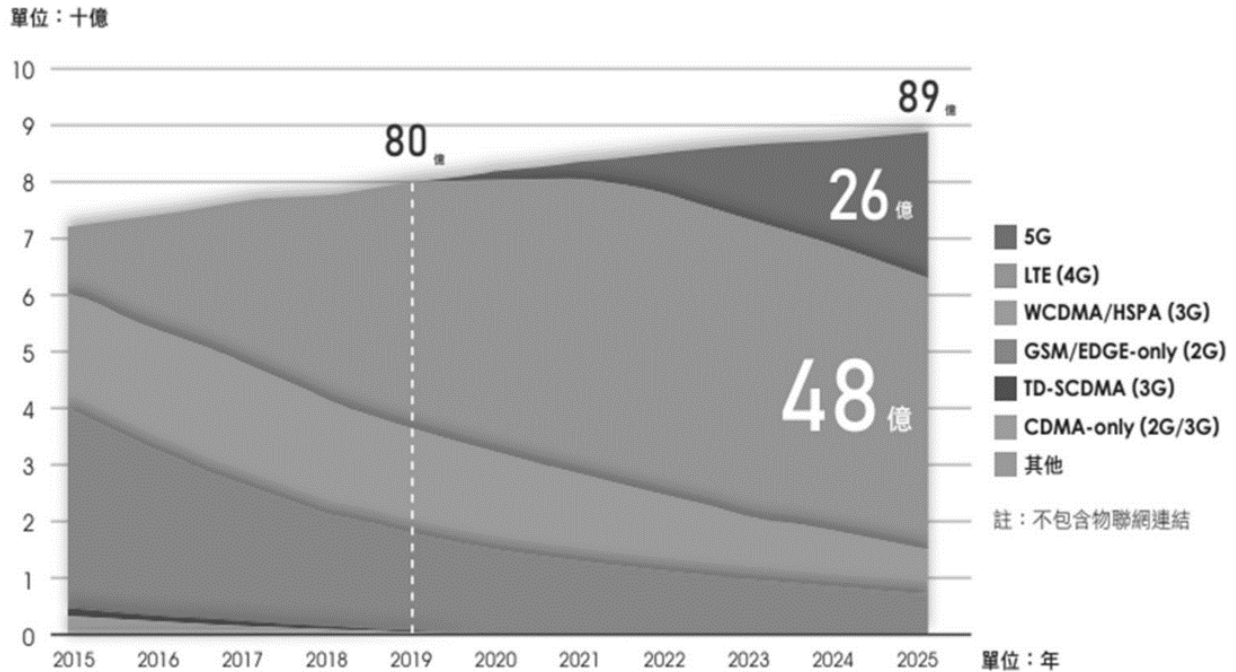
According to the ITIS production and sales database, the sales value of optical fiber transmission devices and components (2729910) in Taiwan in 2018 and 2019 are NT\$11,362,656,000 and NT\$14,944,985, respectively. Based on the Company's operating revenue in 2018 and 2019, the estimated Taiwan market output ratio is 4.05% and 4.13%, respectively.

In addition, according to the data from the Chord Industry Research Center's Year 2020 report on optical communications, the global market size of WDM devices/devices in 2019 is about 22 million channels (i.e., 22 million components, with 1 filter in each component). In 2019, the total sales volume of passive filters (e.g., DWDM/LanWDM/CWDM) is about 5.38 million pieces, and the sales volume is NT\$514,792thousands, which accounts for 83% of the total sales volume in 2019, and the projected share of the global WDM market size is about 24.45%.

C. Future Supply and Demand and Growth of the Market

(a) Global mobile broadband subscriber base is gradually growing. The rapid growth of mobile data traffic in recent years has also led to a surge in demand for new-generation ultra-broadband networks. According to the Ericsson Mobility Report released by Ericsson in Q4 2019, the number of mobile broadband subscribers worldwide increased by nearly 49 million in Q4, and the total number of subscribers will reach 7.9 billion. Global telecom operators will focus on 5G infrastructure construction and popularization of related terminal equipment in 2020 to accelerate the change of industry value chain. The number of mobile users and connected devices will continue to grow in the coming years.

Estimated number of subscribers to telecommunication services by technology in 2025



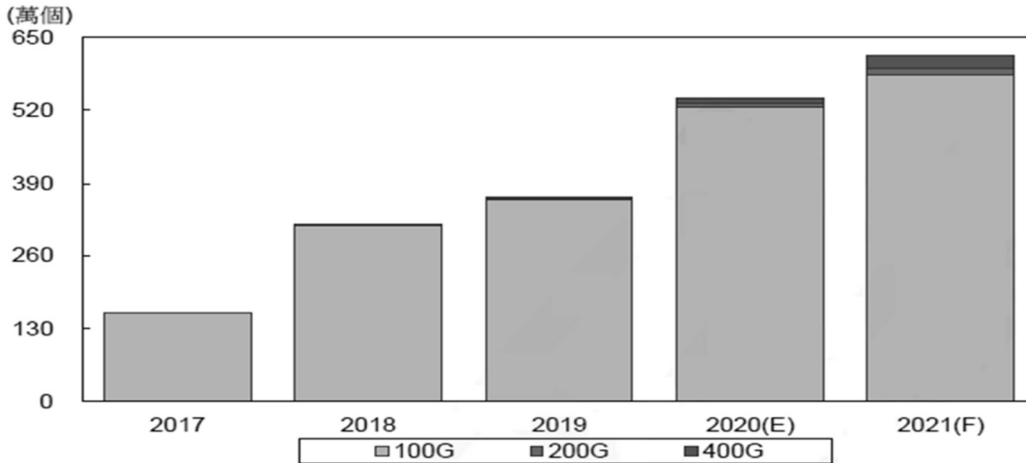
Source: Ericsson · Compiled by the Telecommunications Technology Center (July 2020)

According to Gartner, global 5G wireless network infrastructure revenue is expected to reach USD 4.2 billion by 2020, up from USD 2.2 billion in 2019, representing an annual growth rate of 89%, with global 5G entering commercialization in 2019. In 2019, the global 5G will enter the commercialization period, and many telecom operators in Korea, the US, Japan, China, Switzerland and the UK will launch 5G commercialization. As the number of mobile subscribers and connected devices will continue to grow in the coming years, and 5G technologies will increase the usage of optical communication components and the information volume of backbone networks, it is inevitable that countries will start to deploy 5G construction and quickly invest in WDM technology. Therefore, the demand for WDM components is expected to peak from 2021 to 2023, and the demand for WDM components is expected to exceed 45 million channels by 2023, double the demand in 2019.

