



AP Memory Technology Corporation

Annual Report 2024

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Annual report is available at:

Taiwan Stock Exchange Market Observation Post System: https://mops.twse.com.tw/mops/#/web/t57sb01_q5

Company official website: <https://www.apmemory.com/en/investor/financial?investor-tab=report>

Printed on March 19, 2025

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V. Name of any exchanges where the Company's securities are traded offshore, and the method:

Luxembourg Stock Exchange

by which to access information on said offshore securities:

<https://www.bourse.lu/home>

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

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I Letter to Shareholders

The past year of 2024 was an important year for AP Memory. The company has laid a solid foundation to capitalize on market opportunities across our product lines. Specifically, VHM™ product line has signed new product-like proof-of-concept projects with major customers, IoTRAM™ product line has gained good market traction on its new ApSRAM™ product, and our S-SiCap™ product line has achieved volume production of S-SiCap™ interposers. We are confident that these achievements will bring financial returns in the years to come. More importantly, we have demonstrated our ability to bring new technology to the market.

In the consolidated income statement for 2024, the net income was NT\$1.58 billion (earnings per share of NT\$9.73), an increase of 9% compared to 2023. The consolidated revenue for 2024 was NT\$4.2 billion, a slight decrease of 1% compared to 2023, while the gross profit increased 22% from NT\$1.76 billion to NT\$2.15 billion. The gross profit rate increased 9 percentage points to 51% due to changes in the product mix, and gradual persistent increase in value-added across our product lines.

Unit: in Thousands of NT\$, unless specified otherwise

	2024 (A)	2023(B)	ΔAMT(C=A-B)	Δ%(C/B)
REVENUE	4,192,378	4,226,907	(34,529)	(1%)
GROSS PROFIT	2,145,573	1,755,006	390,567	22%
GROSS PROFIT RATE(%)	51%	42%	9%	-
OPERATING EXPENSE	1,082,483	902,225	180,258	20%
OPE. EXPENSE RATE(%)	26%	21%	5%	-
OPERATING INCOME	1,063,090	852,781	210,309	25%
NON-OPERATING NET PROFIT	969,785	766,200	203,585	27%
NET INCOME BEFORE TAX	2,032,875	1,618,981	413,894	26%
NET INCOME	1,578,232	1,444,970	133,262	9%
NET INCOME RATE(%)	38%	34%	4%	-
EPS(NT\$)	9.73	8.93	0.80	9%

As of December 31, 2024, in the consolidated balance sheet, considering the adequate funding level and the financial interest rates status, we allocated part of the "cash and cash equivalents" to fixed-term deposits of more than three months and recognized them as "financial assets at amortized cost" according to the accounting standards. Additionally, after AP Memory was elected as the Chairman of M3 Technology Inc. (M3TEK, TWSE: 6799), the equity investment in M3TEK was reclassified from "financial assets measured at FVTPL (fair value through profit or loss) " to "investments accounted for using the equity method." Furthermore, the net value of inventory at the end of 2024 was NT\$1.2 billion, maintaining a level close to our target of 6-7 months of inventory. At the end of 2024, the total liabilities amounted to NT\$1.1 billion, with a debt ratio of 8%. The net equity of shareholders reached NT\$11.9 billion at the end of 2024, an increase of 5% compared to the end of 2023. We continue to strengthen our financial structure, with cash, cash equivalents, and fixed-term deposits of more than three months accounting for 69% of total assets.

Unit: in Thousands of NT\$,

	2024 (D)	2023 (E)	Δ AMT(F=D-E)	Δ %(F/E)
CASH AND CASH EQUIVALENTS	4,188,544	8,864,216	(4,675,672)	(53%)
FINANCIAL ASSETS AT AMORTIZED COST	4,752,325	9,441	4,742,884	50,237%
INVENTORIES	1,203,177	851,330	351,847	41%
FINANCIAL ASSETS AT FVTPL	543,115	1,139,267	(596,152)	(52%)
INVEST. ACCTED. FOR USING THE EQUITY METHOD	874,465	106,011	768,454	725%
OTHER ASSETS	1,446,662	1,543,326	(96,664)	(6%)
TOTAL ASSETS	13,008,288	12,513,591	494,697	4%
TOTAL LIABILITIES	1,101,231	1,191,797	(90,566)	(8%)
CAPITAL STOCK	812,108	811,759	349	-
OTHER EQUITY	11,094,949	10,510,035	584,914	6%
TOTAL EQUITY	11,907,057	11,321,794	585,263	5%

■ Macro Environment Changes

The US-China technology war has clearly intensified over the last year, especially around high-performance computing. While none of our products are specifically targeted by the sanctions, the impact to our business is clearly felt. The frequent changes in regulation make long-term planning more difficult, for us and our industry at large. For our customers in China, in particular, it is more difficult to plan new products incorporating technologies sourced from outside China. However, the direct impact to our business is limited.

After the roller-coaster ride of 2021-2023, the industry supply chain has found a new balance. Foundry wafer availability has returned to normal, and market demand has stabilized at a level consistent with pre-COVID trends.

The excitement around Generative-AI has spread from in-cloud high-performance computing to on-device edge computing. These on-device AI computing devices require even more customized (or optimized) memory devices. Our VHM™ and VHMStack™ have been on the forefront of the hardware side of this technology revolution.

■ IoTRAM™ Product Line

Our IoT Business Unit, which supplies cost-effective IoTRAM™ products to IoT market worldwide, finished the year with a 16% decrease in revenue, from NT\$3.97 billion in 2023 to NT\$3.34 billion in 2024. The decrease is a combined effect of inventory correction and market change.

The segment that saw a clear decline in 2024 was connectivity. This is mainly driven by commoditization of connectivity modules which drove a lower memory capacity requirement for cost savings. As a results, the average memory capacity per connectivity device has declined.

The segment that saw clear growth in 2024 was wearable. We continue to dominate this segment due to our leadership in low-power performance. We announced a new product called ApSRAM™, designed specifically for wearable devices for extreme low-power. This new product has had good market traction with multiple design-ins.

We also saw new applications for IoTRAM™, such as AI-enabled MCU, low-power display TCON, etc. We are optimistic that IoTRAM™ product line will continue to grow.

■ VHM™ Product Line

AI BU generated revenue of approximately NT\$855 million, reflecting a 231% increase from \$258 million in 2023. This growth primarily stems from shipments of the new generation VHM™ and S-SiCap™ Interposer products.

We made significant progress with existing POC projects, and signed more POC projects that are more product-like in 2024. Our customers are gaining better understanding our VHM™ technology, and are on their way to adopting the technology for mainstream application.

Besides in-cloud AI, we are also excited by many design-in opportunities for on-device AI. On-device Large Language Model (LLM) inference is emerging as a potential high volume-opportunity for VHM™ technology.

In the meantime, we continue to deliver products for crypto-currency mining industry. In 2024, ETC miners enabled by our third generation of VHM™ entered production, with power efficiency nearly three times better than earlier generations. We have maintained dominance in this space. Our continuous innovation has also given us a clear edge over our competitors.

■ S-SiCap™ Product Line

S-SiCap™ is a product line that we have been developing for a number of years. In 2024, our S-SiCap™ Interposer started early production. These interposers are tailored for leading edge high-performance computing chips incorporating HBM3 and HBM3E. We expect more adoption of our interposer IP and product in the years to come.

In 2024, we also made significant progress in qualifying our discrete S-SiCap™ products for embedding in package substrates. We have engagements with practically all major substrate vendors.

■ New Opportunities

AP Memory not only focuses on the development of the existing product lines but also continues to explore opportunities for core technologies in other related fields.

AP Memory has invested in an UHF RFID tag IC company, Onecent Technology, for a number of years. The UHF RFID tag IC market is experiencing rapid growth after decades of near dormancy. Onecent products are uniquely positioned to be low cost, high sensitivity, and have highly scalable production capacity. As of March 2025, Onecent Technology is a partially-owned subsidiary of AP Memory.

Power management IC (PMIC) is increasingly important in extreme-high-power high-performance computing, and extremely-low-power IoT devices. We made investments in M3TEK (TWSE: 6799) and a US-based startup company. Our goal is to use these partnerships to develop ground-breaking products for these high requirement applications.

■ GDR Fund and Non-Operating Update

The \$190M GDR offering that we completed in January 2022 resulted in a 7.9% share dilution. This is a decision we took after careful consideration of our future capital needs and cost of such capital. We believe this capital provides the necessary ammunition for our battle for dominance in the market.

The deployment of this capital has been slower than we originally anticipated, primarily due to geopolitical and market condition changes. We continue to evaluate opportunities for major investments in support of our long-term goals. In this fast changing market, we are cautious in deploying our capital.

A majority of our non-operating income comes from foreign exchange gains and interest income. Our large US dollar holdings gave us a large gain in accounting terms in 2024. We are exposed to accounting losses as well. However, we believe the large interest differential between US dollar and NTD is a natural hedge against foreign exchange loss. While we do not intend to engage in financial derivatives to hedge foreign exchange losses, we believe our financial risks in our US dollar holdings are limited. On the other hand, our USD holdings will be an anchor of stability in times of uncertainty.

■ Optimism for 2025 and beyond

After laying the foundation for a number of years, we anticipate that we will see revenue growth contribution from our VHM™ and S-SiCap™ product lines, in 2025 and beyond. These product lines are well-suited for AI and other high-performance computing platforms. While riding these big waves, we believe that our growth trends will continue. Our continuing effort to develop disruptive products will further expand the scope, size, and stability of our business, and ultimately increase the long-term value of our business.

We deeply appreciate the support and encouragement of our shareholders, as well as that of our customers, suppliers, employees, and other ecosystem partners.

Chairman and CEO: Chen, Wen-Liang

President: Hung, Chih-Hsun

II Corporate Governance Report

1. Information of Directors, Supervisors, President, Vice President, Assistant Vice President, Head of each Department and Branch.

(1) Directors, Supervisors

A. Information of Directors

Feb. 28, 2025; Unit: Share

Job Title	Nationality or Place of Registration	Name	Gender / Age (Note1)	Elected Date	Term of office	Commencement date of first term	Shares held at time of election		Shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualification	Positions held concurrently in the company and/or in any other company	Other officers, directors, or supervisors with which the person has a relationship of spouse or relative within the second degree		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	Taiwan	Chen, Wen-Liang	Male / A	May 29, 2023	3 years	June 15, 2020	61,358	0.04%	62,186	0.04%	—	—	—	—	Manager of R&D Department of Intel Corporation, USA; Senior R&D Manager of Cypress Semiconductor Corporation, USA; President, Cascade Semiconductor Corporation, USA; Ph.D. in Applied Physics, Yale University, USA	CEO and CTO, AP Memory Corporation; Supervisor of AP Memory Technology (Hangzhou) Co. Limited.; Chairman of the Board, VIVR Corporation; Person in charge, VIVR Corporation Taiwan Branch; Chairman of the Board appointed by AP Memory Corporation, M3 Technology Inc; Director of the Board, Onecent Technology Ltd.; Director of the Board, AI Memory Corporation; Director of the Board, Powerchip Semiconductor Manufacturing Corporation	N/A	N/A	N/A
Director	Taiwan	Hung, Chih-Hsun	Male / A	May 29, 2023	3 years	May 29, 2023	101,509	0.06%	102,443	0.06%	—	—	—	—	Assistant Vice President of R&D Engineering and Production Operation, Alcor Micro Corporation; Senior Production and Operation Manager of Powerflash Technology Corporation; Production and Operation Manager of eMemory Technology Inc.; Ph.D. in Industrial Engineering and Management, National Yang Ming Chiao Tung University.	President, AP Memory Technology Corporation; Executive Director of the Board, AP Memory Technology (Hangzhou) Co. Limited; Sole Director of the Board, AP Memory Technology (Hong Kong) Co. Limited; Chairman of Board, CascadeTeq Inc.; Director of the Board, Lyontek Inc.	N/A	N/A	N/A
Director	Taiwan	Shanyi Investment Co., Ltd	—	May 29, 2023	3 years	June 4, 2014	26,706,668	16.50%	26,706,668	16.44%	—	—	—	—	—	—	N/A	N/A	N/A
	Taiwan	Representative: Yeh, Jui-Pin (Note 3)	Male / B				—	—	—	—	—	—	—	—	—	Business Manager of Hewlett-Packard Company, Chairman of Synopsys Taiwan Co., Ltd. Global Vice President of Synopsys Inc. Chairman of Kuan Hsin Venture Capital Co. CEO of Youngtek Electronics Corp. Master Degree in Electrical Engineering, National Central University	Director of the Board, Mytek Corp.; Independent Director of the Board, Progate Group Corporation; CEO, M3 Technology Inc.	N/A	N/A
Director	Taiwan	Li Shun Investment Co.	—	May 29, 2023	3 years	June 19, 2017	127,854	0.08%	127,854	0.08%	—	—	—	—	—	—	N/A	N/A	N/A
	Taiwan	Representative: Hsieh, Ming-Lin	Male / A				—	—	—	—	—	—	—	—	—	Vice President, Powerchip Technology Corporation Assistant Manager of Investment Department, LiSi Management Consulting Co. Director of Ili Technology Corp. Master Degree in Business Administration, National Taiwan University	Chairman of the Board, Li Shun Investment Co.; Chairman of the Board, Treasure Fort Investments Ltd., British Virgin Islands; Director of the Board, Quantum Vision Corp.; Director of the Board, Liksei Venture Capital Co.; Director of the Board, Syntronix Corporation; Director of the Board, Teknowledge Development Corp.; Director of Board, LiHsin Investment Corp.; Director of the Board, Lonex Holding Limited; Director of the Board, AI Medical Technology Corporation; Director of the Board, Powerax Quantum Electronic Corporation; Director of the Board, Director of the Board, Innostar Service, Inc.; Director of Board of Powercoin Technology Corporation; Director of the Board, Skyvision Aviation Corp.; Director	N/A	N/A

Job Title	Nationality or Place of Registration	Name	Gender / Age (Note1)	Elected Date	Term of office	Commencement date of first term	Shares held at time of election		Shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualification	Positions held concurrently in the company and/or in any other company	Other officers, directors, or supervisors with which the person has a relationship of spouse or relative within the second degree		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
																of the Board, HIYES International Co., Ltd.; Director of the Board, Nexchip Semiconductor Corporation; Director fo Board of Retronix Technology Inc.; Director of Board of Optigate Quantum Technology Inc.; Director of Board of Deutron Electronics Corporation; Director of Board of Powerchip Micro Device Corporation; Independent Director of Icatch Technology, Inc.; Supervisor of A I Memory Corporation; Supervisor of Liyu Venture Capital Co.; Director of the Board & President of Powerchip Investment Holding Corporation			
Independent Director	Taiwan	Wang, Hsuan	Female / A	May 29, 2023	3 Years	Aug. 20, 2021									Member of Purchasing Committee of NCC; Consultant of Chunghwa Telecom; Part-Time Lecturer of National Taiwan University; Certified Internal Auditor; Certified Public Accountant; Ph.D in Accounting, National Taiwan University.	Assistant Professor, Yuan Ze University; Independent Director of the Board, Highpoint Service Network Corporation; Independent Director of the Board, KIAN SHEN Corporation.	N/A	N/A	N/A
Independent Director	Taiwan	Sun, Elizabeth	Female / B	May 29, 2023	3 years	May 27, 2022									Senior Director, Corporate Communication Division & Deputy Spokesman of TSMC; Partner and CFO, InveStar Capital; GMr& Head of research, HSBC Securities in Taiwan; VP and GM-Taiwan, State Street Corporation; Associate Professor of Finance, San Jose State University; Ph.D in Financial, University of Cincinnati Carl H. Lindner College of Business	Honorary Chairperson, Taiwan Investor Relations Institute; Consultant, MediaTek Inc.	N/A	N/A	N/A
Independent Director	Taiwan	Liu, Frank	Male / B	May 29, 2023	3 years	Aug. 20, 2021									Independent Director of RITDISPLAY Corporation; Independent Director of PRIMAX ELECTRONICS Ltd.; Chairman of Lee Tah Farm Industries co., Ltd.; Chairman of Lydon Textile Co; Chairman of. China Enterprise Forum; Master Degree in Electrical Engineering and Computer Science, MIT; and Physics ,Purdue University.	Chairman of Chelmsford. International Ltd.; Director of the board of Taiwan Mergers & Acquisitions and Private Equity Council; Director of board of UD Corporation; Director of the board of Subic Bay Development and Management Co. Ltd	N/A	N/A	N/A

Note1: A→ under 60 years old; B→over 60 years old

Note2: The number of stock shares in this table is based on the insider shareholding report as of February 2025.

Note3: The representative was changed to Mr. Yeh, Jui-Pin on October 21, 2024.

If a director is a representative of a corporate shareholder, the major shareholder of the corporate shareholders is:

Name of Corporate Shareholder	Major Shareholder of Corporate Shareholder	If the major shareholder of a corporate shareholder is a legal person, its major shareholder is
Shanyi Investment Co., Ltd	YAMAICHI HOLDINGS CO., LTD. (100%)	JUAN LI (100%)
Li Shun Investment Co.	Hsieh, Ming-Lin (48.45%)	-

B. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors

Title / Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman / Chen, Wen-Liang	Mr. Chen obtained a PhD in Applied Physics in Yale University. And he is also our Chief Operating Officer, and Chief Technology Officer of the Company. He was R&D department manager of Intel Corporation and has over 30 years of experience in the semiconductor industry.	No occurrence of the circumstances stated in Article 30 of the Company Law.	0
Hung, Chih-Hsun	Mr. Hung has obtained a PhD in industrial engineering and management from the National Yang Ming Chiao Tung University and serves as the President of the Company.		0
Director / Shanyi Investment Co., Ltd Representative: Yeh, Jui-Pin	Mr. Yeh obtained a Master's Degree in Electrical Engineering from National Central University. He previously served as the chief executive officer of YongTek Electronics Corporation and the chairman of Synopsys Taiwan. He specializes in business operations, marketing and strategic planning, and has an in-depth understanding of the semiconductor industry.		0
Director / Li Shun Investment Co. Representative: Hsieh, Ming-Lin	Mr. Hsieh obtained a Master's Degree from the Graduate School of Business, National Taiwan University. He is the Vice President of Powerchip Semiconductor Manufacturing Corporation and serves as the director and supervisor of several listed on OTC, listed on TWSE and public companies.		1

Title / Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director / Wang, Hsuan	Ms. Wang, a PhD Degree in Accounting from the National Taiwan University. She is the CPA of R.O.C. and a qualified international internal auditor. She is an assistant professor in the Department of Accounting and a member of the Internal Audit Committee of Yuan Ze University.	<p>The following independence assessment criteria have been met in the two years prior to and during the period of taking office</p> <p>(1) Not an employee of the Company or any affiliates.</p> <p>(2) Not a director or supervisor of the Company or any affiliates.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.</p>	2
Independent Director / Sun, Elizabeth	Ms. Sun obtained PhD in Financial from University of Cincinnati, was an associate Professor of Finance, San Jose State University. She also worked as a senior director and acting spokesman of Taiwan Semiconductor Manufacturing Corporation.	<p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law.</p> <p>(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</p> <p>(7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.</p>	0
Independent Director / Liu, Frank	Mr. Liu is Master's Degree in Engineering and Computer Science, and He has served as chairman and president of several companies and has extensive experience in company operations and industry trends.	<p>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p>	0

C. Diversity and independence of the Board of Directors:

The Board of Directors of the Company consists of 7 directors, of which 3 are independent directors and 2 directors as employee (42.9% and 28.6% of all directors). In addition, The Company is also mindful of gender equality in the composition of its Board of Directors, with 28.6% female directors.

Name of Director	Items	Gender	Employee	Tenure of Independent directors	Diversified Core Project Capabilities							
					Operational Judgment	Accounting and Financial Analysis Skill	Management Ability	Crisis Management Capability	Industry Knowledge	View of International Market	Leadership	Decision-Making Ability
Chen, Wen-Liang		Male	✓	General Director	✓		✓	✓	✓	✓	✓	✓
Hung, Chih-Hsun		Male	✓		✓		✓	✓	✓	✓	✓	✓
Shanyi Investment Co., Ltd Representative: Yeh, Jui-Pin		Male			✓		✓	✓	✓	✓	✓	✓
Li Shun Investment Co. Representative: Hsieh, Ming-Lin		Male			✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Wang, Hsuan		Female		2	✓	✓		✓		✓	✓	✓
Independent Director Sun, Elizabeth		Female		2	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Liu, Frank		Male		2	✓		✓	✓	✓	✓	✓	✓

(2) Information of President, Vice President, Assistant Vice President, Head of each Department and Branch.

February 28, 2025; Unit: Share

Job Title	Nationality	Name	Gender	Date of appointment to position	Shareholdings		Shares now held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Officers with a spouse or second degree of relationship		
					Shares	%	Shares	%	Shares	%			Job Title	Name	Relationship
CEO, and CTO	Taiwan	Chen, Wen-Liang	Male	Sep. 1, 2016	62,186	0.04%	—	—	—	—	Senior R&D Manager of Cypress Semiconductor Corporation, USA President, Cascade Semiconductor Corporation, USA Manager of R&D Department of Intel Corporation, USA Ph.D. in Applied Physics, Yale University, USA	Supervisor of AP Memory Technology (Hangzhou) Co. Limited.; Chairman of the Board, VIVR Corporation; Person in charge, VIVR Corporation Taiwan Branch; Chairman of the Board appointed by AP Memory Corporation, M3 Technology Inc; Director of the Board, Onecent Technology Ltd.; Director of the Board, AI Memory Corporation; Director of the Board, Powerchip Semiconductor Manufacturing Corporation	N/A	N/A	N/A
President	Taiwan	Hung, Chih-Hsun	Male	July 1, 2022	102,443	0.06%	—	—	—	—	Assistant Vice President Manager of R&D Engineering and Production Operation, Alcor Micro Corporation Senior Production and Operation Manager of Powerflash Technology Corporation Production and Operation Manager of eMemory Technology Inc. Ph.D. in Industrial Engineering and Management, National Yang Ming Chiao Tung University	Executive Director of the Board, AP Memory Technology (Hangzhou) Co. Limited; Sole Director of the Board, AP Memory Technology (Hong Kong) Co. Limited; Chairman of Board, CascadeTeq Inc.; Director of the Board, Lyontek Inc.	N/A	N/A	N/A
Senior Vice President	Taiwan	Liu, Chin-Hung	Male	Aug. 19, 2019	452,075	0.28%	—	—	—	—	Chief Engineer, Cypress Semiconductor Corporation, USA Process Integration Engineer, United Microelectronics Corporation Master Degree in Applied Chemistry, National Yang Ming Chiao Tung University	N/A	N/A	N/A	N/A
CFO	Taiwan	Lin, Yu-Hsin	Female	July 1, 2022	286,395	0.18%	—	—	—	—	Financial Manager of Alcor Micro, Corporation Junior Manager of Yuanta Core Pacific Securities Co., Ltd. Auditor of Deloitte Touche Tohmatsu Limited Master Degree in Accounting, National Chengchi University	Special Assistant to the Chairman of M3 Technology Inc. (until 31 March 2025)	N/A	N/A	N/A
Vice President	Taiwan	Hsueh, Che-Yuan	Male	March 1, 2024	—	—	—	—	—	—	Sales Vice President of Winbond Electronics Corporation, USA; Marketing Director of Winbond Electronics Corporation; R&D Engineer of Duratek, Inc; Master Degree in Engineering and System Science, National Tsing Hua University	N/A	N/A	N/A	N/A

Job Title	Nationality	Name	Gender	Date of appointment to position	Shareholdings		Shares now held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Officers with a spouse or second degree of relationship		
					Shares	%	Shares	%	Shares	%			Job Title	Name	Relationship
Vice President	Taiwan	Liu, Tsung-Ning	Male	Jan. 1, 2025	943	—	—	—	—	—	Business Development Manager of Taiwan Semiconductor Manufacturing Company Product Marketing Manager of XAC Automation Company Hardware designer Engineer of Sun Microsystems Master Degree in Electrical Engineering, Stanford University	N/A	N/A	N/A	N/A
Assistant Vice President	Taiwan	Huang, Wei-Cheng	Male	April 1, 2022	19,000	0.01%	—	—	—	—	New product development and validation manager of Winbond electronics corporation Sr. Quality Control Engineer of Taiwan Semiconductor Manufacturing Company Product validation engineer, Macronix International Co Bachelor in Electrical Engineering, Kao Yuan University	N/A	N/A	N/A	N/A
Accounting and Finance Officer	Taiwan	Hung, Mao-Chuan	Male	May 4, 2020	6,956	—	—	—	—	—	Deputy Manager of Deloitte Touche Tohmatsu Limited Master Degree in Accounting, National Taipei University	N/A	N/A	N/A	N/A
Corporate Governance Officer	Taiwan	Hong, Shu-Ling	Female	May 7, 2021	23,770	0.01%	—	—	—	—	Deputy Manager of Rotam Global AgroSciences Limited Auditor of Ernst & Young Bachelor in Accounting, Soochow University	N/A	N/A	N/A	N/A

Note: The number of stock shares in this table is based on the insider shareholding report as of February 2025.

(3) The information to be disclosed if the top manager and the chairman are the same person, spouses, or relatives of each other:

Chairman of Board, Mr. Chen Wen-Liang, also holds the CEO position of the Company. In order to enhance operational efficiency and decision-making execution, he frequently communicates with the Directors of Board on the current status of the Company's operations and plans to implement corporate governance. The Board of Directors and the Company's Managerial Officers fully respect the suggestions made by the independent Directors and evaluate and implement them in daily operations and strategy execution. AP Memory has four Independent Directors, with one vacant seat to be elected at the 2025 Annual General Shareholders Meeting, which meets the requirements of corporate governance.

2. Remuneration paid to the Directors, President, and Vice President in the most recent year

(1) Remuneration of the Directors (including the Independent Directors)

Fiscal year of 2024; Unit: In thousands of NTD; 1,000 shares; %

Job Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company						
		Base Compensation (A)		Retirement pay and pension (B)		Director's Compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursement. (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 3)												
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	All consolidated entities		The Company	All consolidated entities									
														Amount in cash	Amount in stock	Amount in cash	Amount in stock											
Chairman & CEO & CTO	Chen, Wen-Liang	-	-	-	-	1,430	1,430	-	-	1,430	1,430	0.09%	0.09%															
Director & President	Hung, Chih-Hsun					954	954	-	-	954	954	0.06%	0.06%															
Director	Shanyi Investment Co., Ltd	-	-	-	-	1,908	1,908	-	-	1,908	1,908	0.12%	0.12%															
	Representative & Vice President: Liu, Chin-Hung (Note1)	-	-	-	-	-	-	-	-	-	-	-	-	27,908	27,908	198	198	1,612	-	1,612	-	35,974	35,974	2.28%	2.28%			
	Representative: Yeh, Jui-Pin (Note1)	-	-	-	-	-	-	8	8	8	8	-%	-%															
Director	Li Shun Investment Co.	-	-	-	-	1,908	1,908	-	-	1,908	1,908	0.12%	0.12%															
	Representative: Hsieh, Ming-Lin	-	-	-	-	-	-	48	48	48	48	-%	-%															
Independent Director	Wang, Hsuan	1,527	1,527	-	-	-	-	96	96	1,623	1,623	0.10%	0.10%	-	-	-	-	-	-	-	-	1,623	1,623	0.10%	0.10%			
Independent Director	Sun, Elizabeth	1,542	1,542	-	-	-	-	72	72	1,614	1,614	0.10%	0.10%	-	-	-	-	-	-	-	-	1,614	1,614	0.10%	0.10%			
Independent Director	Yeh, Jui-Pin (Note2)	1,410	1,410	-	-	-	-	80	80	1,490	1,490	0.09%	0.09%	-	-	-	-	-	-	-	-	1,490	1,490	0.09%	0.09%			
Independent Director	Liu, Frank	1,512	1,512	-	-	-	-	96	96	1,608	1,608	0.10%	0.10%	-	-	-	-	-	-	-	-	1,608	1,608	0.10%	0.10%			

1. Please describe the compensation policy, system, standard and structure of the independent director and describe the correlation with the amount of compensation according to the responsibilities, risks, time invested and other factors. Payment shall be made in accordance with the Company's "Compensation Policy for Directors and Functional Committee Members", and additional allowance shall be provided to the chairman of the functional committee, who shall also undertake convening, proceeding, communication and coordination with the company authorities, etc. Also providing meeting execution allowance except for concurrently serving as an employee of the Company. A monthly allowance of NT\$4,000 is paid to a director who is only a director or is only a functional committee member, and an additional NT\$2,000 is paid per month for each additional functional committee member.

2. Except disclosed in the table above, compensation received by a company director in the most recent year for services rendered to all companies listed in the financial statements (e.g., as a consultant, not an employee, etc.): N/A

Note1: The representative was changed from Mr. Liu, Chin-Hung to Mr. Yeh, Jui-Pin on October 21, 2024.

Note2: Resigned on October 21, 2024.

Note3: The estimated director's compensation and employee compensation in 2024 were approved to pay in cash by the resolution of the Board of Directors on February 27, 2025.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities	The Company	All consolidated entities
Less than NT\$1,000,000	Shanyi Investment Co., Ltd Representative: Liu, Chin-Hung ^(Note2) ; Shanyi Investment Co., Ltd Representative: Yeh, Jui-Pin ^(Note1,2) ; Li Shun Investment Co. Representative: Hsieh, Ming-Lin ^(Note1)e)	Shanyi Investment Co., Ltd Representative: Liu, Chin-Hung ^(Note2) ; Shanyi Investment Co., Ltd Representative: Yeh, Jui-Pin ^(Note1,2) ; Li Shun Investment Co. Representative: Hsieh, Ming-Lin ^(Note1)	Li Shun Investment Co. Representative: Hsieh, Ming-Lin ^(Note1) ; Shanyi Investment Co., Ltd Representative: Yeh, Jui-Pin ^(Note1,2)	Li Shun Investment Co. Representative: Hsieh, Ming-Lin ^(Note1) ; Shanyi Investment Co., Ltd Representative: Yeh, Jui-Pin ^(Note1,2)
NT\$1,000,000(inclusive)~ NT\$2,000,000(exclusive)	Shanyi Investment Co., Ltd; Li Shun Investment Co.; Chen, Wen-Liang; Hung, Chih-Hsun; Wang, Hsuan; Sun, Elizabeth; Yeh, Jui-Pin; Liu, Frank	Shanyi Investment Co., Ltd; Li Shun Investment Co.; Chen, Wen-Liang; Hung, Chih-Hsun; Wang, Hsuan; Sun, Elizabeth; Yeh, Jui-Pin; Liu, Frank	Shanyi Investment Co., Ltd; Li Shun Investment Co.; Wang, Hsuan; Sun, Elizabeth; Yeh, Jui-Pin; Liu, Frank	Shanyi Investment Co., Ltd; Li Shun Investment Co.; Wang, Hsuan; Sun, Elizabeth; Yeh, Jui-Pin; Liu, Frank
NT\$2,000,000(inclusive)~ NT\$3,500,000(exclusive)	—	—	—	—
NT\$3,500,000(inclusive)~ NT\$5,000,000(exclusive)	—	—	—	—
NT\$5,000,000(inclusive)~ NT\$10,000,000(exclusive)	—	—	Shanyi Investment Co., Ltd Representative: Liu, Chin-Hung ^(Note2)	Shanyi Investment Co., Ltd Representative: Liu, Chin-Hung ^(Note2)
NT\$10,000,000(inclusive)~ NT\$15,000,000(exclusive)	—	—	Hung, Chih-Hsun; Chen, Wen-Liang	Hung, Chih-Hsun; Chen, Wen-Liang
NT\$15,000,000(inclusive)~ NT\$30,000,000(exclusive)	—	—	—	—
NT\$30,000,000(inclusive)~ NT\$50,000,000(exclusive)	—	—	—	—
NT\$50,000,000(inclusive)~ NT\$100,000,000(exclusive)	—	—	—	—
More than NT\$100,000,000	—	—	—	—
Total	A total of 11	A total of 11	A total of 11	A total of 11

Note1: This is a meeting execution allowance, which is paid to the natural person representative of the corporate director.

Note2: The representative was changed from Mr. Liu, Chin-Hung to Mr. Yeh, Jui-Pin on October 21, 2024.

(2) Remuneration of the President and Vice Presidents

Fiscal year of 2024; Unit: In thousands of NTD; 1,000 shares; %

Job Title	Name	Salary (A)		Pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note 1)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Companies listed in the Financial Statements	The Company	All Companies listed in the Financial Statements	The Company	All Companies listed in the Financial Statements	The Company		All Companies listed in the Financial Statements		The Company	All Companies listed in the Financial Statements	
								Cash Amount	Amount of Stock	Cash Amount	Amount of Stock			
CEO and CTO	Chen, Wen-Liang	11,913	11,913	414	414	28,414	28,414	2,940	-	2,940	-	43,681 2.77%	43,681 2.77%	-
President	Hung, Chih-Hsun													
Senior Vice President	Liu, Chin-Hung													
CFO	Lin, Yu-Hsin													
Vice Presidents	Hsueh, Che-Yuan ^(Note2)													

Note1: The estimated employee compensation in 2024 was approved to pay in cash by the resolution of the Board of Directors on February 27, 2025.

Note2: Took office on March 1, 2024.