(b) Cloud Data Center Industry

According to a report by Topology Research Institute, high-speed broadband networks have become popular in "consumer markets, enterprise users, and data centers", and with the rise of OTT (Over the Top) manufacturers, the demand for optical fiber in data centers will drive the growth of optical transceivers. The total data center traffic in 2015 was about 3 times that of the previous year, and it is estimated that the growth will be more than 3 times by 2020. The growth momentum of the optical transceiver market is promising. Since about 70% of the information transmitted by data centers is transmitted within the data centers, there is a strong need to "increase speed, reduce cost, and lower power consumption", and only optical communication transmission has this feature. To achieve high speed optical signal transmission, it is expected that optical transceivers will soon replace the existing 100Gbps and 200Gbps as the mainstream of higher speed optical transceivers.

Optical Transceiver Market Size 2017~2021



Source: Topology Research Institute, 2020/03

Data center is the fastest growing application market for optical modules in recent years. In 2020, due to the new epidemic, the dependence on data center will increase. With 400G optical transceiver modules, the global market size is expected to reach USD 1.2 billion by 2022, with a three-year compound growth rate of 70%.

(c) Internet of Things

From the Internet era to the Internet of Things era, there are more and more needs in life such as e-commerce, social interaction, smart home appliances or high-definition video entertainment. The mobile network has become an indispensable element of human life, accelerating the IoT smart life scenario, which allows you to grasp the big and small things in your life through mobile devices. According to the Cisco white paper published in 2018, the CAGR of network traffic by 2021 is predicted to be, among other things, double for video traffic, double for live streaming traffic, double for surveillance traffic, and double for Augmented Reality (AR) and Virtual Reality (VR) traffic over a six-year period. The advent of 5G and the Internet of Things (IoT) will bring the growth of mobile broadband users and the popularity of large bandwidth applications, which will require operators to The new era of 5G and Internet of Things will bring the growth of mobile broadband users and the popularity of large bandwidth applications, which will require operators to deploy small base stations with dense coverage of Macro Cells, and small base stations that meet the new era's high bandwidth, low latency and massive connectivity requirements to satisfy users' service experience.

In summary, the demand for thin-film optical communication filters will gradually expand with the demand for 5G, cloud and Internet of Things applications, which will drive the Company's revenue growth momentum.

D. Competitive Advantages

(a) Investment in R&D Capabilities

The Company continuously invests in the development of optical thin film technologies. As the optical coating process requires the integration of coating equipment, optical thin film design, and the characteristics of coating materials, the Company focuses on independently developing proprietary technologies. It continually engages in R&D across coating materials, process technologies, and product output, aiming to improve coating yield and usable area. These efforts are key to maintaining a strong competitive edge in the optical communication market.

(b) Mastery of Key Technologies

End customers are primarily telecom operators or equipment manufacturers. Their system designs often use multi-channel and modular configurations to allow future expansion. As demand for bandwidth and data capacity continues to grow, the selected wavelengths become increasingly

closer together. This requires thicker film stacks in filter design, raising the technical difficulty of coating processes. High-end thin-film filters are part of an oligopolistic market, showcasing the Company's advanced coating capabilities. For instance, in WDM (Wavelength Division Multiplexing) products, our thin-film filters can achieve spectral filtering as narrow as 0.2 nm, allowing increased spacing between channels and better resistance to thermal drift and environmental influences. These advantages—more channels, higher transmission capacity, and scalability—have earned strong recognition from customers.

(c) Comprehensive Range of Coating Equipment

The Company possesses a full range of coating equipment, enabling the production of a complete product line across the visible to invisible light spectrum. Optical coatings are one of the Company's core strengths. Given that most optical communication thin-film filters are non-standard and require customized specifications, the Company leverages the flexibility of its coating equipment to efficiently meet diverse customer requirements for customized optical communication filters.

E. Favorable and unfavorable factors for the future development prospect and measures to deal with them

(a) Favorable factors

(i) Optical Communication Industry Embraces New Wave of 5G Construction

With the continuous growth of smart home and other Internet of Things applications, wearable devices, 4K quality audio and video services, and cloud services, mobile data traffic is growing rapidly. The growth of the consumer home application market will be driven by the booming development of Internet audio and video services, while the growth of the enterprise user market will be driven by the increasing demand for large data centers and cloud services from North American OTT audio and video vendors. The demand for infrastructure and investment arising from the 5G broadband network environment is gradually driving the growth of the overall communications equipment market.

(ii) High technology threshold

China has been actively promoting the fiber-optic coverage of broadband access networks, making it the country with the largest number of fixed broadband users and FTTx market users in the world. With the advantages of low cost and high labor intensity, China has become an important production base for optical communication modules globally. The self-sufficiency rate of optical modules below 10Gb/s in China has reached 90% due to the domestic production capabilities. However, for high-end (high-speed) optical modules, China still relies on foreign suppliers, as the self-sufficiency rate for 25Gb/s and above optical modules is only 10%. A similar situation exists for optical communication filters, as China lacks core optical communication technologies and talent and relies on manufacturers in Taiwan and the United States. Our company, with over a decade of experience in the field of optical communication filters, continuously invests in research and development talent and capital expenditures, as well as improvements in production technology and innovative research. By leveraging continuous technological improvements and innovative advantages, we strive to maintain competitiveness in the market.