Remuneration Range Table

Remuneration Range to each President and Vice President of the Company	Name of President and Vice President	
	The Company	All consolidated entities
Less than NT\$1,000,000	—	—
NT\$1,000,000(inclusive) ~ NT\$2,000,000(exclusive)	—	—
NT\$2,000,000(inclusive) ~ NT\$3,500,000(exclusive)	—	—
NT\$3,500,000(inclusive) ~ NT\$5,000,000(exclusive)	Hsueh, Che-Yuan ^(Note)	Hsueh, Che-Yuan ^(Note)
NT\$5,000,000(inclusive) ~ NT\$10,000,000(exclusive)	Liu, Chin-Hung; Lin, Yu-Hsin	Liu, Chin-Hung; Lin, Yu-Hsin
NT\$10,000,000(inclusive) ~ NT\$15,000,000(exclusive)	Hung, Chih-Hsun; Chen, Wen-Liang	Hung, Chih-Hsun; Chen, Wen-Liang
NT\$15,000,000(inclusive) ~ NT\$30,000,000(exclusive)	—	—
NT\$30,000,000(inclusive) ~ NT\$50,000,000(exclusive)	—	—
NT\$50,000,000(inclusive) ~ NT\$100,000,000(exclusive)	—	—
More than NT\$100,000,000	—	—
Total	A total of 5	A total of 5

Note: Took office on March 1, 2024.

(3) Name of the manager who distributed the employee compensation and the distribution situation

Fiscal year of 2024; Unit: In thousands of NTD

Job Title	Name	Amount in Stock	Amount in Cash	Total	As a % of net profit
CEO and CTO	Chen, Wen-Liang	-	4,825	4,825	0.31%
President	Hung, Chih-Hsun				
Senior Vice President	Liu, Chin-Hung				
CFO	Lin, Yu-Hsin				
Vice President	Hsueh, Che-Yuan ^(Note1)				
Vice President	Liu, Tsung-Ning ^(Note2)				
Assistant Vice President	Huang, Wei-Cheng				
Accounting and Finance officer	Hung, Mao-Chuan				
Corporate Governance officer	Hong, Shu-Ling				

Note1: Took office on March 1, 2024.

Note2: Promoted from Assistant Vice President to Vice President as of January 1, 2025.

(4) Analysis comparing the proportion of the total amount of compensation paid by the Company and all companies to the Directors, Supervisors, President, and Vice Presidents of the Company in the most recent two years in net profit after tax of individual or individual financial statements. Explanation of the policy, standards, and combination, procedures for determining the compensation, and their relevance to business performance and future risks.

A. Analysis of the proportion of the total amount of compensation paid by the Company to the Directors, Supervisors, President, and Vice Presidents of the Company in the most recent two years in net profit after tax:

Title	Proportion of the total compensation in net profit after tax in 2023(%)		Proportion of the total compensation in net profit after tax in 2024(%)	
	The Company	All Companies listed in the Financial Statements	The Company	All Companies listed in the Financial Statements
Directors	2.36%	2.36%	2.68%	2.68%
President and Vice Presidents	2.54%	2.54%	2.77%	2.77%

B. Policy, standards, and combination, procedures for determining the compensation, and their relevance to business performance and future risks.

It is stipulated in the Articles of Association of the Company that no more than 3% of the net profit before tax of the current year after deduction of compensation for employees and directors shall be compensation for directors. It is also stipulated that the compensation for employees and directors shall be distributed by a resolution to be adopted by a majority vote of the directors present at the meeting of the Board of Directors attended by directors representing two-thirds of the directors; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting. In addition, according to the "Compensation Policy for Directors and Functional Committee Members" prescribed by the Company, the Independent Directors of the Company receive fixed compensation and do not participate in the compensation distribution.

The compensation for managers at the vice president level and above, includes salary, bonus, and employee bonus. Salary is determined based on positions, responsibilities, and contributions, with reference to industry standards. Bonuses and employee bonuses are assessed based on their performance, evaluation criteria of performance include financial indicators (such as the Company's profitability, revenue growth rate, and achievement of pre-tax and after-tax net income targets) and non-financial indicators (such as the achievement of sustainability goals, whether there are ethical risk incidents, employee misconduct, or other risk events negatively impacting the Company's reputation and goodwill, and occupational health and safety). Among these, the number of sustainability-related evaluation criteria better account for no less than 5% of total items. Procedures related to compensation are also established in accordance with the Articles of Association, relevant regulations, and the delegation of authority.

For the compensation paid to managers at the vice president level and above, the Company has considered the future operational risks of the Company and business performance to strike a balance between sustainable operation and risk management, and the Company has submitted it to the compensation committee for consideration prior to the actual payment.

3. Operation of Corporate Governance

(1) Operation of the Board of Directors

A. In the most recent year (2024), the Board of Directors held 5 meetings (A). The attendance of directors is as follows:

Title	Name	Number of Actual Attendance (B)	Number of Entrusted Attendance	Actual Attendance Ratio (%) [B / A] (Note)	Note
Chairman	Chen, Wen-Liang	5	0	100.00	
Director	Hung, Chih-Hsun	5	0	100.00	
Director	Shanyi Investment Co., Ltd Representative: Liu, Chin-Hung	3	0	100.00	Resigned on October 21, 2024.
Director	Shanyi Investment Co., Ltd Representative: Yeh, Jui-Pin	2	0	100.00	Representative changed from October 21, 2024.
Director	Li Shun Investment Co. Representative: Hsieh, Ming-Lin	5	0	100.00	
Independent Director	Wang, Hsuan	5	0	100.00	
Independent Director	Sun, Elizabeth	5	0	100.00	
Independent Director	Yeh, Jui-Pin	3	0	100.00	Resigned on October 21, 2024.
Independent Director	Liu, Frank	5	0	100.00	

Note: Actual Attendance Rate (%) is calculated based on the number of board meetings and actual attendance during his/her tenure.

B. Other matters to be recorded by the Board of Directors

(i) The matters listed in Article 14-3 of the Securities and Exchange Act and any other matter decided by the Board of Directors for which any Independent Directors has a dissenting or qualified opinion which is on record or stated in a written statement.

Meeting Date (2024)	Meeting		Contents of Proposal	All opinions of Independent Directors and the Company's handling of the opinions of Independent Directors
03.01	5 th Term	6 th Meeting	<ul style="list-style-type: none"> ■ Distribution of the Company's 2023 employees' bonus and directors' compensation. ■ Lifting the prohibition on the Directors and their representatives from participating in the competitive business. 	All independent directors agreed and had no opinions.
05.03	5 th Term	7 th Meeting	<ul style="list-style-type: none"> ■ Capital injection to APware Technology Corp. ■ Amendment of "Internal Control System", and the "Internal Audit Implementation Rules" ■ The allocation of the Company's 2023 directors' compensation. ■ The list of employee stock options per the Company's "The Employee Stock Option Issuance and Share Subscription Plan of 2023". 	

Meeting Date (2024)	Meeting		Contents of Proposal	All opinions of Independent Directors and the Company's handling of the opinions of Independent Directors
10.30	5 th Term	9 th Meeting	<ul style="list-style-type: none"> ■ Submit "The Employee Stock Option Issuance and Share Subscription Plan of 2024" to Securities and Futures Bureau (SFB) ■ Amendment of "Rules for Performance Evaluation of Board of Directors" ■ Amendment of "Internal Control System", and the "Internal Audit Implementation Rules" 	
12.27	5 th Term	10 th Meeting	<ul style="list-style-type: none"> ■ Appointment of the certified public accountant of the Company and relevant audit fee of 2025. ■ The list of employee stock options per the Company's "The Employee Stock Option Issuance and Share Subscription Plan of 2023." 	

(ii) Any other matter decided by the Board of Directors for which any Independent Directors has a dissenting or qualified opinion which is on record or stated in a written statement: N/A

(iii) Execution of directors' withdrawal from discussion of any proposal, in which the director is an interested party, to avoid conflicts of interest

Meeting Date (2024)	Meeting		Contents of Proposal	Reason for avoidance of conflicts	Resolution
05.03	5 th Term	7 th Meeting	Performance Evaluation and Salary Adjustments for CEO and President	The discussion of this proposal was related to the Director Chen, Wen-Liang and Hung, Chih-Hsun.	Except for the directors who were withdrawn from discussion to avoid conflicts of interest, the other directors present passed the resolution without objection.
12.27	5 th Term	10 th Meeting	<p>The list of employee stock options per the Company's "The Employee Stock Option Issuance and Share Subscription Plan of 2023."</p> <p>The 2025 compensation plan for the CEO and President.</p>		

(iv) Implementation of Evaluation of the Board of Directors

The Company has stipulated the "Self-Evaluation or Peer Evaluation of the Board of Directors" by Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. In December 2024, an external evaluation organization, the Taiwan Institute of Ethical Business, was appointed to complete the evaluation of the Board of Directors, and the results of the evaluation were submitted to the Board of Directors on December 27, 2024, for their report. The self-evaluation of the functional committee was completed by mid-February 2025 and was reported the result to the Board of Directors on Feb. 27, 2025.

■ Evaluation by External Organization-Taiwan Institute of Ethical Business (TIEBF)

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Once every three years	January 1, 2024, to December 31, 2024	Evaluate the performance of the Board of Directors, individual and directors	Check and review the Company's internal regulations internal documents and meeting minutes. Interviews with the Directors of Board and questionnaire responses.	Based on 4 major components: the professionals, the effectiveness of the board's decision-making, the board's emphasis on and supervision of internal control, and the board's attitude toward sustainability.

■ Self-Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Once per year	Evaluate the performance of the functional committee as of January 1, 2024, to December 31, 2024	Evaluate the performance of the functional committee	Internal Committee Self-Evaluation	<ol style="list-style-type: none"> 1. Overall performance evaluation of the audit committee: Taking into account the evaluation indicators formulated by the competent authority, the degree of participation in the operation of the Company, the perception of the responsibilities of the audit committee, the decision quality of the audit committee, the composition and selection of the audit committee, and the internal control, etc. The results shall be reported to the Board. 2. Overall performance evaluation of the Compensation Committee: Taking into account the evaluation indicators formulated by the competent authority, the degree of participation in the operation of the Company, the perception of the responsibilities of the Compensation Committee, the improvement of decision quality of the Compensation Committee, and the composition and selection of the Compensation Committee, etc., The results shall be reported to the Board.

(v) Goals of strengthening the function of the Board of Directors:

- a. The Company's official website has a "Corporate Governance" section, which covers corporate governance structure, operation of the Board of Directors and functional committee, and important company rules and regulations, etc. Shareholders can understand the operation of the Board of Directors of the Company through this section.
- b. To reinforce the function of the Board of Directors, half of the members of the Board of Directors of the Company are independent directors. In response to the resignation of Independent Director Yeh, Jui-Pin on October 21, 2024, the Board of Directors of the Company resolved on December 27, 2024, to schedule the 2025 regular meeting of the shareholders to be held in April 114, to fill the vacancies in the seats of independent directors as soon as possible. In addition, according to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", the Company formulated the "Rules of Procedure of the Board of Directors" to be followed. The Company provides information on the attendance of directors of the Board of Directors at the Market Observation Post System.
- c. Establishment of the Compensation Committee and audit committee: The Company has established the Compensation committee on April 20, 2015 and appointed independent directors, and established the audit committee at the annual shareholders' meeting in 2017 to strengthen the Board of Directors in carrying out its duties.
- d. Strengthening corporate governance: The "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Corporate Governance Best Practice Principles" were adopted by the Board of Directors on December 22, 2014. Continue to update and revise the provisions in accordance with laws and regulations and the Company's practical operations. In addition, the Board of Directors approved to appoint of the company's corporate governance supervisor on May 7, 2021.
- e. Emphasis on Sustainable Development: The Sustainability Committee was established on January 1, 2025 as the governance unit responsible for sustainable development in order to formulate sustainable development policies or related management policies.
- f. The company has purchased liability insurance for all directors and provides related information at the Market Observation Post System.

(2) Operation of the audit committee or involvement of the Supervisors in the operation of the Board of Directors:

The Audit Committee is to assist the Board in fulfilling its role in overseeing the quality and integrity of the Company's performance of accounting, auditing, financial reporting processes and financial controls.

A. 2024 Audit Committee Work Highlights

The Audit Committee has reviewed the financial statements of the Company, the financial statements, and the appropriation of earnings for the year ended December 31, 2024, and has appointed Deloitte & Touche to audit the financial statements and to issue an independent report. The policies and procedures of the Company's internal control system (including controls over sales, procurement, outsourcing, personnel, finance, information security, and compliance with laws and regulations), supervised the operation of the Company's internal audit unit and reviewed the results of the internal control self-assessment. The Audit Committee considers that the Company's internal control system is effective.

B. In the most recent year (2024), the audit committee held 5 meetings (A). The attendance of the Independent Directors is as follows:

Title	Name	Number of Actual Attendance (B)	Number of Entrusted Attendance	Actual Attendance Ratio (%) 【 B / A 】 (Note)	Note
Convener	Yeh, Jui-Pin	3	0	100.00%	Resigned on October 21, 2024.
Convener	Sun, Elizabeth	5	0	100.00%	Convener of committee from October 22, 2024
Member	Wang, Hsuan	5	0	100.00%	
Member	Liu, Frank	5	0	100.00%	

Note: Actual Attendance Rate (%) is calculated based on the number of meetings of the audit committee and actual attendance during his/her tenure.

C. If the operation of the audit committee falls under any of the following circumstances, it shall state the date and term of the board meeting, the content of the proposals, the result of the resolutions of the audit committee and the Company's handling of the opinions of the audit committee.

(i) The matters listed in Article 14-5 of the Securities and Exchange Act and other matters not approved by the audit committee but agreed by more than two-thirds of all the directors:

a. The matters listed in Article 14-5 of the Securities and Exchange Act:

Meeting Term of Audit Committee	Meeting Date (2023)	Contents of Proposal	Resolution
3 rd Term 5 th meeting	03.01	<ul style="list-style-type: none"> ■ 2023 annual individual and consolidated financial statements and business report of the Company ■ Distribution of the Company's 2023 employees bonus and directors compensation. ■ Lifting the prohibition on the Directors and their representatives from participating in the competitive business. 	All independent directors agreed and had no opinions.
3 rd Term 6 th meeting	05.03	<ul style="list-style-type: none"> ■ Capital injection to APware Technology Corp. ■ Amendment of "Internal Control System", and the "Internal Audit Implementation Rules" 	
3 rd Term 7 th meeting	07.31	<ul style="list-style-type: none"> ■ 2024 2nd quarter consolidated financial statements. 	
3 rd Term 8 th meeting	10.30	<ul style="list-style-type: none"> ■ Amendment of "Rules for Performance Evaluation of Board of Directors" ■ Amendment of "Internal Control System", and the "Internal Audit Implementation Rules" 	
3 rd Term 9 th Meeting	12.27	<ul style="list-style-type: none"> ■ Appointment of the certified public accountant of the Company and relevant audit fee of 2025. 	

- b. The other matters not approved by the audit committee but agreed by more than two-thirds of all the directors: N/A
- (ii) Execution of the independent directors' withdrawal from discussion of any proposal, in which the independent director is an interested party, to avoid conflicts of interest: N/A
- D. Communication between the Independent Directors and the internal audit supervisor and accountant:
- (i) The internal audit officer presents the internal audit reports to the audit committee at the general meetings of the audit committee. And discussed the auditing findings and correct actions as well. Additionally, both parties also arrange individual interview on internal control risks, the formulation of audit items, and the related improvement proposals in response to the findings of the audit, etc.
- (ii) The certified public accountant reports the results of audits or reviews of the quarterly financial statements at the quarterly meetings of the audit committee. The certified public accountant also has individual meetings with the Committee to discuss the key audit issues of the financial statements, the scope and method of the audit, and the new laws and regulations.

Meeting Date (2024)	Meeting with Internal Audit officer	Meetings with Certificated Public Accountant
03.01 (3 rd Term 5 th Meeting)	<ul style="list-style-type: none"> ■ The result of internal control assessment. ■ The 2023 "Statement of Internal Control System ■ Implementation of Annual Audit Plan and Follow-up of improvement actions taken against deficiencies. 	<ul style="list-style-type: none"> ■ 2023 annual financial reports
05.03 (3 rd Term 6 th Meeting)	<ul style="list-style-type: none"> ■ Implementation of Annual Audit Plan and Follow-up of improvement actions taken against deficiencies. 	<ul style="list-style-type: none"> ■ The 1st quarterly financial report.
07.31 (3 rd Term 7 th Meeting)	<ul style="list-style-type: none"> ■ Implementation of Annual Audit Plan and Follow-up of improvement actions taken against deficiencies. 	<ul style="list-style-type: none"> ■ The 2nd quarterly financial report.
10.25	<ul style="list-style-type: none"> ■ Audit Plan Risk Assessment ■ Preventive Internal Control Practice Recommendations ■ Drafting 2025 Internal Audit Plan 	<ul style="list-style-type: none"> ■ The risk assessment and the key audit issues of financial report auditing. ■ The scope and method of the audit. ■ New laws and regulations. ■ Evaluated AQIs and independence of Certificated Public Accountant.
10.30 (3 rd Term 8 th Meeting)	<ul style="list-style-type: none"> ■ Implementation of Annual Audit Plan and Follow-up of improvement actions taken against deficiencies. ■ 2025 Audit Plan 	<ul style="list-style-type: none"> ■ The 3rd quarterly financial report.
12.27 (3 rd Term 9 th Meeting)	<ul style="list-style-type: none"> ■ Implementation of Annual Audit Plan and Follow-up of improvement actions taken against deficiencies. 	