(iii) Our main products are thin film filters for optical communication active components (E-PON, G-PON...) and thin film filters for optical communication passive components (CWDM, DWDM), and we have a complete product line that can satisfy customers' needs in a single purchase, and we can customize our products according to the specifications provided by customers. We can customize our products according to the specifications provided by our customers, and we can meet the requirements of our customers in terms of product specifications, quality, and delivery time with high quality and low cost.

(iv) Long history of operation, most of the customers are stable cooperation with well-known manufacturers The company has been deeply engaged in the field of optical communication coating for more than 10 years, with its quality, precision, after-sales service and accurate control of delivery, has a stable customer base, has established a reputation in the industry, so that its business expansion smoothly, and most of the customers are well-known domestic and foreign manufacturers. Most of the customers are domestic and foreign well-known manufacturers, and the quality is well recognized

by the international, and the business has maintained stable growth for a long time.

(b) Unfavorable factors and countermeasures

- (i) It is difficult to standardize the production of customized products, which affects the production efficiency of the production line.

In the early stage of 5G construction, base station deployment and specification revision are carried out simultaneously, and operators and system vendors continuously adopt various solutions to continuously improve the quality of reception to meet the market demand, and therefore adjust and modify the specifications many times. In order to quickly meet customers' requirements in terms of product types, specifications and delivery time, the company intends to adopt the following two countermeasures to meet both customers' needs and production line performance.

Countermeasures:

(A) Continuously invest in R&D and process optimization to reduce process loss and improve yield, and work with customers to reduce the time spent on process design.

(B) Conduct regular and irregular production and sales meetings to discuss how to proceed for products that can be standardized, and how to deploy production capacity for products that cannot be standardized, so that efficiency can be improved to meet customer needs.

- (ii). Taiwan dollar exchange rate fluctuation risk

From 2018 to 2024, the ratio of foreign currency-denominated sales to revenue will be over 80%, and the ratio of foreign currency-denominated purchases to imports will be around 50%, and most transactions are denominated in U.S. dollars and Japanese yen. This may increase the Company's operational risk.

Responses:

The finance and accounting department usually liaises closely with the foreign exchange department of the bank to fully grasp the trend of exchange rates through the analysis and consultation services provided by the bank. In addition, our sales staff assesses the trend of exchange rate changes when quoting prices and evaluates product price adjustments to protect the Company's profitability.

- (iii). Professional technical personnel and labor are not easily recruited. The optical industry is a star industry with great development in Taiwan. In the long run, it may affect the effectiveness of R&D and further increase the overall cost of R&D.

Responses:

In addition to investing a large amount of money in R&D every year to cultivate talents, we also implement policies such as humanized management and transfer of treasury shares to employees to recruit outstanding talents. In addition, we have also implemented the employee stock ownership trust program in 2022 to start outstanding talents. In terms of professional on-the-job training, the Company encourages R&D staff to study on their own initiative and regularly participates in regular lectures and technical exchanges with industry and academia. In the future, we will enhance the company's environment and benefits to recruit more talents to join our R&D team to meet the R&D capacity required by the highly competitive overseas market.

(2) Important uses and production processes of main products

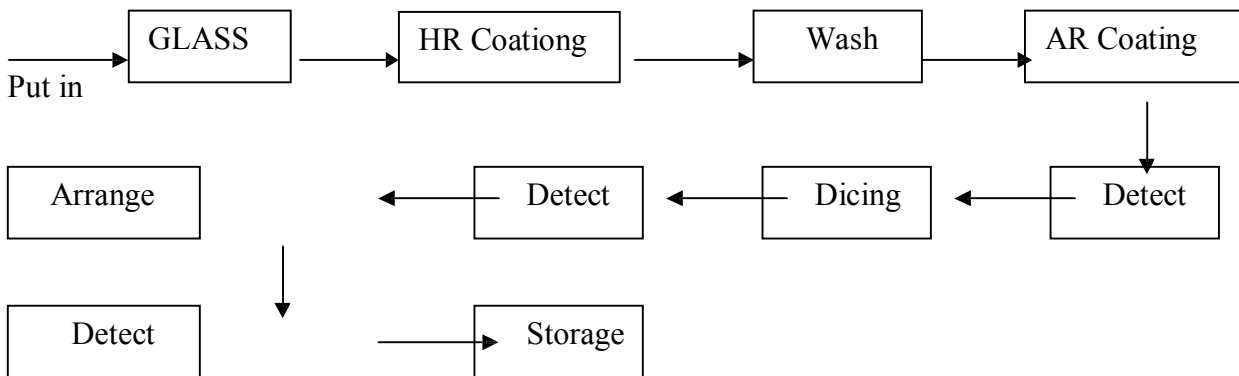
1. Important Applications of Optical Communication Filters

Our main products are thin film filters, and the main applications of these products are briefly described below.

- ① High density multiplexer is a high efficiency optical transmission method that can provide more than four channels of capacity under the existing optical fiber equipment Criteria, i.e., the capacity of the same fiber can be increased by more than four times, thus increasing the bandwidth of the network transmission; and the system uses a number of different wavelengths to share a single fiber, and can carry different wavelengths of signals at the same time, thus significantly increasing the bandwidth efficiency; it is mainly used in backbone networks.