(3) Implementation Status of Corporate Governance and its Difference with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons

Evaluation Items	Implementation Status			Difference with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Summary Descriptions	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company’s “Corporate Governance Best Practice Principles” has been adopted by the Board of Directors.	No significant difference
2. Shareholding Structure & Shareholders’ Rights (1) Does the company have internal operation procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the company built and implemented a risk management system and a firewall between the company and its affiliates? (4) Has the company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓ ✓ ✓ ✓		(1) The Company has designated a spokesperson, deputy spokesperson and stock affair specialist, also has established the “Procedures for the shareholders’ meetings” to handle shareholder suggestions, disputes, or litigation matters. (2) According to Article 25 of the Securities and Exchange Act, the Company discloses the changes in the stocks rights held by the insiders at the Market Observation Post System monthly, so as to understand the changes in the stock rights of the Company’s major shareholders and the list of the ultimate controllers of the major shareholders. (3) The Company has established relevant management procedures and operating systems through the “Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises”, internal control and internal audit systems, etc., to conduct effective risk control. (4) The Company has formulated the “Management Procedures for Preventing Insider Trading” and “Code of Ethical Conduct”, which have been adopted and implemented by the Board of Directors.	No significant difference
3. Composition and Responsibilities of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board, and have they been fully implemented? (2) Has the company voluntarily established other functional committees in addition to the remuneration committee and the audit committee? (3) Has the company established rules and methodology for P. 30 of 94 evaluating the performance of its Board of Directors, implemented the performance evaluations on	✓ ✓ ✓		(1) Per the Company’s “Corporate Governance Practice Principles”, the composition of the Board of Directors shall be diversified, it shall include, but not be limited to, the following two major criteria: 1. Basic qualifications and values: gender, age, nationality and culture, etc., among which the ratio of female directors should reach one-third of the director seats. 2. Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing or technology, professional skills and industry experience, etc.), professional knowledge, skills, experience, skills, and background, and industry experience. In accordance with the aforementioned policy, among the current directors, there are two female directors on the Board of Directors, and the ratio of male to female seats is 71% and 29% respectively, which is above the standard announced by the FSC. The percentage of directors under the age of 60 is 57%, and none of the independent directors has served for more than 3 terms. In terms of professional knowledge and skills, the directors of the Company possess operational judgment, business management, industry knowledge, leadership, and decision-making skills, and three directors are specialized in financial accounting. (2) Starting from January 1, 2025, the Company will establish the “Corporate Sustainability Development Committee” under the Board of Directors. (3) The Company has stipulated the “Self-Evaluation or Peer Evaluation of the Board of Directors” and implemented it in the 1 st quarter of each year. Evaluations will be commissioned from an external independent professional	No significant difference

Evaluation Items	Implementation Status			Difference with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the Reasons												
	Yes	No	Summary Descriptions													
<p>an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>	✓		<p>organization or a team of external experts and scholars at least once every three years. The self- evaluation result has report to the Board of Directors at December 27, 2024.</p> <p>(4) When the Company appoints its annual external auditors, it will refer to Audit Quality Indicators (AQIs) to evaluate their independence and obtain the independence statement issued by the external auditors. (Please refer to Table 2 for the assessment of the independence) After the evaluation, the company's external auditors meet the independence assessment standards and are fully capable of serving as the company's external auditors. The Company reported it to the audit committee and the Board of Directors for their consideration and obtained approval of appointment on Dec.27, 2024.</p>													
<p>4. Does the listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?</p>	✓		<p>The Board of Directors appointed Ms. Hong, Shu-Ling as the Corporate Governance officer to assist in handling information necessary for the directors to perform their duties, assisting the directors in complying with laws and regulations, conducting board and shareholders' meetings related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc. The details of the advanced training for corporate governance supervisors in 2024 are as follows:</p> <table border="1"> <thead> <tr> <th>Training Date in 2024</th> <th>Course Organizer</th> <th>Training Course</th> <th>Training hours</th> </tr> </thead> <tbody> <tr> <td>06.06</td> <td>TWSE.</td> <td>Empowering the Carbon Era with Sustainable Knowledge.</td> <td>7.0</td> </tr> <tr> <td>12.09</td> <td>Taiwan Corporate Governance Association</td> <td>How to Adjust Internal Control System for the New ESG Requirements.</td> <td>6.0</td> </tr> </tbody> </table>	Training Date in 2024	Course Organizer	Training Course	Training hours	06.06	TWSE.	Empowering the Carbon Era with Sustainable Knowledge.	7.0	12.09	Taiwan Corporate Governance Association	How to Adjust Internal Control System for the New ESG Requirements.	6.0	No significant difference
Training Date in 2024	Course Organizer	Training Course	Training hours													
06.06	TWSE.	Empowering the Carbon Era with Sustainable Knowledge.	7.0													
12.09	Taiwan Corporate Governance Association	How to Adjust Internal Control System for the New ESG Requirements.	6.0													
<p>5. Has the company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?</p>	✓		<p>The Company has a spokesperson and a proxy spokesperson and has set up an investor section and a stakeholder engagement section on the Company's website, which contain contact information to facilitate communication with stakeholders.</p>	No significant difference												
<p>6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?</p>	✓		<p>The Company has appointed KGI Securities Co., Ltd. for handling the affairs of shareholders' meetings.</p>	No significant difference												
<p>7. Information Disclosure</p> <p>(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?</p> <p>(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc.)?</p>	✓	✓	<p>(1) The Company discloses its financial, business, and corporate governance status at any time on its website at www.apmemory.com.</p> <p>(2) The Company has designated the Finance and Accounting Center (Contact No.: 03-560-1651; Email: ir@apmemory.com) to handle the collection and disclosure of information. The Company has established a spokesman system (Spokesman: Lin, Yu-Hsin; Deputy Spokesman: Hung, Chich-Hsun). The relevant information of investors conference has also been uploaded on the Company's</p>	No significant difference												

Evaluation Items	Implementation Status			Difference with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the Reasons
	Yes	No	Summary Descriptions	
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		✓	<p>website.</p> <p>(3) The company announces the major financial data of the annual financial report through the MOPS within two months after the end of the year and provides real-time information to shareholders, interested parties, etc. Announce and declare the first, second and third quarter financial reports and the operating conditions of each month before the prescribed deadline.</p>	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<p>(1) The Company has established the "Corporate Social Responsibility Practice Principles" and implements corporate governance, develops a sustainable environment, safeguards social welfare, and strengthens corporate social responsibility information disclosure.</p> <p>(2) The Company discloses information related to its financial, business, and corporate governance on its website at www.apmemory.com, providing open and transparent information for general staff, investors, suppliers, and stakeholders.</p> <p>(3) The Directors of the Company are professionals in their respective fields, and the Company, from time to time, provides the Directors with relevant regulatory information that they need to be aware of. In addition, the management team of the Company also gives regular business and other relevant briefings to the Directors. For the Directors' training records, please refer to Table 1 and visit the MOPS of the Company for further information.</p> <p>(4) The Company has established and effectively implemented a comprehensive internal control system in accordance with relevant laws and regulations, and it has also conducted proper risk evaluations for major correspondent banks, customers, and suppliers to reduce credit risks.</p> <p>(5) The Director of the Company withdrew him/herself from discussion/voting of any proposal, in which the Director is an interested party, to avoid conflicts of interest.</p> <p>(6) The Company maintains D&O Insurance for its directors and officers.</p>	No significant difference

Evaluation Items	Implementation Status			Difference with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the Reasons
	Yes	No	Summary Descriptions	

9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.
- (1) The Company's official website has added an ESG and a stakeholder section and has enhanced the completeness of information disclosure for general employees, investors, suppliers, and stakeholders to access relevant information.
- (2) The Board of Directors has established the "Sustainability Committee" (Committee) to strengthen corporate sustainability development, and has quarterly reports from the Committee, which include development strategies, ESG promotion planning, and the results of the annual plan implementation...etc. The Board also request the Committee and the management team to make adjustments when needed.

Table 1: Directors' Training Records in 2023

Title	Name	Training Date	Training Course	Training Hours	Course Organizer
Director	Chen, Wen-Liang	09.30	Taiwan's Capital Market Summit	3.0	Taiwan Stock Exchange Corporation
		12.09	Corporate Governance-Information Security-Personal Security Audit	3.0	Taipei foundation of finance
Director	Hung, Chih-Hsun	06.17	Corporate Governance - Tax Money Laundering Risk Prevention - Eight National Money Laundering Risk Patterns	3.0	Taipei foundation of finance
		10.23	Merger and Acquisition Law and Practice	4.0	Chinese Association of Business and Intangible Assets Valuation
Director	Shanyi Investment Co., Ltd Representative: Liu, Chin-Hung	09.20	Annual Insider Trading Compliance Semina	3.0	Securities & Futures Institute
Director	Shanyi Investment Co., Ltd Representative: Yeh, Jui-Pin	07.03	2024 Cathay Sustainable Finance and Climate Change Summit	6.0	Taiwan Stock Exchange Corporation
Director	Li Shun Investment Co. Representative: Hsieh, Ming-Lin	10.04	Advocacy Meeting for Insider Trading Prevention	3.0	Securities & Futures Institute
		11.22	Annual Insider Trading Compliance Seminar	3.0	Securities & Futures Institute
Independent Director	Wang Hsuan	03.29	U.S.-China-Taiwan Relations and the Future International Situation-Political Risks of Investing in China	3.0	Taiwan Corporate Governance Association
		08.23	Introducing the IFRS Sustainability Disclosure Standard and sharing the domestic and international net-zero carbon trend.	3.0	Taiwan Corporate Governance Association
Independent Director	Sun, Elizabeth	03.11	Corporate Governance Trends and Strategies	3.0	Digital Governance Association
		03.15	Operation of the Audit Committee and scrutiny of financial statements	3.0	T Digital Governance Association
Independent Director	Liu, Frank	11.04	International Trade Money Laundering Prevention and Economic Sanctions Cases	3.0	Financial Supervisory Commission Securities & Futures Institute
		11.08	The Role and Accountability of Controlling Shareholders in the Context of Corporate Governance	3.0	Financial Supervisory Commission Securities & Futures Institute

Evaluation Items	Implementation Status			Difference with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the Reasons
	Yes	No	Summary Descriptions	

Table 2: Evaluation Form for the Independence, Professionalism and Competence of Certified Public Accountants

Item	Result	
1. As of the most recent attestation operation, there are no situations for a term of seven years without replacement.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2. Having no material financial interest with the principal	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
3. Having avoided any inappropriate relationship with the principal.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
4. Accountants should ensure the integrity, impartiality and independence of their associates.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
5. It is not allowed to audit and attest the financial statements of the organization which the CPA has worked for two years prior to practicing.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
6. The name of the accountant shall not be used by others.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
7. Having no shareholding in the Company and its affiliates	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
8. Having no borrowing nor lending with the Company or its affiliates, except for normal transactions of the financial industry.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
9. There is no joint investment or benefit-sharing relationship with the Company or its affiliates.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
10. Not concurrently serving in the regular work for the Company or its affiliates to receive a fixed salary.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
11. Having not involved in the management function of making decisions in the Company or its affiliates.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
12. Having not concurrently engaged in any other business that may lose the independence.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
13. It is not allowed to engage in attestation by those who have a relationship of spouse, lineal blood relatives, lineal affinity, or the second degree of collateral relatives with the Company's management personnel	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
14. Having not received any commission in connection with the business.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
15. Having not received any disciplinary or compromised the principle of independence.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

(4) Composition, Functions, and Operation of the Compensation Committee

A. Information of the members of the 4th Compensation Committee of the Company

Title / Name	Professional qualifications and experience	Independent status	Number of other public companies at which the person concurrently serves as compensation committee member
Convener / Wang, Hsuan	As independent directors of the Company, please refer to the section headed " Disclosure of information as professional qualifications and independent status of directors and independent directors " in this annual report for details of the relevant years of service, professional qualifications, and experience.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.	2
Member/ Liu, Frank		(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law. (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.	None
Member/ Lan, Ching-Yao (Note)	Mr. Lan obtained a master's degree in accounting from Soochow University. Also, he is the CPA of R.O.C. Currently, he served as assistant professor-level part-time technical expert in the department of accounting information, National Taipei University of Business and as the adjunct speaker in Soochow University. He has served as Compensation Committee member of several companies and has extensive experience in companies compensation policy and compensation tool.	(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. (10) Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.	None

Note: Resigned on Dec. 31, 2024.

B. Functions of the Compensation Committee: The Compensation Committee operates to enhance corporate governance and risk management, and to evaluate and monitor the compensation system for directors and managers of the Company with a view to motivating and retaining talents. Its main functions are to periodically review the policies and systems for performance evaluation and compensation of directors and managers, and to evaluate and determine the compensation of directors and managers.

C. Operation of the Compensation Committee

(i) The Compensation Committee of the Company consists of four members.

(ii) Term of this Compensation Committee: From May 29, 2023, to May 28, 2026. In the most recent year, the Compensation Committee held 3 meetings (A). The qualifications and attendance of the member are as follows:

Title	Name	Number of Actual Attendance (B)	Number of Entrusted Attendance	Actual Attendance Ratio (%) [B / A] (Note 1)	Note
Convener	Yeh, Jui-Pin	2	0	100.00%	Note 2
Convener	Wang, Hsuan	3	0	100.00%	Note 3
Member	Liu, Frank	3	0	100.00%	-
Member	Lan, Ching-Yao	3	0	100.00%	Note 4

Note1: Actual Attendance Rate (%) is calculated based on the number of meetings of the audit committee and actual attendance during his/her tenure.
Note2: Resigned on Oct. 21, 2024.
Note3: Convener from Nov. 1, 2024.
Note4: Resigned on Dec. 31, 2024.

(iii) The discussions and resolutions of the Compensation Committee during 2023:

Meeting date	Discussion	Resolution
03.27	<ul style="list-style-type: none"> ■ CEO 2023 Performance Evaluation ■ Promotion and salary adjustment of the Managerial Officers. ■ The allocation of the Company's 2023 directors' compensation. 	It is agreed by all members present and approved by the Board of Directors by resolution
06.13	<ul style="list-style-type: none"> ■ 2024 Shareholding Trust Withdrawal Amounts and Operating Bonus of the Managerial Officers. ■ Amendment of "Operating Bonus, performance bonus and incentive bonus Procedures" 	It is agreed by all members present and approved by the Board of Directors by resolution
12.18	<ul style="list-style-type: none"> ■ Amendment of "Operating Bonus, performance bonus and incentive bonus Procedures" ■ The plan of 2025 Shareholding Trust Withdrawal Amounts and Operating Bonus of the Managerial Officers. ■ The 2025 compensation plan for CEO and President 	It is agreed by all members present and approved by the Board of Directors by resolution

(iv) In case that the Board of Directors does not adopt or amend the recommendations of the Compensation Committee, please state the date and term of the board meeting, the content of the proposals, the result of the resolutions of the Board of Directors, and the Company's handling of the opinions of the Compensation Committee: N/A

(v) In case that any member has a dissenting or qualified opinion on any resolution passed by the Compensation Committee which is on record or stated in a written statement, please state the date and term of the Compensation Committee meeting, the content of the proposals, the opinions of all members, and the handling of the members' opinions: N/A.