- ② It is mainly used in the backbone network low-density multiplexing oscilloscope is a kind of optical transmission method, which uses thin-film filter technology of optical fiber transmission module, because it only has two channels and the wavelength spacing is larger, so the technical difficulty is lower, also because the data transmission volume is smaller. The cost of transceiver at both ends is lower because the data transmission volume is smaller; it is mainly used in local area networks. In addition, the new generation of optical transceiver modules designed directly on the user side will be used much more than LAN. The cloud base station also uses the large angle design principle, and its usage will explode.
- ③ The gain flat filter (GFF) provides compensated and stable signal, Raman amplifier, and doping amplifier. The GFF is used to extend the transmission distance and is currently used in three networks in one system.
- ④ Band splitter, wide band pass filter, narrow band pass filter, narrow band pass filter with a band width of less than 10nm, with various uses, can improve the system quality and bandwidth.
- ⑤ Anti-reflective film is one of the optical filters and optical components used in digital cameras, projectors, cameras, medical instruments, astronomical telescopes and other lenses, that is, various optical components must be equipped with optical films.
- ⑥ The cutoff filter is a multi-wavelength filter, which is required for optical fiber to user, optical transceiver module, and passive optical fiber network.
- ⑦ Consumer electronics: Handheld consumer electronics, laptops, backlights, etc.

2. Optical communication filter production process



(3) Supply of major raw materials

Main raw materials	Suppliers	Supply Status
Glass substrate	B1	Good, stable
TA2O5	B2、B3	Good, stable

(4) List of major import and export customers

- (1) The list of companies that have accounted for more than 10% of total shipments in any of the last two years, the amount and proportion of shipments, and the reasons for the increase or decrease

Unit: NT\$1,000

Item	2023				2024				2025 Q1			
	Name	Amount	Percentage of net imports (%)	Relationship with the issuer	Name	Amount	Percentage of net imports (%)	Relationship with the issuer	Name	Amount	Percentage of net imports (%)	Relationship with the issuer
1	B1	32,451	41.86	N	B2	6,777	18.18	N	B1	6,201	27.25	N
2	B2	13,518	17.44	N	B1	6,002	16.09	N	B2	5,119	22.49	N
3	B4	9,920	12.80	N	B4	3,464	9.29	N	B4	3,464	15.22	N
4	B3	-	-	N	B3	2,760	7.40	N	B3	2,382	10.47	N
Other		21,629	27.90	-	Other	18,286	49.04	-	Other	5,591	24.57	-
Total		77,518	100.00	-	Total	37,289	100.00	-	total	22,757	100.00	-

Change Description:

In the past two fiscal years, the Company's primary raw materials have mainly included glass substrates and TA2O5. B2 and B3 are suppliers of TA2O5; B1 is a Japanese supplier of glass substrates, and B4 is a supplier of Grid components.

The increase in procurement amount and proportion for B1 in 2023 was primarily due to the Company's decision to raise safety stock levels of glass substrates in Q1 2020 in response to the COVID-19 pandemic. However, subsequent inventory turnover was lower than expected due to revenue impact. After renegotiating delivery schedules with the supplier, shipments were made gradually in 2023.

For B4, the procurement amount decreased in the recent year because of bulk purchases made in 2022 in anticipation of longer delivery lead times and expected price increases.

The changes in procurement from B2 and B3 were due to the Company's procurement policy, which adjusts supplier shares based on unit price and delivery schedule.

2. The list of customers who have accounted for more than 10% of the sales amount in any of the last two years, their sales amount and proportion, and the reasons for their increase or decrease

Unit: NT\$1,000: %

Item	2023				2024				2025 Q1			
	Name	Amount	Percentage of net imports (%)	Relationship with the issuer	Name	Amount	Percentage of net imports (%)	Relationship with the issuer	Name	Amount	Percentage of net imports (%)	Relationship with the issuer
1	C	49,254	13.58	N	A	51,346	15.57	N	A	14,835	15.01	N
2	A	23,514	6.48	N	B	36,661	11.11	N	B	10,030	10.15	N
3	B	23,149	6.38	N	C	4,586	1.39	N	C	-	-	N
	Other	266,872	73.56	-	Other	237,259	71.93	-	Other	73,981	74.84	-
	Total	362,789	100.00	-	Total	329,852	100.00	-	Total	98,846	100.00	-

Change Description:

The Company's sales to Customers A, B, and C are primarily focused on thin-film filters, including those used in the Internet of Things (IoT), server markets, and 5G-related applications. Among them, Customers A and B mainly place orders related to 5G optical backbone networks in China and South Korea. Customer A began stocking up early in Q1 of 2024 which led to increased demand. Customer B's orders are mostly from telecommunications operators in Central China and have remained relatively stable. Customer C experienced a surge in demand in 2023 due to success in cloud data center tenders. However, demand began to decline in 2024 due to unstable tender requirements and changes in the 800G specification.

To increase market share and maintain stable growth, the Company, while fulfilling orders from existing customers, is also actively developing new markets and customer bases. The Company continues close cooperation with major optoelectronic manufacturers to gradually diversify sales risks.

3. The number of workers, average years of service, average age and education distribution ratio of employees in the industry for the last two years and as of the printing date of the annual report.

Unit: person

Year		2023	2024	As of April 30, 2025
Number of employees	Indirect Staff	70	55	61
	Direct personnel	161	160	156
	Total	231	215	217
Average age		38.50	39.10	38.82
Average years of service		7.10	8.13	7.67
Educational background distribution ratio	Master (including above)	12.99%	11.63%	11.06%
	College	53.68%	55.35%	56.22%
	High school (including below)	33.33%	33.02%	32.72%

4. Environmental Expenditure Information

Losses Incurred Due to Environmental Pollution in the Most Recent Fiscal Year and up to the Date of the Annual Report Publication (This includes compensation and violations of environmental protection regulations identified during inspections. The disclosure should specify the date of the penalty, reference number, violated regulation provisions, nature of the violation, and the details of the penalty. In addition, it should disclose the estimated amount of current and potential future losses and the corresponding countermeasures. If a reasonable estimate cannot be made, the fact that it cannot be reasonably estimated should be explained.)

Unit: 1,000

Event description	Fine amount	Response strategies and improvement measures	expenditure Amount
1. Entity Subject to Penalty: Apogee Optocom Co.,Ltd 2. Date of Penalty: August 19, 2024 3. Penalty Reference Number: Nanhua No. 1130026368 4. Violated Regulation: Article 6, Paragraph 1 of the Occupational Safety and Health Act 5. Details of Violation: The area at the first-floor dock where high-pressure liquid nitrogen gas was stored lacked appropriate warning signs prohibiting open flames. In addition, there was no safety management during the pressure relief process. 6. Penalty Imposed: A fine of NT\$100,000	100	1. Add warning signs 2. Add safety staff during the pressure relief process	1

5. Labor relations

(1) Various employee welfare measures, advanced education, training, retirement system and its implementation, as well as the agreement between labor and management and the protection measures of various employee rights and interests:

A. The Company has established an employee welfare committee to handle the following welfare measures:

- (a) Monthly birthday celebrations will give birthday gift certificates to birthday stars.
- (b) Subsidies are paid every month when there are marriage, maternity and funeral leaves.
- (c) New Year's Day coupons or gifts are issued every year.
- (d) Regularly hold employee tours every year.

B. In addition to joining labor insurance and health insurance, each employee is covered by group welfare insurance. The insurance premium is paid by the company. Employees who are hospitalized due to injuries or accidents can apply for a subsidy NT\$1,000 for one day.

C. Handle employee health checks every certain period.

D. Scholarships for employees' children: In order to encourage employees' children's outstanding performance in school, scholarships and grants are established. It is held twice a year in March and September, divided into public and private colleges and universities (including research institutes), high schools and junior high schools. Please apply according to the eligibility requirements of the Scholarship Implementation Regulations, which is hereby encouraged.

E. Profit sharing: Year-end bonuses, employee bonuses and performance bonuses are distributed to employees according to the operating conditions.

F. Employee stock trusts: They provide employees with an additional channel to participate in sharing the company's operating results through regular and fixed contributions. By subsidizing the trust with public funds, it enhances employee benefits and assists employees in achieving long-term financial planning and retirement plans.

G. Implementation of Employee Training and Development:

In addition to providing employees with comprehensive training programs and a supportive learning environment, our company places strong emphasis on career development. We offer diverse learning resources, including on-the-job training, job delegation, task assignments, project participation, job rotation, and external training opportunities. These efforts are further integrated with talent development management and performance evaluation systems to unlock employee potential, enhance organizational performance, and foster individual growth.

H. The pension system and its implementation:

The Employees' Retirement Fund Supervisory Committee was formally established on December 17, 2003 in accordance with the provisions of the Labor Standards Act.

The Committee was established on December 17, 2003, in accordance with the Labor Standards Act, and the Science Park Administration approved the rules for employee retirement on December 29, 2003. Since its establishment, the committee has been making monthly contributions at the rate of total salary, and the criteria and methods of pension application are in accordance with the Labor Standards Law. In addition, since July 1, 2005, the Company has established a defined contribution pension plan in accordance with the Labor Pension Act, which is applicable to employees of the Company's nationality. The Company makes monthly contributions of 6% of salary to the Labor Pension Fund for employees who choose to be covered by the Labor Pension Act. The Company contributes 6% of salaries and wages to the employees' personal accounts at the Labor Insurance Bureau each month, and the employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the number of their individual pension accounts and accumulated earnings.

- (2) The losses suffered from labor disputes in the latest Year and up to the date of printing of the annual report (including the labor inspection results in violation of the Labor Standards Act, the date of the sanction, the sanction number, the provisions of the law violated, the content of the law violated, the content of the sanction) should be listed, and the estimated amount of current and possible future losses and the measures to be taken should be disclosed. The Company shall disclose the estimated amount of current and potential future losses and the measures to be taken, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated:

Details of possible losses suffered by the Company as a result of labor disputes are set out in V, VI, (12) Description of litigation or non-litigation events.

6. Information security management:

- (1) Describing the framework for managing information and communication security risks, information and communication security policies, specific management plans, and resources invested in information and communication security management:
- A. The Company has established its own internal control system and internal control self-inspection operation with reference to the COSO framework, measuring the control environment, risk assessment, control activities, information and communication, supervision and other elements, which is an overview of risk management and internal control functions. The internal control system and the internal control self-inspection operation of the Company's operation management mechanism shall outline the functions of risk management and internal control, and only describe the risk management mechanism of Ares is as follows:
- B. The Company shall establish an internal control information cycle and personal data protection management practices in accordance with relevant laws and regulations and the

Company's business needs to ensure the achievement of reliability targets and continuous improvement. The Company shall continue to implement innovative information security technologies, integrate information security control mechanisms into its regular workflow, systematically monitor information security, maintain the confidentiality, integrity and availability of important assets, and ensure the safe maintenance of information systems and equipment networks to achieve sustainable business objectives.

C. Specific Management Plan: The Company's information security risks are identified through the results of risk identification and risk assessment to determine the extent to which such information security risks may have an adverse impact on business operations and to take corresponding management measures. After evaluating and assessing the information security risks, we plan the information security control plan:

- (a) Network firewall setup.
- (b) Anti-virus software settings.
- (c) System program data access control.
- (d) E-mail management control.
- (e) Information system disaster recovery plan. The management of the Company carries out internal control implementation and risk supervision management in accordance with its business areas and operational management mechanism and processes.

The Company has included the information security check controls in the Year Audit Item, and the audit unit conducts an audit at least once every Year; and the Company implements self-inspection of the risk internal control system every Year. The Company implements a risk-based internal control system self-inspection exercise every Year, including the information cycle internal control self-inspection exercise, which also includes the information security inspection control. The Company will summarize the effectiveness of the implementation of risk-based internal controls and submit it to the Board of Directors for review and confirmation, and disclose the internal control self-assessment in the annual report.

D. Investment in Information Security Management

Our company is committed to continuously implementing information security management. In 2021, we strengthened our investment in information and communication security environment, including firewall, VPN, etc., with related costs amounting to NT\$565,000. In 2022, we further expanded our investment, including hardware servers, virtual telephone systems, and the establishment of comprehensive backup and restoration plans, resulting in costs related to information and communication security amounting to NT\$1,847,000. In 2023, an amount of NT\$350,000 was invested to enhance the backup capabilities of hardware servers in response to ransomware threats. The investment cost in 2024 for upgrading the mainframe to improve the speed and stability of the switchboard was NT\$528,000.