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

Evaluation Items	Implementation Status			Difference with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons
	Yes	No	Summary Descriptions	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		On December 27, 2024, the Board of Directors of the Company approved the establishment of a Corporate Sustainability Committee starting from January 1, 2025, as a dedicated office for the Company's sustainable development and to assist the Board in promoting sustainable development of the Company in order to achieve the objective of sustainable operation. Committee need to report the progress of the sustainability plan to the Board at least once a year. The Sustainability Committee consists of three members appointed by the Board of Directors and is currently convened by Mr. Hung, Chih-Hsun, Director and President. Additionally, the Committee has 4 task forces, namely “Environmental Sustainability”, “Sustainable Supply Chain”, “Employee Rights and Social Care” and “Operational Governance”, are established to plan and implement the sustainability objectives.	No significant difference
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		The Company has established the “Risk Management Policy” and modified it per the current regulations, which has been approved by the audit committee and the Board of Directors. In addition to keeping track of possible internal and external risks, the Company will regularly stimulate the response measures and results when risks occur. (1) The risk assessment boundary is primarily based on our company and includes our subsidiary, AP Memory Technology (Hangzhou) Co. Limited., based on the importance of its core business and the degree of impact on significant topics. (2) We not only establish management strategies for significant corporate governance issues, but include socio-economic and legal compliance, strengthening of directors' functions, and stakeholder communication, and identifying the risk assessment standards, processes, results, and risk management policies or strategies for environmental, social, and related significant issues through the ESG report.	No significant difference
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		(1) The Company is a fabless IC design company without a manufacturing line, helping to minimize its environmental impact. The Company has established a 'Green Product (GP) Management Procedure' within our ISO system, with a GP team led by the General Manager, collaborating closely with our suppliers. We actively promote green products to fulfill our environmental protection responsibilities. Our environmental management spans areas such as production operations, distribution and logistics, waste management, and more,	No significant difference

Evaluation Items	Implementation Status			Difference with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons
	Yes	No	Summary Descriptions	
<p>(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</p> <p>(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?</p> <p>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>ensuring compliance with international regulations and customer requirements to achieve sustainable business goals. Environmental Commitment:</p> <p>A. Energy Conservation and Reduction of Environmental Impact</p> <p>(i) We are committed to energy conservation, encourage the use of eco-friendly materials, and promote efficient recycling practices.</p> <p>(ii) We strive to minimize the environmental impact of product-related activities and work towards achieving sustainable business development.</p> <p>B. Compliance with International Regulations and Conflict-Free Mineral Policy</p> <p>(i) We are dedicated to pollution prevention, regulate hazardous environmental substances, and ensure compliance with international regulations and customer requirements.</p> <p>(ii) We adhere to the Responsible Business Alliance's conflict-free mineral policy and are committed to not sourcing or using materials from conflict regions.</p> <p>(2) Our products are designed based on the principles of low public consumption and high efficiency, and we have assisted our customers in improving the energy efficiency of their electronic products. Internally, we continue to promote electronic process checking to reduce the amount of paper used in documents, and our employees also take the initiative to turn off lights, reduce the use of dishwashing utensils, and implement garbage classification in order to do their part for the environment.</p> <p>(3) We completed a preliminary assessment of climate change risks in the first half of 2024 and began planning for measures to address them.</p> <p>(4) The Company has released the results of its 2023 greenhouse gas emission inventory in the 2023 annual ESG report and will expand the inventory to include its subsidiary, AP Memory Technology (Hangzhou) Co. Limited. The results of the 2024 annual inventory have been disclosed in the section “Climate-related information for TWSE/TPEX Listed Companies”. Conducted education and publicity on resource conservation for all employees within the company and conducted inspections to effectively avoid unnecessary waste of resources (including but not limited to oil, water, paper, and electricity).</p>	
<p>4. Social Issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	<p>✓</p>		<p>(1) We are committed to creating a dignified working environment and protecting the human rights of the people working in the Company. In addition, the Company recognizes and voluntarily complies with internationally recognized human rights standards such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding</p>	No significant difference

Evaluation Items	Implementation Status			Difference with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the Reasons
	Yes	No	Summary Descriptions	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		Principles on Business and Human Rights, and the United Nations International Labor Organization, etc., in order to formulate Human Right Policy and Anti-Discrimination and Anti-Harassment Policy and conduct regular reviews to assess potential impacts and formulate countermeasures. (2) Employee welfare measures : A. Performance-Based Compensation: The Company has implemented a compensation policy that directly links corporate performance, employee performance evaluations, and employee rewards. This policy is designed to boost employee morale, share the fruits of our success, and foster employee engagement. B. Leave and Other Benefits: Please refer to the "Labor-Management Relationship" section under "Operation Overview" in this year's annual report for details.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		(3) The Company maintains the health and safety of its employees and pursues a zero-disaster workplace. Fire escape drills are implemented every six months to familiarize all employees with the company's evacuation routes, assembly locations, and personnel counts, to continue to strengthen the emergency response capabilities of our employees and to ensure their safety. To protect employees from harmful substances in the workplace, the Company conducts workplace environmental monitoring twice a year to ensure a safe working environment. We also arrange for doctors twice a year and nurse twice a month on-site to provide professional counseling to our employees. There were no occupational disasters or fires in 2024.	
(4) Has the Company established effective career development training programs for employees?	✓		(4) The company has a dedicated education and training program, as well as an internal education and training organization. Each year, an annual training plan is developed based on the company's strategic focus and the needs of each department, and courses are implemented according to this plan. The courses offered include management courses, various professional courses, general education courses, and compliance courses, among others. The courses are delivered by external and internal instructors, as well as through external training institutions. The aim is to provide employees with various types of training, to strengthen and expand their skills, and to assist with their career development, thereby enhancing the company's overall strength.	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		(5) The Company's products and services are marketed and labeled in accordance with relevant regulations and international standards. In addition, the Company's products are not sold to the general consumer. The Company's general customers or other stakeholders can make report through the contact information listed on the Company's website. For the relevant reports, the	

Evaluation Items	Implementation Status			Difference with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the Reasons
	Yes	No	Summary Descriptions	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		Company will ask the relevant department to investigate and handle them properly. (6) The Company's contracts with its main suppliers incorporate the spirit of corporate social responsibility and assess suppliers' performance periodically.	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	✓		Our ESG report is in accordance with the GRI and SASB. The 2024 annual ESG Report is expected to be released and posted on the Company's website by the end of August 2025, and the report verification will be arranged in accordance with the statutory schedule.	No significant difference
6. If the Company has adopted its own sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any deviation from the principles in the Company's operations: None.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: (1) To fulfill its social responsibility, the Company, together with TSMC and other companies, established the "Dr. TP, Ma Future Innovation Leadership Scholarship" in the name of Dr. Ma at the Department of Electrical Engineering of National Taiwan University to encourage future generations to be innovative and lead the world in technological progress, and to continue the spirit of technological research and innovation practiced by Dr. Ma. (2) The sponsorship of Department of Special Education, National Tsing Hua University "Scholarships for Special Education Students and the Matching Services for the Physically and Mentally Handicapped Program" not only enables special education students to integrate theory and practice, and to be a special education worker, but also encourages physically and mentally handicapped students to fully develop their potentials and to have the conditions for living a life of dignity. (3) In order to encourage childbearing, the company offers maternity subsidy. In addition, the company offers maternity leave better than legal requirements for advanced maternal age employees. (4) The company also offers well-facilitated breastfeeding room for female employees. (5) The company establishes "speak up" mailbox for employees to voice their feedback, concern, and complaint (including sexual harassment) and respond to employee expectations and suggestions.				

(6) Climate-related information for TWSE/TPEX Listed Companies

A. Implementation of climate related information

Items	Implementation status			
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Since 2024, the Company has been focusing on issues related to climate changes and promoting the management of risks and opportunities. The Company has set up a Risk Management Working Group, which is responsible for coordinating the identification and assessment of risks and opportunities related to climate change and will report to the Board of Directors periodically.			
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2024 Climate Related Risks and Opportunities Assessment, with feedback from 19 departments, identified 2 risk factors and there are no possible opportunities.			
	Significant Risks	Impact Object	Potential financial impact	Notes
	Short-term Physical Risk: Increased severity and frequency of extreme weather events	Operation, Vendors	Decrease in revenue due to decrease in production capacity	In the event of extreme weather conditions that result in water and electricity restrictions at the operating sites, the operating will be affected; transportation may also be affected, resulting in delays in delivery; and outsourced production plants may suffer financial losses due to flooding caused by heavy rains or may be forced to interrupt their operations, affecting the supply chain to the Company.
	Mid-term Policy and Regulation changes Risk: Shortage of productive resources such as energy and water	Operation	Increase in Production Cost	Semiconductor industry is highly dependent on stable power supply, and the IC design industry relies on data centers, EDA (Electronic Design Automation) tools, simulation and verification, which require high-performance computing equipment. If the government pushes for more stringent energy policies (ex. carbon emission limits, tariff increases) in response to climate change, it may affect operating costs.

Items	Implementation status											
<p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<table border="1"> <thead> <tr> <th data-bbox="846 300 1070 347">Events</th> <th data-bbox="1070 300 1563 347">Description</th> <th data-bbox="1563 300 2092 347">Financial Impact</th> </tr> </thead> <tbody> <tr> <td data-bbox="846 347 1070 641">Extreme weather</td> <td data-bbox="1070 347 1563 641">Extreme climate events may affect the Company operations, outsourced production, transportation, customers' production, etc.</td> <td data-bbox="1563 347 2092 641">Decrease in revenue due to lower production capacity: our own operations and outsourced production plants may be affected by extreme weather conditions, resulting in production disruptions and lower revenue due to lower demand for our products and services: customers may experience lower demand for the Company's products as a result of water shortages affecting their production</td> </tr> <tr> <td data-bbox="846 641 1070 963">Transition Action</td> <td data-bbox="1070 641 1563 963">Possible opportunities for climate change at present include the development of low-carbon goods and services, resource efficiency and the use of incentivized policies</td> <td data-bbox="1563 641 2092 963">Developing low-carbon goods and services: Increased demand for products and services leads to increased revenues. Improve resource efficiency: Reducing water use and consumption and improving energy efficiency can reduce overhead costs. Use of incentives: Indirect costs can be reduced through incentives such as sustainable linkage loans and/or phase-out and replacement grants.</td> </tr> </tbody> </table>			Events	Description	Financial Impact	Extreme weather	Extreme climate events may affect the Company operations, outsourced production, transportation, customers' production, etc.	Decrease in revenue due to lower production capacity: our own operations and outsourced production plants may be affected by extreme weather conditions, resulting in production disruptions and lower revenue due to lower demand for our products and services: customers may experience lower demand for the Company's products as a result of water shortages affecting their production	Transition Action	Possible opportunities for climate change at present include the development of low-carbon goods and services, resource efficiency and the use of incentivized policies	Developing low-carbon goods and services: Increased demand for products and services leads to increased revenues. Improve resource efficiency: Reducing water use and consumption and improving energy efficiency can reduce overhead costs. Use of incentives: Indirect costs can be reduced through incentives such as sustainable linkage loans and/or phase-out and replacement grants.
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<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<table border="1"> <tbody> <tr> <td data-bbox="846 1008 1093 1120">Identify the risk and opportunity</td> <td data-bbox="1093 1008 2092 1120">Refer to the TCFD's recommendations, industry-related information and internal and external discussion, to initial assessment of the risk and opportunity factors associated with the Company</td> </tr> <tr> <td data-bbox="846 1120 1093 1232">Assess the Risk and opportunity</td> <td data-bbox="1093 1120 2092 1232">Conducting risk and opportunity assessment and confirm and discuss the assessment results with internal and external parties to identify the impact of relevant risk factors, the possible timeframe of occurrence and the possible financial impact.</td> </tr> <tr> <td data-bbox="846 1232 1093 1343">Planning</td> <td data-bbox="1093 1232 2092 1343">In view of the potential risks and opportunities identified, and refer to the company's operation and development, then carry out contingency planning, which will be confirmed and reported in the management meetings.</td> </tr> <tr> <td data-bbox="846 1343 1093 1420">Monitoring and Report</td> <td data-bbox="1093 1343 2092 1420">Results are tracked and reported in management meetings.</td> </tr> </tbody> </table>			Identify the risk and opportunity	Refer to the TCFD's recommendations, industry-related information and internal and external discussion, to initial assessment of the risk and opportunity factors associated with the Company	Assess the Risk and opportunity	Conducting risk and opportunity assessment and confirm and discuss the assessment results with internal and external parties to identify the impact of relevant risk factors, the possible timeframe of occurrence and the possible financial impact.	Planning	In view of the potential risks and opportunities identified, and refer to the company's operation and development, then carry out contingency planning, which will be confirmed and reported in the management meetings.	Monitoring and Report	Results are tracked and reported in management meetings.	
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Planning	In view of the potential risks and opportunities identified, and refer to the company's operation and development, then carry out contingency planning, which will be confirmed and reported in the management meetings.											
Monitoring and Report	Results are tracked and reported in management meetings.											

Items	Implementation status
	The Company's risk management, which identifies, recognizes and plans its response to climate change in regular operating and management meetings, now incorporates climate change-related factors, which are still recognized and reported in operating and management meetings, and has been incorporated into the established risk management system. The results of the annual identification were presented to the Audit Committee and the Board on October 30, 2024.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Regarding international assessment reports and relevant domestic policies and regulations, the Company set up climate risk and opportunity assessment scenarios, with the transition risk mainly based on the 2050 net-zero emissions scenario and the physical risk mainly based on the SSP-8.5 scenario.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	<ol style="list-style-type: none"> 1. The current carbon reduction actions are mainly focused on Scope II, replacing office equipment with energy-saving one, such as power-saving light bulbs in office areas, etc., which has reduced the total amount of carbon emissions by about 4.5% in 2024. Additionally, we have been purchasing green energy from 2025 in response to the government's goal of Net Zero Emissions by 2050. 2. The indicators for physical risks and transition risks involve transparently disclosing the extent of climate-related risks. The goal is to complete the GHG inventory of Scope 3 by 2027 and to obtain third-party verification of the greenhouse gas inventory by 2028.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Internal carbon pricing has not yet been implemented.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Facing increasingly severe threats from extreme weather and upholding the spirit of corporate sustainable development, AP Memory understands its overall carbon emissions through greenhouse gas inventories to identify carbon emission hotspots and develop corresponding carbon reduction plans. We continuously reduce greenhouse gas emissions by purchasing green energy and replacing energy-efficient equipment. Additionally, we plan to establish a carbon reduction baseline year and set medium- and long-term targets in 2025.
9. Greenhouse Gas Inventory and Confirmation, reduction targets, strategies and specific action plans.	Refer to B. and C.

B. Greenhouse Gas Inventory and Confirmation in the last two years

<p>Basic information of the company</p> <p><input type="checkbox"/> Capital of NT\$10 billion or more, iron and steel industry, or cement industry</p> <p><input type="checkbox"/> Capital of NT\$5 billion or more but less than NT\$10 billion</p> <p><input checked="" type="checkbox"/> Capital of less than NT\$5 billion</p>	<p>Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies:</p> <p><input checked="" type="checkbox"/> Inventory for parent company only</p> <p><input type="checkbox"/> Inventory for all consolidated entities</p> <p><input type="checkbox"/> Assurance for parent company only</p> <p><input type="checkbox"/> Assurance for all consolidated entities</p>
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		2024		2023	
		Total emissions (Metric tonnes CO2e)	Density (Mt CO2e/steel embryo output)	Total emissions (Metric tonnes CO2e)	Density (Mt CO2e/steel embryo output)
AP Memory	Scope 1	2.135	/	13.531	/
	Scope 2	301.640		307.508	
	Subtotal	303.765		321.039	
Subsidiaries	Scope 1	1.368	/	1.142	/
	Scope 2	53.006		52.841	
	Subtotal	54.374		53.983	
Total		358.139	0.086	375.022	0.089

Note: Only AP Memory Technology (Hangzhou) Limited Co., Ltd. has been included in the scope of inventory of subsidiaries; the results of the inventory have not yet been assured.

C. Greenhouse Gas reduction targets, strategies, and specific action plans.

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.
<p>In 2024, the total amount of GHG emissions reduced 4.5% compared to 2023.</p> <p>Short-term Goals:</p> <ol style="list-style-type: none"> 1. Increasing the use of green energy by 5% in 2025 compared to 2024. By utilizing more green energy to achieve carbon reduction goal. 2. Continuing promoting energy-saving and carbon reduction measures in offices, including replacing energy-intensive lighting to improve energy efficiency. <p>Mid-term and Long-term Goals:</p> <p>Evaluate the use of green energy credits on a yearly basis and discuss carbon reduction targets with suppliers, with the ultimate goal of “Net Zero Emissions by 2050”.</p>

(7) Status of Ethical Management and its Difference with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons

Evaluation Items	Implementation Status			Difference with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons
	Yes	No	Summary Descriptions	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies"?</p> <p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has established the “Ethical Corporate Management Best Practice Principles” which has been implemented after the approval of the Board of Directors.</p> <p>(2) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” which has been implemented after the approval of the Board of Directors.</p> <p>(3) The Company has set up a dedicated unit to carry out ethical policy promotion, training, and supervision, and encourage internal and external personnel to report unethical conduct or misconduct. Ethical management is also incorporated into performance evaluation and human resources policy.</p>	No significant difference
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the company provide internal and external ethical</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>	<p>(1) The Company’s correspondent trading partners have been properly evaluated, and the contracts signed with them also specify business conduct and ethics related clauses.</p> <p>(2) The Company will plan the timeline for setting up a dedicated unit to promote ethical corporate management and set up it after obtaining the Board of Directors' approval; before it's set up, the Company's corporate governance officer will concurrently serve in this role, report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation at least once a year.</p> <p>(3) The Company follows the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”.</p> <p>(4) The Company has established a sound and effective accounting system, internal control system, and internal audits. The Company conducts the audit of all activities according to the regular schedule and irregular projects. According to the annual audit plan, the accountant conducts the audit sampling of the internal control.</p> <p>(5) The Company introduce the ethical management policy at various meetings</p>	<p>No significant difference</p> <p>The Company will evaluate the corresponding dedicated unit according to the operation situation.</p> <p>No significant difference</p> <p>No significant difference</p> <p>No significant difference</p>

Evaluation Items	Implementation Status			Difference with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and the Reasons
	Yes	No	Summary Descriptions	
corporate management training programs on a regular basis?			from time to time. In the future, the Company will organize the ethical management training regularly according to the needs.	
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	✓		(1) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct”, which clearly defined the reporting, reward system, and complaint channel. Appropriate personnel will be appointed according to the position, position, function, and other relevant factors of the person being reported.	No significant difference
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		(2) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct”, which stipulated that the identity of whistleblowers and the contents of whistleblowers will be kept confidential.	No significant difference
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		(3) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct”, which set forth measures to protect whistleblowers from improper treatment due to whistleblowing.	No significant difference
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company has an official website to disclose the relevant information of the Company and has a dedicated person to maintain and update the information. At present, according to the regulations, the Company discloses various financial and business information at the Market Observation Post System regularly and irregularly.	No significant difference
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: No significant difference				
6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles): The Company pays close attention to the development of domestic and foreign ethical management regulations, for reviewing and improving the ethical management policy and measures adopted by the Company, to enhance the effectiveness of the implementation of ethical management.				

(8) Other important information to enhance better understanding of corporate governance

The Company continues to invest resources to strengthen its corporate governance operations. On the Company’s website, the Company set up the “Corporate Governance” Section to explain the situation of corporate governance and uploaded the relevant rules and regulations of corporate governance for inquiry and download, and it discloses important information immediately and holds investors conference regularly.

(9) Execution Status of Internal Control

- A. Internal Control Statement: Please refer to the Market Observation Post System (MOPS) <https://mops.twse.com.tw> > Single Company > Corporate Governance > Company Regulations > Internal Control/Internal Control Statement Announcement. Enter the year and company code to search for the internal control statement announcement.
- B. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: N/A

(10) Major Resolutions of Shareholders' Meeting and Board Meeting in the most recent year and up to the publication date of the Annual Report

A. Resolutions of Shareholders' Meeting

The Company's 2024 Annual Shareholders' Meeting was held on May 27, 2024. At the meeting, the shareholders present approved the following resolutions:

Major Resolutions of Shareholders' Meeting	Implementation Status
Acknowledgement: 1. The 2023 Business Report and Financial Statements 2. The Distribution of 2023 Profits	Approved. Approved. A cash dividend of NT\$7 was allocated per share, the distribution of which was completed on July 11, 2024.
Discussion Items: 1. To revise the "Procedures for the Election of the Directors". 2. Lifting the prohibition on the Directors and their representatives from participating in the competitive business.	Approved. Approved.

B. Resolutions of Board Meetings

During the 2024 calendar year and up to the publication date of the Annual Report, the Company held 7 board meetings, and major resolutions approved at these Board meetings are summarized below:

Date	Proposals
03.01, 2024	1. Approval of the "2023 Statement of Internal Control System". 2. Approval of distribution of the Company's 2023 employees' bonus and directors' compensation. 3. Approval of the Company's 2023 annual individual and consolidated financial statements and business report. 4. Approval of the Company's 2023 business report. 5. Approval of the Company's earnings distribution of cash dividends of 2023. 6. Approval of the Company's earnings distribution plan for the year 2023. 7. To set the record date for registration of change of capital for employee stock options exercise request during 4th quarter of 2023. 8. To release the Directors and its designated representatives from non-competition restrictions. 9. Convening the 2024 Annual Shareholders' Meeting. 10. Acceptance details of shareholders' proposals for the 2024 Annual Shareholders' Meeting.
05.03, 2024	1. Approved the financial statement of 1st quarter of 2024. 2. Approved investment in subsidiary APware Technology Corp 3. Amendment to the "Procedures of Board of Director Meetings" and "Audit Committee Charter" 4. Amendment to the "Rules for the Management of Assets" and renamed as "Rules for the Management of Fixed Assets and Intangible Assets". 5. Amendment to the "Internal Control System", and the "Internal Audit Implementation Rules". 6. To set the record date for registration of change of capital for employee stock options exercise request during 1st quarter of 2024. 7. Approval of distribution of the director's compensation of 2023. 8. Approved the list of employee stock options per the Company's "The Employee Stock Option Issuance and Share Subscription Plan of 2023."
07.31, 2024	1. Approved the financial statement of 2nd quarter of 2024. 2. Approved 2023 Sustainability Report 3. To set the record date for registration of change of capital for employee stock options exercise request during 2nd quarter of 2024.

Date	Proposals
10.30, 2024	<ol style="list-style-type: none"> 1. Approved the financial statement of 3rd quarter of 2024. 2. To issue the Company's 2024 Employee Stock Options 3. To set the record date for registration of change of capital for employee stock options exercise request during 3rd quarter of 2024. 4. Amendment to the "Rules for Performance Evaluation of Board of Directors" 5. Amendment to the "Internal Control System" 6. The Annual Audit Plan of 2025.
12.27, 2024	<ol style="list-style-type: none"> 1. Appointment of the certified public accountant of the Company and auditing fee of 2025. 2. Pre-Approval of unassured services by CPA and affiliated firms. 3. The Company's annual budget of 2025. 4. Apply for credit line from banks 5. Establishment of "Sustainable Development Committee" and formulation of "Corporate Sustainable Development Committee Organization Procedures 6. Appointment of members of the first Sustainable Development Committee 7. By-election of Members of the Fourth Remuneration Committee 8. to release non-competition restrictions on the managers 9. By-election of an independent director of the Company 10. Nomination of Independent Director Candidates and Review of Independence Cases 11. To release the Directors and its designated representatives from non-competition restrictions. 12. Convening the 2025 Annual Shareholders' Meeting.
02.27, 2025	<ol style="list-style-type: none"> 1. Approval of the "2024 Statement of Internal Control System" 2. Approval of distribution of the Company's 2024 employees' bonus and directors' compensation. 3. Approval of the Company's 2024 annual individual and consolidated financial statement. 4. Approval of the Company's 2024 business report. 5. Approval of the Company's earnings distribution of cash dividends of 2024. 6. Approval of the Company's earnings distribution table of 2024. 7. Amendment to the "Articles of Incorporation" 8. Lifting the prohibition on the Directors and their representatives from participating in the competitive business. 9. Amendment to the agenda for the 2025 Annual Shareholders' Meeting. 10. Reorganization of the Company's investment structure 11. To set the record date for registration of change of capital for employee stock options exercise request during 4th quarter of 2024.
03.19, 2025	<ol style="list-style-type: none"> 1. Approval of the distribution of Directors' remuneration for the year 2024 2. To release the Directors and its designated representatives from non-competition restrictions.

- (11) In the most recent year and up to the publication date of the Annual Report, in case that any director or supervisor has a dissenting opinion, which is on record or stated in a written statement, on any important resolution passed by the Board of Directors, the Company shall state its main content: N/A

4. Information of Audit Fee

(1) Audit Fee

Unit: In thousands of NTD

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-Audit Fee	Total Amount	Remark
Deloitte & Touche	Chien, Ming-Yen	January 1, 2023, to December 31, 2023	4,900	400	5,300	—
	Chuang, Bi-Yu					

Explanation: Non-Audit Fee includes transfer pricing reports, declaration of issuance of employee stock options, checklist of full-time employees' salary information for non-supervisory positions, and issuance of GDR.

(2) If the Company has replaced an accounting firm and the amount of audit fee paid in the year of the replacement was less than that in the year preceding the replacement, the Company shall disclose the amount, proportion, and reasons for the reduction of the audit fee: N/A

(3) If the audit fee has been reduced by more than 10% compared with the previous year, the Company shall disclose the amount, proportion, and reasons for the reduction of the audit fee: N/A

5. Information on Replacement of CPA: N/A

6. The Company's Chairman, President, and managers in charge of its finance or accounting operations holds any positions within the Company's independent audit firm or its affiliates within the last one year: N/A

7. In the most recent year and up to the publication date of the Annual Report, any transfer of equity interests and pledge of or change in equity interests by any director, supervisor, Managerial Officers, and shareholder with 10% shareholdings or more

(1) Net Change in Shareholding by Directors, Supervisors, Managerial Officers, and Major Shareholders: Please refer to the Market Observation Post System (MOPS) <https://mops.twse.com.tw> > Summarized Reports > Shareholding Changes/Securities Issuance > Shareholding/Pledge/Transfer by Directors, Supervisors, and Major Shareholders > Summary of Shareholding Balance of Directors, Supervisors, Managerial Officers, and Major Shareholders. Select "Listed" for Market Type and "Semiconductor" for Industry Type, then enter the relevant date to search.

(2) Information of stock trade with related party by any director, supervisor, Managerial Officers, and shareholder with 10% shareholdings or more: N/A

8. Relationship Information, if among the Company's 10 largest shareholders any one is a related party or is the spouse or a relative within the second degree of kinship of another

March 2, 2025; Unit: Share; %

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Name of entity or individual	
Shanyi Investment Co., Ltd	26,706,668	16.44%	—	—	—	—	Representative of YAMAICHI HOLDINGS CO., LTD.: Li, Juan	Parent Company	
Representative: Li, Juan	-	-	—	—	—	—			
Deutron Electronics Corporation	6,500,000	4.00%	—	—	—	—	N/A	N/A	
Representative: Lo, Ying-Hua	18,000	0.01%	—	—	—	—			
Wu, Yu-Chan	5,287,000	3.25%	—	—	—	—	N/A	N/A	
Yuhui Enterprise Co., Ltd.	4,360,470	2.68%	—	—	—	—	N/A	N/A	Note
Representative: Chen, Hui-Chuan	555,970	0.34%	—	—	564,286	0.35%			
Huang, Chung-Jen	4,169,006	2.57%	—	—	—	—	RESEN Corporation	Representative of Director	
YAMAICHI HOLDINGS Co., Ltd.	4,058,610	2.50%	—	—	—	—	Representative of Shanyi Investment Co., Ltd: Li, Juan	Subsidiary	
Representative: Li, Juan	-	-	—	—	—	—			
Girish	3,546,678	2.18%	—	—	—	—	N/A	N/A	
Li, Hsuan-Hsi	2,720,192	1.67%	—	—	—	—	N/A	N/A	
RESEN Corporation	2,312,980	1.42%	—	—	—	—	Huang, Chung-Jen	Representative of Director	
Representative: Huang, Shu-Min	791,000	0.49%	—	—	—	—			
New Labor Pension Fund	1,815,100	1.12%	—	—	—	—	N/A	N/A	

Note: Holding shares through JHC HOLDINGS INTERNATIONAL LTD.

9. Number of shares held in any re-investment enterprise by the Company, its Directors, Supervisors, Management, and any enterprise directly or indirectly controlled by the Company; Calculate the consolidated shareholding percentage of the above categories.

December 31, 2024; Unit: 1,000 Shares; %

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Management, and any enterprise directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
AP Memory Corp, USA	2,000	100%	-	-	2,000	100%
AP Memory Technology (Hangzhou) Corporation	-	100%	-	-	-	100%
AP Memory Technology (Hong Kong) Co. Limited	-	-	10	100%	10	100%
APware Technology Corp.	10	100%	-	-	10	100%
VIVR Corporation	10,000	100%	-	-	10,000	100%
CascadeTeq Inc.	1,000	100%	-	-	1,000	100%

Note: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

III Fundraising

1. Capital and Shares

(1) Sources of Capital

March 19, 2025; Unit: In thousands of NTD; 1,000 Shares

Month/ Year	Issue Price (NTD)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital paid in by assets other than cash	Other
Mar. 2024	5	200,000	1,000,000	162,004	810,020	Increase NT\$648 thousand due to exercise of employee share options	N/A	Mar. 19, 2024, Eco Auth Biz Zhi No. 11330041170
May 2024	5	200,000	1,000,000	162,190	810,951	Increase NT\$931 thousand due to exercise of employee share options	N/A	May 27, 2024, Eco Auth Biz Zhi No. 11330080020
Sep. 2024	2	200,000	1,000,000	162,212	811,062	Increase NT\$111 thousand due to exercise of employee share options	N/A	Sep. 5, 2024, Eco Auth Biz Zhi No. 11330149470
Nov. 2024	2	200,000	1,000,000	162,250	811,249	Increase NT\$187 thousand due to exercise of employee share options	N/A	Nov. 21, 2024, Eco Auth Biz Zhi No. 11330199300
Mar. 2025	2	200,000	1,000,000	162,348	811,739	Increase NT\$491 thousand due to exercise of employee share options	N/A	Mar. 19, 2025, Eco Auth Biz Zhi No. 11430033290

March 19, 2025; Unit: Share

Type of Stock	Authorized Share Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Stock	162,492,232	37,507,768	200,000,000	The outstanding shares are listed company stocks and include 144,355 shares from the exercise of employee stock warrants that have not yet completed registration for conversion.

(2) List of Major Shareholders

If there are less than 10 shareholders with shareholding ratio of 5% or more, the names, amounts and proportions of the top 10 shareholders shall be disclosed.

March 2, 2025; Unit: Share; %

Name of Major Shareholders	Shares	Shareholding	Holding Percentage
Shanyi Investment Co., Ltd		26,706,668	16.44
Deutron Electronics Corporation		6,500,000	4.00
Wu Yu-Chan		5,287,000	3.25
Yuhui Enterprise Co., Ltd.		4,360,470	2.68
Huang, Chung-Jen		4,169,006	2.57
YAMAICHI HOLDINGS CO., LTD.		4,058,610	2.50
Girish		3,546,678	2.18
Li, Hsuan-Hsi		2,720,192	1.67
Resin Corporation		2,312,980	1.42
New Labor Pension Fund		1,815,100	1.12

(3) The Company's Dividend Policy and Implementation Status

A. The Company's Dividend Policy

After closing of accounts, if there are earnings, the Company shall first make up the losses of the previous

years and then set aside 10% of said earnings as legal reserve (however, where such legal reserve amounts to the total paid-in capital, this provision shall not apply). The Board of Directors shall prepare an earning distribution proposal by adding the unappropriated accumulated retained earnings of the previous years to the special reserve which has been set aside as required by law or by the competent authority.

If the earning distribution proposal referred to in the preceding paragraph is in the form of issuing new shares, it shall be submitted to the shareholders' meeting for approval. In accordance with the provisions of the Company Act, the Company authorizes the distributable dividends, statutory legal reserve, or capital reserve in whole or in part to be paid in the form of cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

Considering the Company's environment and stage of growth, as well as future capital needs and long-term financial planning, the dividend distribution amount is determined based on the following criteria: (1) 50% of the net profit for the year; and (2) an amount higher than the dividend distributed in the previous year. This is done without violating the Company's Articles of Incorporation. The Company's dividends may be distributed in the form of cash or stock, the proportion of which shall not be less than 20% of the shareholders' dividend distribution.

The aforesaid dividend distribution ratio may be adjusted by resolution of the shareholders' meeting in light of the Company's actual profit and financial situation in the current year.

B. Dividend Distribution

Unit: NTD

Dividends per share		Year	2024
Cash Dividends			7.0
Issuance of Bonus Shares	Earnings		0
	Capital Surplus		0
Total			7.0

The above table is the cash dividends approved by the Board of Directors on February 27, 2025, which was calculated based on the number of outstanding shares on February 18, 2025. The actual dividend distribution and dividend ratio shall be calculated according to the actual number of outstanding shares on the ex-dividend base date.

C. Whether significant changes in dividend policy are expected: N/A.

(4) Impact to the Company's business performance and earnings per share resulting from this annual stock dividend distribution: Not applicable.

(5) Compensation of Employees, Directors, and Supervisors

A. The percentage or range of compensation to Employees, Directors, and Supervisors specified in the Company's Articles of Association

The Company shall allocate no less than 1% of its annual pre-tax net profit before deducting the compensation of employees, directors, and supervisors as the employees' compensation, and no more than 3% as the compensation of directors and supervisors. However, if the Company still has accumulated losses (including adjusting the amount of undistributed earnings), it shall reserve the amount of the losses.

Employees' compensation may be paid in the form of stock or cash, and the recipients may include employees of affiliated companies who meet certain conditions. Directors' compensation will be paid in cash only.

B. The basis for estimating the compensation amount of employees, directors, and supervisors, for calculating the number of shares to be distributed as employee compensation, and the accounting handling of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The compensation for employees, directors, and supervisors in 2024 is estimated at 1.16% and 0.3% of the pre-tax profit before deduction of the compensation for employees and directors respectively, which were allocated in cash by the resolution of the Board of Directors on February 27, 2025.

C. Distribution of Compensation approved by the Board of Directors

(i) The amount of employees' compensation distributed in cash or stock and the compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the Company shall disclose the amount of the discrepancy, the reasons, and the handling situation.

The Board of Directors of the Company adopted the resolution on February 27, 2025, to distribute in cash the compensation of NT\$24,008 thousand to the employees and NT\$6,200 thousand to the directors in 2023, which had no difference with the estimated figure for the fiscal year these expenses are recognized.

(ii) The amount of employees' compensation distributed in stock, and its proportion in the current period of individual financial statements of parent company or individual financial statements net profit after tax and the total amount of employees' compensation.

Not applicable as the Board of Directors only decided to distribute the employee's compensation in cash.