(2) Disclosure of losses, potential impacts, and response measures arising from major cybersecurity incidents in the most recent fiscal year and up to the date of publication of the annual report: None.

7. Major Contracts

Contract nature	The Party	Contract start and end date	Main Content	Restrictions
Lease contract	South Science Part Admin. Bureau	2025.01.01~2025.12.31	Lease of factory : 1st floor of building no.5, 2nd, 3rd, and 4th floors of building no.5&7, 2nd floor of building no.13, 2nd floor of building no.11, 2nd floor of building no.9, and 4th floor of building no.3.	No subletting

V Review and Analysis of Financial Risk Issues

I. Financial Position

(I) Financial Condition Analysis

Unit: NT\$1,000

Year Acct. Item	2024	2023	Variance	
			Amount	%
Current Assets	733,070	784,528	(51,458)	-6.56%
Property, plant and equipment	236,448	349,295	(112,847)	-32.31%
Intangible Assets	365	789	(424)	-53.74%
Other Assets	92,770	112,526	(19,756)	-17.56%
Total Assets	1,062,653	1,247,138	(184,485)	-14.79%
Current Liabilities	90,259	103,831	(13,572)	-13.07%
Non-current liabilities	14,832	28,149	(13,317)	-47.31%
Total liabilities	105,091	131,980	(26,889)	-20.37%
Share capital	385,090	385,090	0	0.00%
Capital surplus	673,187	692,441	(19,254)	-2.78%
Retained earnings	(71,988)	65,955	(137,943)	-209.15%
Other equities	(28,727)	(28,328)	(399)	1.41%
Total shareholders' equity	957,562	1,115,158	(157,596)	-14.13%

Description of significant changes: (The change in the amount of funds reaches more than 10%, and the amount of funds reaches more than 1% of the total output of the current year).

1. Total assets, retained earnings, and total shareholders' equity all decreased compared to 2023. This was mainly due to the slowdown in global 5G infrastructure development in 2024, which led to conservative demand for filters used in Dense Wavelength Division Multiplexing (DWDM) systems. As a result, annual revenue remained at a low level, declining by 9% year-over-year, leading to an earnings per share (EPS) loss of NT\$3.58.
2. Property, plant and equipment, as well as other assets, decreased compared to 2023 due to continued depreciation expenses and amortization of land use rights.
3. Current liabilities decreased due to reduced procurement in response to operational conditions.
4. The decrease in non-current liabilities and total liabilities was primarily due to the reduction of lease liabilities associated with the amortization of land use rights.

(II)The changes in financial condition over the past two years have had no significant impact on the overall financial position.

(III)Future response plan: None

2. Financial Performance

(1) Comparative financial performance analysis table

Unit: NT\$1,000

Accounting Items \ Year	2024	2023	Discrepancy	
			Amount	%
Net Operating Revenue	329,852	362,789	(32,937)	-9.08%
Operating cost	327,144	326,077	1,067	0.33%
operating profit	2,708	36,712	(34,004)	-92.62%
Operating expenses	174,199	184,147	(9,948)	-5.40%
Operating profit	(171,491)	(147,435)	(24,056)	16.32%
Non-operating income and expenses	31,479	11,201	20,278	181.04%
Net profit before tax	(140,012)	(136,234)	(3,778)	2.77%
Income tax benefit (fee)	2,069	32,879	(30,810)	-93.71%
Net profit for the period	(137,943)	(103,355)	(34,588)	33.47%

Significant changes: (Change in amount of 10% or more, and amount of more than 1% of total Assets for the year)

- Compared to 2023, gross profit, operating profit, profit before tax, and net profit all declined. The primary reason was the slowdown in global 5G infrastructure development during 2024, which resulted in cautious demand for filters used in DWDM systems. Consequently, full-year revenue remained at a low level with a 9% year-on-year decrease, leading to an earnings per share (EPS) loss of NT\$3.58.
- The increase in income tax benefit compared to 2023 was primarily due to the cessation of deferred income tax asset recognition in 2024, following an assessment of the overall realizability of accumulated losses.
- The increase in non-operating income and expenses compared to 2023 was mainly attributable to the recognition of higher foreign exchange gains arising from fluctuations in the USD/TWD exchange rate.

(2) Expected sales volume for the next year and the underlying assumptions: Please refer to “Section I – Letter to Shareholders.”

(3) The changes in financial performance over the past two years have had no significant impact on overall financial results.

(4) Future response plan: None.

3. Cash flows

(1) Analysis of changes in cash flows

Unit: NT\$1,000

Item	2024	2023	Increase (decrease) change
Net cash inflow from operating activities	56,219	19,910	36,309
Net cash outflow from investing activities	(12,654)	(119,981)	107,327
Net cash flow (outflow) from financing activities	(31,175)	(89,250)	58,075

Analysis of changes: (Amount changed by 10% or more and amounted to more than 1% of total Assets for the year)

- Net cash inflow from operating activities increased, despite a 9% year-over-year decrease in revenue in 2024, primarily due to a reduction in net inventory of NT\$34,406 thousand and a decrease in income tax payments of NT\$24,409 thousand.
- The decrease in cash outflows from investing activities was mainly due to the acquisition of financial assets measured at amortized cost totaling NT\$72,037 thousand in 2023 (classified as time deposits with maturities exceeding three months), while in 2024, NT\$6,442 thousand was generated from their disposal. Furthermore, capital expenditures on property, plant, and equipment decreased by NT\$33,365 thousand compared to the previous year.
- The decrease in cash outflows from financing activities was mainly due to the distribution of NT\$77,018 thousand in cash dividends for 2022 in 2023. As the company reported a loss for 2023, only a distribution from capital surplus amounting to NT\$19,254 thousand, as approved for 2023, was made in 2024.