D. The actual distribution of compensation to employees, directors, and supervisors for the previous year (including number of shares allocated, amount, and share price). If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the Company shall disclose the amount of the discrepancy, the reasons, and the handling situation:

The Board of Directors of the Company adopted the resolution on February 27, 2025, not to distribute directors and employee's compensation, which had no difference with the estimated figure stated in the financial statements of 2024.

(6) Buyback of Common Stock

- A. In the most recent year and up to the publication date of the Annual Report, the Company did not buy back any common stock.
- B. In order to transfer the shares to the employees, the Board of Directors of the Company adopted the resolution on October 8, 2018, for buyback treasury shares. The period of repurchase of treasury shares was October 9, 2018, to December 8, 2018; repurchase of treasury shares amounting to 258,000 shares and at the purchase price of NT\$11,246 thousand. On February 25, 2022, by resolution of the Board of Directors, the Company retired its treasury shares and completed the registration of the relevant changes.
- C. In order to transfer the shares to the employees, the Board of Directors of the Company adopted the resolution on May 14, 2019, for buyback treasury shares. The period of repurchase of treasury shares was May 15, 2019, to July 12, 2019; repurchase of treasury shares amounting to 1,500,000 shares and at the purchase price of NT\$55,325 thousand. On August 9, 2019, by resolution of the Board of Directors, the Company retired 1,500,000 of its treasury shares and completed the registration of the relevant changes.

2. Corporate Bonds: N/A

3. Preferred Shares: N/A

4. Depositary Receipt:

Issue Date		January 25, 2022	
Item			
Issuance and listing	Luxembourg Exchange		
Total amount	US\$189,760,000		
Offering price	US\$29.65 per GDS		
Number of GDS issued	6,400,000 GDS		
Sources of the securities underlying the GDS	Issuance of new common shares by cash capital increase for sponsoring GDS issuance		
Number of shares represented by each GDS	Each GDS represents 2 common shares		
Rights and obligations of GDS holders	The new common shares have the same rights and obligations as the Company's existing issued and outstanding common shares		
Trustee	None		
Depository bank	Citibank, N.A.		
Custodian bank	Citibank Taiwan Limited		
Outstanding balance	0 units		
Treatment of expenses incurred at issuance and thereafter	Borne by the issuing company		
Important conventions about depository and escrow agreement	Please refer to the depository and custodian contract		
Market price per unit	2024	Highest	US\$34.6
		Lowest	US\$16.0
		Average	US\$22.7
	Current year to March 19, 2025	Highest	US\$20.0
		Lowest	US\$16.7
		Average	US\$18.5

5. Status of Employee Stock Options Plan

(1) Status of Employee Stock Options before the expiration date

March 19, 2025

Type of Employee Stock Options	2 nd time in 2016	2018		2019	2020	
Approval Date	December 26, 2016	September 14, 2018		July 11, 2019	September 15, 2020	
Total number of unit	1,200,000	700,000		750,000	400,000	
Issue Date	January 25, 2017	November 9, 2018	April 26, 2019	December 20, 2019	September 26, 2020	March 12, 2021
Number of unit issued	680,000	692,000	8,000	750,000	319,000	69,430
Number of units still available for issuance	0	0		0	0	
Ratio of shares exercisable to the total number of shares issued	0.20%	0.41%	0.01%	0.80%	0.31%	0.07%
Duration	10 Years	10 Years		10 Years	10 Years	
Exercise method	Issuance of new shares	Issuance of new shares		Issuance of new shares	Issuance of new shares	
Vesting period and percentage (%)	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 40% of the total options granted (2) Three years after the duration of the option grant: 70% of the total options granted (3) Four years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 25% of the total options granted (3) Four years after the duration of the option grant: 25% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 25% of the total options granted (3) Four years after the duration of the option grant: 25% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.
Shares Exercised	323,200	612,000	8,000	815,000	176,500	6,670
Value of Shares Exercised	NT\$23,134,176	NT\$16,065,100	NT\$211,600	NT\$32,840,000	NT\$27,830,870	NT\$2,466,566
Number of unexercised shares	0 ^(Note 1)	56,000 ^(Note 2)	6,000	479,000 ^(Note 3)	328,000 ^(Note 4)	115,030 ^(Note 5)
Subscription price per share of the unexercised shares	NA	NT\$20.80	NT\$20.30	NT\$38.80	NT\$154.90	NT\$362.50
Ratio of the number of unexercised shares to the total number of issued shares	-	0.03%	0.00%	0.30%	0.20%	0.07%
The effect on shareholders' equity	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.

Note 1: Excluding the cancellation of 363,800 shares due to resignation.

Note 3: Excluding the cancellation of 206,000 shares due to resignation.

Note 5: Excluding the cancellation of 17,160 shares due to resignation.

Note 6: The number of shares available for subscription per unit of the outstanding and unexpired employee stock options issued prior to the date of par value change of share, October 15, 2021, has been adjusted in accordance with the formula set forth in the "The Employee Stock Option Issuance and Share Subscription Plan".

Note 2: Excluding the cancellation of 378,000 shares due to resignation.

Note 4: Excluding the cancellation of 133,500 shares due to resignation.

Type of Employee Stock Options	2021	2022			2023		
Approval Date	September 24, 2021	September 28, 2022			December 6, 2023		
Total number of unit	270,000	1,000,000			300,000		
Issue Date	April 29, 2022	Dec. 23, 2022	April 28, 2023	Dec. 22, 2023	January 1, 2024	June 1, 2024	January 1, 2025
Number of unit issued	267,000	426,330	173,670	398,400	150,000	40,000	68,000
Number of units still available for issuance	0	0			42,000		
Ratio of shares exercisable to the total number of shares issued	0.14%	0.22%	0.10%	0.22%	0.09%	0.02%	0.04%
Duration	10 Years	10 Years			10 Years		
Exercise method	Issuance of new shares	Issuance of new shares			Issuance of new shares		
Vesting period and percentage (%)	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.	Duration of the option grant and the percentage of the maximum number of exercisable options accumulated: (1) Two years after the duration of the option grant: 25% of the total options granted (2) Three years after the duration of the option grant: 50% of the total options granted (3) Four years after the duration of the option grant: 75% of the total options granted (4) Five years after the duration of the option grant: Free to exercise the remaining stock options.
Shares Exercised	8,631	12,185	0	0	0	0	0
Value of Shares Exercised	NT\$2,058,902	NT\$1,988,595	NT\$0	NT\$0	NT\$0	NT\$0	NT\$0
Number of unexercised shares	212,150 ^(Note 1)	343,795 ^(Note 2)	156,894 ^(Note 3)	362,400 ^(Note 4)	150,000	40,000	68,000
Subscription price per share of the unexercised shares	NT\$236.20	NT\$163.20	NT\$268.30	NT\$448.50	NT\$459.50	NT\$349.50	NT\$310.00
Ratio of the number of unexercised shares to the total number of issued shares	0.13%	0.21%	0.10%	0.22%	0.09%	0.02%	0.04%
The effect on shareholders' equity	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.	No significant impact to the dilution of equity of the original common shareholders. It can attract and retain the talents needed and improve the centripetal force of the employees, which has positive benefit to the development of the Company.

Note 1: Excluding the cancellation of 46,219 shares due to resignation.

Note 2: Excluding the cancellation of 70,350 shares due to resignation.

Note 3: Excluding the cancellation of 16,776 shares due to resignation.

Note 4: Excluding the cancellation of 34,200 shares due to resignation.

(2) In the most recent year and up to the publication date of the Annual Report, employee stock options granted to Managerial Officers Team and to top 10 employees.

March 19, 2025; Unit: New Taiwan dollars; Share

	Title	Name	Number of Options Granted	% of Shares Exercisable to Outstanding Common Shares	Exercised				Unexercised			
					Shares Exercised	Exercise Price Per Share	Value of Shares Exercised	% of Shares Exercised to Outstanding Common Shares	Shares Un-excised	Adjusted Grant Price Per Share	Value of Shares Unexercised	% of Shares Unexercised to Outstanding Common Shares
Officers	CEO & CTO	Chen, Wen-Liang	1,220,080	0.75%	283,000	\$20.80~ \$158.00	\$14,928,150	0.17%	937,080	\$20.80~ \$450.50	\$238,247,787	0.58%
	President	Hung, Chih-Hsun										
	Senior Vice President	Liu, Chin-Hung										
	CFO	Lin, Yu-Hsin										
	Vice President	Hsueh, Che-Yuan										
	Vice President	Liu Tsung-Ning										
	Assistant Vice President	Huang, Wei Cheng										
	Accounting and Finance Officer	Hung, Mao-Chuan										
	Corporate Governance Officer	Hong, Shu-Ling										
Employees (Remark)	Senior Manager	Wang, Jian Gang	997,080	0.61%	543,482	\$20.80~ \$369.80	\$23,944,971	0.33%	453,598	\$20.80~ \$448.80	\$50,460,520	0.28%
	Senior Manager	Wang, Mei-Hsien										
	Senior Manger	Ho, Yi-Zhong										
	Senior Manager	Kuo, Chang-Li										
	Senior Manager	Chen, Bing-Ze										
	Vice Director	Huang, Zhong-Qiqng										
	Senior Manager	Hunag, Jian-Zhang										
	Senior Manager	Huang, Ssu-Wei										
	Senior Director	Huang, Jing-Lun										
	Senior Manager	Jia, Syue-Jhen										

Note 1: Sorted by Chinese last name stroke.

Note 2: The number of shares available for subscription per unit of the outstanding and unexpired employee stock options issued prior to the date of par value change of share, October 15, 2021, has been adjusted in accordance with the formula set forth in the "The Employee Stock Option Issuance and Share Subscription Plan".

6. New restricted stock award shares issued to employees: None.
7. Status of new share issuance in connection with mergers or acquisitions: None.
8. Implementation of funding utilization plan :
 - (1) Year 2022 issued new common shares to be offered in the form of Global Depositary Shares.
 - A. Proceeds Needed from the Plans : US\$200,001 thousand, converting to NT\$5,700,032 thousand.
 - B. Sources of Proceeds : Issued new common shares to be offered in the form of Global Depositary Shares.
 - C. Use of Proceeds Plan and Schedule: Please refer to the Market Observation Post System (MOPS) <https://mops.twse.com.tw> > Fundraising Plan Execution Section. Enter the company code to search.

IV Operation Overview

1. Business Activities

(1) Business scope: AP Memory is a professional integrated circuit (IC) design company, engaging in the research and development, design, manufacturing and sales of customized memory, and provides technical support and authorization of Silicon intelligence property, as a leading manufacturer in the world in designing non-standard memory ICs. With superior quality and integrated services, the Company assists customers in achieving their goals and launching innovative and world-changing products.

A. The main contents of the business registered with the Department of Commerce, Ministry of Economic Affairs:

- (i) CC01080 Electronics Components Manufacturing
- (ii) F401010 International Trade
- (iii) I501010 Product Designing
- (iv) F601010 Intellectual Property Rights
- (v) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

B. Sales-to-revenue ratios of major product items

Unit: In thousands of NTD ; %

Product item \ Year	2023		2024	
	Net operating revenue	Ratio (%)	Net operating revenue	Ratio (%)
Memory IC chips Sales revenue	3,902,005	92.31	3,872,334	92.36
Service revenue	205,724	4.87	245,587	5.86
License and Royalty revenue	90,214	2.13	48,061	1.15
Other revenue(Remark)	28,964	0.69	26,396	0.63
Total	4,226,907	100.00	4,192,378	100.00

Source: Financial statements audited and attested by CPAs.

Remark: Other revenue represents the revenue from the sale of engineering products and samples.

C. Current products (services) and applications

The company is a professional integrated circuit (IC) design company whose main business in the design, manufacturing and sales of memory-related IC products, and its business is as follows:

(i) IoT related memory products (IoTRAM™) can be divided into the following two categories:

a. Pseudo SRAM

Key advantages are low pin count, small size, and low power, mainly for applications like wearable devices and IoT-related products. To support specialized application requirements, we have been actively developing customized DRAM solutions in recent years, including ultra-low-power and ultra-high-bandwidth products, to meet the demands of next-generation high-speed IoT applications.

b. Low Power DRAM

It has the characteristics of small size and low power consumption, which can be used in smart phones and various mobile devices.

(ii) AI Memory, licensing and customized design services

The intensive of computations of artificial intelligence require the use of large-capacity, high-speed memory to enable the system to perform calculations quickly, and the latest prevailing Large Language Models (LLM) demand even higher memory density and data bandwidth. The company's customized Very High-Bandwidth Memory (VHM™) products and designs are primarily applied in artificial intelligence (AI) and high-performance computing (HPC). By integrating heterogeneous wafers through 3D stacking technology (Wafer-on-Wafer, WoW), these solutions enhance system performance and offer superior bandwidth and power efficiency compared to conventional high-bandwidth memory (HBM).

As the related ecosystem continues to evolve, our company has introduced the VHMInterposer™ and VHMStack™ technology platforms, providing customers with more flexible and high-performance solutions. VHMInterposer™ features micro-bump bonding technology to integrate DRAM with silicon capacitors while optimizing resource allocation through the existing supply chain. Meanwhile, VHMStack™ adopts wafer-on-wafer hybrid bonding, enabling multi-layer DRAM stacking to significantly increase storage capacity while keeping high bandwidth advantages, meeting customers' demands for high-performance and high-capacity products.

(iii) Silicon capacitor products and IP licensing (S-SiCap™)

Silicon Capacitor is one category of Integrated Passive Devices (IPD). AP Memory's silicon capacitor technology is named as S-SiCap™, an abbreviation for Stack Silicon Capacitor. With the advanced stack capacitor structure, S-SiCap™ provides high capacitance density, low product profile, and excellent temperature and voltage stability, meeting the application requirements for high-end smartphones and High-Performance Computing (HPC) chips. S-SiCap™ technology is applied to develop various types of products, integrated in advanced packaging process to offer customers an effective solution.

D. New products (services) planned to be developed

The company continues to provide innovative DRAM solutions and invest in R&D resources to develop the following new products and applications.

- (i) Next-generation ultra-low-power, high-bandwidth memory products for wearable devices and IoT applications
- (ii) Customized memory for Artificial Intelligence (AI) applications
- (iii) Application areas of 3D stacking (WoW) customized VHM™ and VHMStack™ solutions
- (iv) LPDDR4 memory for next-generation (5G) communications
- (v) In Memory Computing
- (vi) Silicon Capacitor (S-SiCap™), integrated in advanced packaging process for high-end smart phone and high-performance computing chips
- (vii) Power delivery technology and products
- (viii) DRAM and silicon capacitor interposer solution VHMInterposer™

(IX) Wireless Radio Frequency Identification (RFID) solution

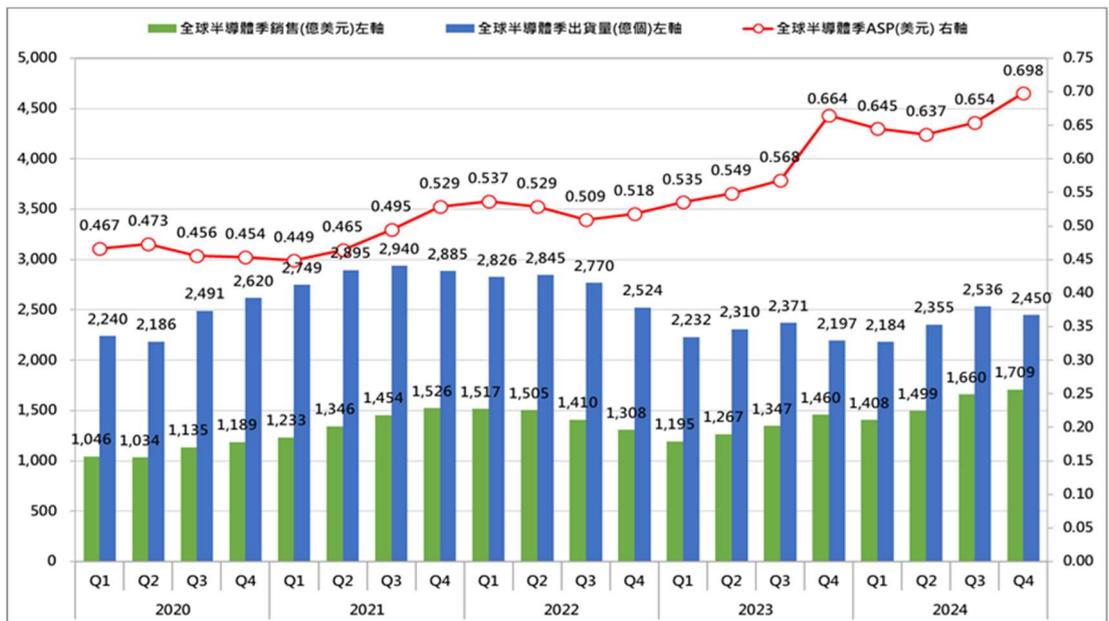
(2) Industry overview

A. Industry status and outlook

(i) Current industry status

In recent years, global geopolitical instability, inflation, and the post-pandemic economic downturn have led to weakened end-market demand. Although inventories have continued to adjust and supply chain inventory pressure has been eased gradually, the overall semiconductor market growth has still been affected by previous oversupply. However, in 2024, the global semiconductor market began to show signs of recovery, driven particularly by advancements in artificial intelligence (AI), high-performance computing (HPC), and 5G technologies, leading to a gradual rebound in market demand.