- (2) Plan to address liquidity shortfall: There is no indication of a cash liquidity shortage.
 (3) Cash flow liquidity analysis for the next year: flow analysis for the coming year: None.

4. Impact of recent significant capital expenditure on financial operations: None.

5. Recent year's transfer policy, main reasons for profit or loss, improvement plan and investment plan for the coming year

(1) The Company's reinvestment policy.

The Company's current reinvestment policy is carried out by the relevant executive departments and follows the internal control system "Investment Cycle" and "Regulations Governing the Acquisition and Disposal of Assets". The Company follows the internal control system "Investment Cycle" and "Regulations Governing the Acquisition and Disposal of Assets" to evaluate the past and prospective outlook of the investee companies, market conditions and the quality of operations in order to form the basis for investment conclusions by the decision-making authority.

(2) Main reasons for loss on reinvestments. Statement of Analysis of Reinvestment – Equity Method

Unit: NT\$1,000

Reinvestment	Major business item	Recognize the most recent year (2024) investment gain or loss of the investee company	The main reasons for the profit or loss	Improvement Plan	Investment plan for the coming year
Ferrule Precision Co. Ltd.	Optical Communication Components – Ceramic Inserts, Optical modulator	156	Ongoing research, development, and delivery of optical modulator products.	Activate assets	Future expansion of optical communication-related products subject to operational needs

(3) Investment plans for the coming year: None.

6. Risk factors should be analyzed and assessed for the most recent year and up to the date of printing of the annual report as follows.

The following items for the latest fiscal year and as of the date of printing of the annual report:

(1)The Company's interest expenses for the years 2024 and 2023 were NT\$668 thousand and NT\$825 thousand, respectively, accounting for 0.20% and 0.23% of operating revenue for each period. When interest rates increase/decrease by 10 basis points, the profit or loss for the year 2024 and 2023 would increase/decrease by NT\$146 thousand and NT\$187 thousand, respectively. Based on a prudent and conservative financial management approach, the finance department maintains close communication with correspondent banks on a regular basis and closely monitors interest rate fluctuations to assess future interest rate trends and make appropriate adjustments to fund utilization.

(2)Effect of exchange rate changes

The Company's foreign exchange gains (losses) for the years 2024 and 2023 were NT\$19,535 thousand and (NT\$1,379) thousand, respectively, accounting for 5.92% and (0.38%) of operating revenue for each period, and (13.95%) and 1.01% of profit (loss) before tax. When the New Taiwan Dollar appreciates or depreciates by 1% against the US Dollar, the profit or loss for 2024 and 2023 would increase or decrease by NT\$1,876 thousand and NT\$3,144 thousand, respectively. The Company uses hedging derivative financial instruments to manage foreign currency exposure for certain accounts, supplemented by natural hedging. Additionally, the finance department maintains close communication with correspondent banks and closely monitors exchange rate fluctuations to assess future exchange rate trends, aiming to minimize the impact of exchange rate volatility on the Company's operating profit.

(3)Inflation

To date, there has been no inflation that has had a material impact on the Company's profit or loss. In Addition to closely monitoring market price fluctuations and actively developing sources of raw material supply to reduce production costs, the Company has been able to maintain good customer relationships and reflect production costs in product prices in a timely manner, thus effectively reducing the impact of inflation on the Company's profitability.

- (2) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profit or loss, and future measures to deal with them:
- A. The Company operates its business in a practical and dedicated manner and its financial policy is consistent with the principles of prudence and conservatism, and it does not engage in high-risk, highly leveraged investments.
 - B. In the most recent year and up to the date of the annual report, the Company has endorsed guarantees and loaned funds to others for its subsidiary Ferrule Precision Co. The Company follows the Company's endorsement and lending procedures and makes public the relevant information.
 - C. To hedge the risk of exchange rate fluctuations and engage in transactions of derivative financial instruments, the transactions are governed by the "Regulations Governing the Acquisition and Disposal of Assets" established by the Company. As of the printing date of the annual report for the fiscal year 2025 and fiscal year 2024, the relevant transactions were carried out in accordance with the Regulations Governing the Acquisition and Disposal of Assets, and the transactions were processed and announced in accordance with the provisions of the Act.
- (3) Future research and development plans and estimated investment in research and development:
- A. Future R&D plans
We will focus on the design, production and sales of optical passive components. In the future, we will vertically integrate key upstream materials and devices, develop multi-functional hybrid components, and design basic passive components to be miniaturized, hybrid and meet the demand for high power and high capacity transmission in order to enhance our competitive edge.
 - B. Estimated R&D expenditure:
The research and development (R&D) expenses for the fiscal years 2024 and 2023 were 96,294 thousand NT dollars and 94,040 thousand NT dollars, respectively, accounting for 29.19% and 25.92% of the respective annual operating revenues. As technological innovation and R&D are fundamental to the company's continuous growth and sustainable operations, R&D expenses are allocated each year. For the year 2025, it is projected that 82,479 thousand NT dollars will be invested in R&D, based on new products, technologies, and development progress. As the company's revenue grows in the future, R&D expenses will gradually increase to support future R&D initiatives and enhance the company's market competitiveness.
- (4) Impact of significant domestic and international policy and legal changes on the Company's financial operations and measures to deal with them. The Company has always operated in good faith and in compliance with the laws and regulations promulgated by relevant governments and institutions both domestically and internationally. In addition to carrying out its business in accordance with existing laws and regulations, the Company closely monitors the direction, policy formation, legislative process and details of important domestic and international policies related to its operations and propose timely and proactive measures in response. As of the date of publication of the annual report, the Company has not been affected by any significant domestic or international policy and legal changes that may have an impact on its finances and operations.
- (5) Impact of technological changes and industry changes on the Company's financial business and measures to deal with them: As applications such as smart phones, cloud computing and online games continue to drive the demand for network bandwidth, coupled with the development of new technologies such as audio-visual interaction, government entities and private organizations are more active than ever in promoting broadband construction projects. This has created opportunities for the growth of the optical communications industry. We will continue to capture the growth momentum of the optical-to-home market and maintain our competitiveness by continuing to develop our technology development capabilities while maintaining sound and flexible financial management to meet the challenges of technological and industry changes.
- (6) The impact of the change in the corporate image on corporate crisis management and the actions are taken in response: Since its establishment, the Company has complied with the relevant laws

and regulations, actively strengthened its internal management, and improved its management quality and performance, while maintaining harmonious labor relations in order to continuously maintain a good corporate image.

(7) Expected benefits, possible risks, and responses to mergers and acquisitions: In the recent year and as of the date of the annual report, there were no plans to merge and acquire other companies. If there are any future mergers and acquisitions, we will conduct various benefit assessments and risk management in a prudent manner in accordance with all operational requirements to ensure the protection of the Company's interests and shareholders' rights.

(8) Expected benefits of plant expansion, potential risks and contingency measures: The expansion of production capacity will mainly be based on the purchase of additional equipment, and if there is a lack of use of the plant, we intend to lease additional standard plants of South Science Park to cope with it.

(9) Risks associated with the concentration of imports or sales and measures to deal with them:

A. Concentrated supply

As a professional optical coating component manufacturer, the main raw materials are glass substrates and metal targets, which are sourced from a number of domestic and overseas suppliers, and more than two suppliers are maintained to diversify the risk. The Company has accumulated many years of coating technology and experience, in addition to close communication and cooperation with major suppliers and maintain a good cooperative relationship, and at the same time with the development of new products to actively seek new sources of supply to ensure a stable supply of goods without the risk of shortage.

B. Concentrated Sales

In the fiscal years 2024 and 2023, the sales to any single customer did not exceed 20% of the respective period's net revenue. In addition to maintaining long-term partnerships with existing customers, the company actively seeks to develop new customers and products, and expand its business sources to improve customer diversification. Therefore, the company does not face significant risks related to sales concentration.

(10) Impact of substantial transfer or replacement of shareholdings of Directors, Supervisors or major shareholders holding more than 10% of the shares on the Company, risks and countermeasures: There was no significant transfer of shareholdings of Directors, Supervisors and substantial shareholders during the last year and up to the date of printing of the annual report. The reasons for the transfer were mostly due to the shareholders' own financial management and did not affect the actual operating conditions of the Company.

(11) Impact of changes in operating rights on the Company, risks and contingency measures: There has been no change in operating rights in the latest Year and as at the date of printing of the annual report.

(12) Litigation or non-litigation cases:

A. If there is a litigation, non-litigation or administrative dispute that has been determined or is currently pending in the Company's latest Year and as at the date of printing of the annual report, the outcome of which may have a material impact on shareholders' equity or the price of securities, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved and the current status of the case should be disclosed. The parties involved in the litigation and the current status:

In 2020, due to an employee named Liu OO requesting the Taiwan Tainan District Court to confirm the existence of an employment relationship with our company, a civil lawsuit was filed. The Taiwan Tainan District Court issued a first-instance judgment on August 26, 2022, stating that our company should pay NT\$50,000 per month from August 22, 2020, until the day before the plaintiff resumes work. Additionally, interest should be calculated at an annual rate of 5%

from the day after the due date until the date of settlement, and a retirement pension of NT\$3,036 should be paid monthly. After the company's appeal, a settlement was reached on March 12, 2025, at the Tainan Branch of the Taiwan High Court. The company has paid NT\$1,400 thousand in accordance with the settlement record on April 1, 2025, and recognized it as other losses under non-operating income and expenses in the first quarter financial report of 2025.

B. The Company's Directors, Supervisors, General Managers, Substantial Person-in-charge, substantial shareholders and subsidiaries with more than 10% shareholding, litigation that has been determined or is currently pending as at the date of printing of the Annual Report. Non-contentious or administrative disputes, the outcome of which may have a material impact on the Company's shareholders' equity or securities prices: None.

(13) Other significant risks and contingency measures: None.

7. Other important matters: None.

VI. Special Disclosure

1. Information on Affiliate Companies

(1) Consolidated Operating Statement of Affiliated Enterprises

The Company's 2024 Consolidated Business Report of Affiliated Enterprises, prepared in accordance with the "Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises" issued by the Financial Supervisory Commission (FSC), have been filed and disclosed on the information reporting website designated by the Financial Supervisory Commission (FSC), and are available on the Market Observation Post System (MOPS). Please visit MOPS > Listed Company Info > Electronic Books > Affiliated Enterprises' Three Reports Area. Website: <https://mops.twse.com.tw>.

(2) Consolidated Financial Statements of Affiliates:

For the year 2024, the companies required to be included in the preparation of the Consolidated Financial Report of Affiliated Enterprises in accordance with the "Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises" issued by the Financial Supervisory Commission (FSC) are the same as those required to be included in the preparation of the parent-subsidary consolidated financial statements under International Financial Reporting Standard (IFRS) 10. Furthermore, the relevant information that should be disclosed in the Consolidated Financial Report of Affiliated Enterprises has already been disclosed in the aforementioned parent-subsidary consolidated financial statements. Therefore, no separate consolidated financial reports of related enterprises will be prepared. Please visit MOPS > Listed Company Info > Electronic Books > Financial Statements. Website: <https://mops.twse.com.tw>.

(3) Affiliated enterprise report: Not applicable.

2. In the most recent year and as of the publication date of the annual report, the status of private placement of securities: None.

3. In the most recent year and up to the publication date of the annual report, the holding or disposal of the company's stocks by subsidiaries: None.

4. Other Necessary supplementary notes: None

VII. In the most recent year and as of the date of publication of the annual report, matters have occurred that have a significant impact on shareholders' equity or the price of securities: None.