According to WSTS statistics, 2024 worldwide semiconductor revenue totaled US\$627.6 billion, an increase of 19.1% compared to 2023, while Asia Pacific totaled US\$ 152.7 billion, a 12.5% increase compared to 2023. This growth momentum was primarily driven by rising demand for AI servers and HPC applications.



Source: WSTS; Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (2025/02)

Looking back at 2024, the global semiconductor market's growth was primarily driven by the low base effect from the previous year and the gradual recovery of the end-user electronics market. The launch of new products, such as smartphones and AI PCs, fueled demand for related chips, while the growing need for edge AI computing boosted shipments of high-performance computing chips. Additionally, advancements in communication technologies spurred equipment upgrades, further driving market demand. These factors collectively contributed to the growth of Taiwan's IC design industry throughout the year, particularly in AI, communications, and consumer electronics applications. (TSIA 2024)

(ii) Overview of Taiwan’s IC industry market

According to statistics from ITRI Industry, Science and Technology International Strategy Center, Taiwan's IC industry output value in 2024 is estimated to reach NT\$5,315.1 billion (USD\$165.6B), a 22.4% increase from 2023. Among them, the output value of the IC design industry was NT\$1,272.1 billion (USD\$39.6B), up 16.0% from 2023. The exchange rate of the New Taiwan Dollar to the US Dollar is calculated at 31.2.

2021-2025 Taiwan IC Revenue

Unit: In thousands of NTD

Billion NT Dollars	2021	2021 Growth Rate	2022	2022 Growth Rate	2023	2023 Growth Rate	2024	2024 Growth Rate	2025(e)	2025(e) Growth Rate
IC Industry Output Value	40,820	26.7%	48,370	18.5%	43,428	-10.2%	53,151	22.4%	61,785	16.2%
IC Design Output Value	12,147	42.4%	12,320	1.4%	10,965	-11.0%	12,721	16.0%	14,155	11.3%
IC Manufacturing Output Value	22,289	22.4%	29,203	31.0%	26,626	-8.8%	34,195	28.4%	40,827	19.4%
Foundry	19,410	19.1%	26,847	38.3%	24,925	-7.2%	32,438	30.1%	38,960	20.1%
Memory & Other	2,879	51.0%	2,356	-18.2%	1,701	-27.8%	1,757	3.3%	1,867	6.3%
IC Packaging	4,354	15.3%	4,660	7.0%	3,931	-15.6%	4,233	7.7%	4,608	8.9%
IC Testing	2,030	18.4%	2,187	7.7%	1,906	-12.8%	2,002	5.0%	2,195	9.6%
IC Product Value	15,026	44.0%	14,676	-2.3%	12,666	-10.2%	14,478	14.3%	16,022	10.7%
WW Value (Billion USD) & Growth rate(%)	5,559	26.2%	5,741	3.3%	5,268	-8.2%	6,276	19.1%	6,979	11.2%

Source: TSIA; Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (2025/02); (e) indicates an estimate.

(iii) DRAM market overview

The DRAM market experienced demand fluctuations in 2024, influenced by the global PC, server, and mobile device markets. In the fourth quarter of 2024, seasonal factors led to a weak memory market performance, with output value declining 14.7% quarter-over-quarter and 8.7% year-over-year.

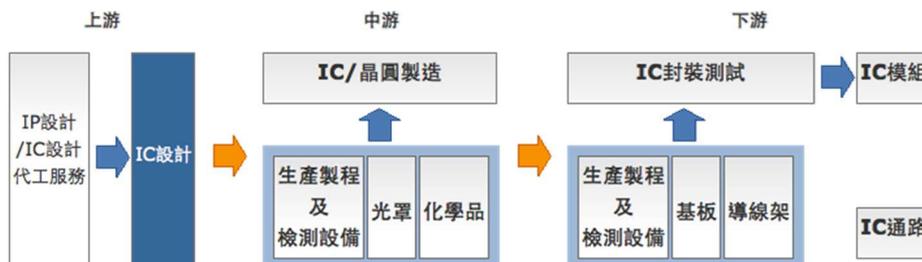
However, as demand for AI computing continues to grow particularly in the server and high-performance computing (HPC) sectors, the market is expected to gradually recover. According to a TSIA report, the DRAM market is projected to bottom out in the first half of 2025, followed by a steady rebound in the second half as the PC, smartphone, and consumer electronics markets recover. Additionally, the expansion of the AI PC and HPC markets is expected to further drive demand for high-performance memory products.

B. Semiconductor Industry supply chain linkage: Upstream, Midstream and Downstream

The IC design industry is positioned at the forefront of the semiconductor industry. The mid- and downstream industries that IC design industry associates with include foundry and wafer fabrication, packaging, and testing. Unlike some other major foreign companies that have a vertically integrated structure of design, manufacturing, packaging, and testing, Taiwan's IC industry is structured horizontally. It comprises individual companies in each production segment, each with its expertise forming a horizontal system with a division of labor.

IC design industry is a knowledge-intensive industry whereby IC design companies design and sell their products or receive design commissions from customers. IC design industry is at the upstream of the semiconductor industry supply chain. Once IC design companies complete the product design, they appoint a foundry or IDM (Integrated Device Manufacturer) to produce semi-finished wafer products and test through wafer probing. After preliminary tests, the products are sent to packaging factories for cutting and packaging. The IC testing factory then conducts final tests, and finished products passing tests are sold to system manufacturers through sales channels for assembly and production for system products.

IC design industry supply-chain: Upstream, Midstream, and Downstream are listed as follows :



Source: Taipei Exchange, Introduction to the semiconductor industry chain

C. Product development trend

Driven by the application of artificial intelligence and the Internet of Things, the demand for DRAM has become more diversified, with power saving, high performance, and miniaturization as the main features, and customized memory is getting valued and adopted by the market. The following describes the company's product development trend:

(i) Ultra-low-power

Memory used in wearable and IoT edge devices requires low power consumption, with some needing less than one-tenth of the power of traditional DRAM. Our company is dedicated to research and development, as well as mass production of low-power memory, and we have emerged as a leader in this segment.

(ii) Die size reduction with fewer pins

Traditional DRAM reduces costs by reducing the unit size of a memory cell to increase the memory density of the wafer. As system-on-a-chip (SoC)

continues to shrink with the development of logic processes, customers are also demanding DRAM chip sizes and the number of pins to be reduced. Our company offers industry-leading memory specifications for QSPI (x1/x4 IO), OPI (x8 IO), and HPI (x16 IO) products.

(iii) Wide range of IoT applications

The IoT technology has become widespread, resulting in the emergence of new applications and the need for more and smaller devices to be connected to the network for transmitting various data. These IoT devices require high performance, low power consumption, and small size. As a result, there is an increased demand for customized low-power memory.

(vi) New DRAM applications triggered by technology development

Artificial intelligence (AI) and high-performance computing (HPC) applications require extensive data processing and high-bandwidth data transmission, placing higher demands on DRAM compared to traditional computing devices. As AI algorithms continue to evolve, various chip architectures including CPU, GPU, FPGA, and ASIC have been widely adopted to meet the requirements of AI models, driving the development of different types of DRAM to cater to diverse application scenarios. AI model computations require frequent and rapid storage and retrieval of large volumes of data from memory. As a result, high-performance, high-bandwidth, and low-power memory solutions are essential to enable fast data transmission, reduce overall system power consumption and heat generation, and enhance computational efficiency and performance. To address these challenges, our company actively collaborates with leading industry players to drive innovation and advancements in memory technology, ensuring that emerging applications are well-supported and contributing to the overall growth of the industry.

D. Market competition

The DRAM industry has undergone consolidation and resulted in few major players now. Samsung, Micron, and SK Hynix are large-scale global DRAM manufacturers, and the major DRAM manufacturers in Taiwan are Nanya, Winbond, and Powerchip Semiconductor. Most of Taiwanese DRAM IC design companies' offerings are mainly standard memory products, while our company specializes in the design of customized memory products for customers and intended applications.

(3) Technology and R&D overview

A. Technology focus and R&D

The company has two business units, the IoT BU and the AI BU. The company deploys distinct strategies and research operations in the two BUs respectively to address target application markets.

The IoT BU continues to lead the global customized DRAM market for IoT applications, promoting the company's PSRAM and Low-power DRAM for various applications such as cellular communication, wearable devices, connectivity, and smart audio and video, while supporting products in the form of Known-Good-Die (KGD) and wafer level chip scale package (WLCSPP). The annual shipments of IoT BU are approximately 1 billion units. As the industry leader and product specification innovator, the company will continue to actively invest resources in R&D and develop platforms and products for IoT devices in new applications.

The company's AI BU has successfully demonstrated the world's first 3D heterogeneous integration of DRAM and logic chip, and created a new market and ecosystem with the launch of the VHM™ DRAM and IP series products line. The royalty-based business model of VHM™ and VHMLInK™ IP will bring in royalty, license and NRE income before tape out, and wafer sales income after mass production. The AI Business Unit also offers VHMStack™ and Silicon Capacitor (S-SiCap™) IP for applications spanning AI and high-performance computing (HPC).

VHMStack™ not only meets memory capacity demands but also features VHM™ ultra-high bandwidth with efficient I/O power, providing key advantages in areas like enhancing AI inference efficiency, reducing data center power consumption, and minimizing AR/VR packaging size.

Our silicon capacitor product portfolio and IP licensing services have expanded to include product lines like discrete S-SiCap™ and S-SiCap™ Interposer. Designed to integrate with advanced packaging technologies, these solutions satisfy the stringent performance requirements of SoC (System-on-Chip) in high-end smartphones and high-performance computing by improving power integrity (PI) and signal integrity (SI).

B. R&D expenses invested in the most recent year and as of the printing date of the annual report

The Company's research and development expenses in the most recent two years and the most recent quarter as a percentage of net operating revenue were as follows: in 2023 and 2024, the amount of research and development expenses were NT\$583,627 thousand and NT\$780,593 thousand, respectively. The Company has spared no effort in investing in R&D to build up its R&D strength and to develop new product lines.

C. Technologies or products successfully developed in the most recent year and as the printing date of the annual report

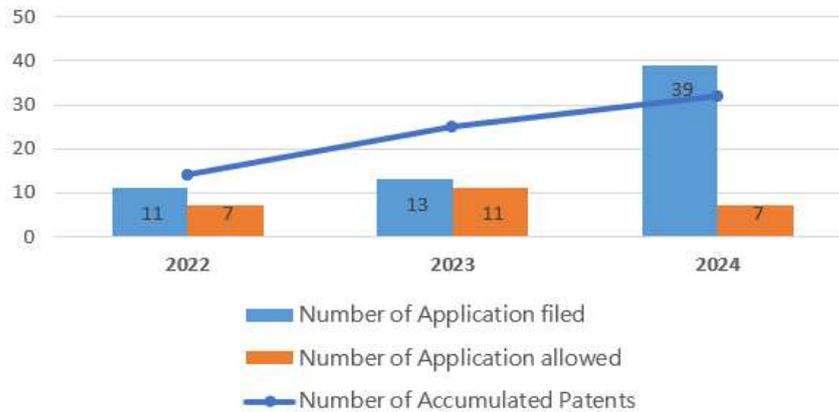
- (i) Very High-Bandwidth Memory (VHM™)
- (ii) Ultra-High-Speed OPI Pseudo-SRAM (UHS™)
- (iii) Ultra-Low-Swing OPI Pseudo-SRAM (ULS™)
- (iv) Products and services based on S-SiCap™ IP

D. Status of the Company's existing patents

The Company has established a complete patent review, application and award management system to enhance and encourage R&D personnel to continue to develop and innovate, and gradually build a key patent portfolio exclusive to the company. Having been benefitted from patent office' optimization of inventions review procedures, the number of patent application filed has raised significantly in the year 2024.

The Company has patent portfolio in the United States, China, Taiwan and other places in respective to the main market areas of its products. The following chart shows the patent growth over the past three years.

Patent Prosecution Statistics



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

A. Short-term business goals

- (i) Create the greatest value for existing customers, providing superior products, complete after-sales service and technical support.
- (ii) Continue to expand marketing channels and extend the export markets in the United States and Europe.
- (iii) Continue to maintain good relationships with foundries and packaging and testing companies to secure capacity and production cost advantages.
- (iv) Actively develop new applications and expand market share of company's products.
- (v) Focus on product trends and customer needs to optimize R&D investment.
- (vi) Integrate company's resources effectively, strengthen internal control and corporate governance, and enhance operational management efficiency.

B. Long-term operation direction

- (i) Innovation is our Core Value: as an R&D and design company, AP Memory will continue to innovate. Through consistent training and proactive, innovation will become our employees' DNA.
- (ii) By utilizing the existing core memory technology and developing high value-added products to enhance the company competitiveness, AP Memory will become a unique and irreplaceable brand.
- (iii) Maintain a good relationship with existing wafer foundries and packaging and testing companies; seek cooperation with new OEM companies to expand supply capacity.
- (iv) Continue the partnership with world-class companies by jointly develop specifications and long-term collaboration.
- (v) Establish cross-industry strategic alliances to accelerate the development of diversified IC product lines other than memory to increase the Company's overall competitive advantage.
- (vi) Integrate management resources for timely decision-making to respond to industry changes and maintain optimal competitiveness.

2. Market and production and sales overview

(1) Market analysis

A. Sales regions of main products

Unit: In thousands of NTD;%

Region	Year	2023		2024	
		Amount	Percentage	Amount	Percentage
China		2,861,528	68%	3,238,744	78%
Taiwan		456,773	11%	592,529	14%
America		72,968	2%	178,165	4%
Europe		71,347	1%	11,810	-
Other		764,291	18%	171,130	4%
Total		4,226,907	100%	4,192,378	100%

B. Market shares

The Industrial Technology Research Institute (IEK) announced the 2024 total output value of Taiwan's IC design industry to be NT 1,272 billion. Based on the company's consolidated net operating revenue in 2024, the company's revenue accounts for 0.32% share in the above mentioned output value. As the company focuses on customized memory-related products and design services, it is estimated based on the industrial output value, resulting in a lower ratio.

C. The market's future supply and demand status and growth

AP Memory is a professional IC design company whose main core business is to provide customized design of memory-related integrated circuit products. In addition to designing and manufacturing Pseudo SRAM and low power DRAM chips for IoT-related Edge devices, the company's VHM™, the world's first true 3D stacked heterogeneous integration technology of DRAM and logic chips, provides memory solutions for high-performance computing.

The Internet of Things (IoT) is an emerging field gaining global attention. Through data transmission between devices, machinery, and digital machines, small packets of data can be aggregated at larger nodes for integration and automation across personal, home, and industrial applications. This brings scattered data closer together and unifies the digital information between things. The company specializes in designing memory chips that are cost-effective, less power consumption, and high performance. These features make our chips an ideal for IoT applications. Additionally, we can customize our chips to meet the specific needs of our customers. Our chips have already been integrated into the majority of IoT platforms. As 5G infrastructure matures and network bandwidth continues to expand, related IoT applications are expected to accelerate development.

With the increasing demand for accurate, real-time, and high-volume data analysis in smart factories, cities, and other scenarios, the integration of AI and IoT is now ongoing. With the support of AI chips, IoT edge and end devices can leverage machine learning and deep learning technologies to enhance their capabilities, offering advantages such as zero latency, low cost, and high privacy, demonstrating the importance of AI chips.

At the same time, edge computing, empowered by AI, enhances the intelligence of end devices during operation. It not only retains the advantages of edge

computing such as low latency, privacy, connectivity, power efficiency, and cost-effectiveness but also further enables systems to become more proactive and intelligent. From an application perspective, compared to traditional edge computing, edge AI primarily offers benefits such as data processing and filtering, as well as intelligent edge analytics. This synergy will continue to drive the integration of both technologies.

As the global high-performance computing (HPC) market continues to expand rapidly, AI applications are becoming increasingly diverse, driving higher computational demands. Our company focuses on 3D stacked heterogeneous integration (Wafer-on-Wafer, WoW) memory technology architecture and the development of high-performance, low-power memory products. Currently, we have developed a series of advanced technology products, including VHM™, VHMStack™, and VHMInterposer™, and have initiated collaborations with several leading AI and HPC companies, laying a solid foundation for our future growth. Moving forward, we will continue to invest significant resources to build a comprehensive mass production supply ecosystem, ensuring a complete and reliable supply system for our customers.

D. Competitive niche

(i) Experienced management team

The company's management team members have served in well-known semiconductor companies both domestically and internationally in the past, and the heads of its main departments have extensive experience in the pulse of semiconductor market trends, mastering advanced process technologies and core IC design technologies, and developing and establishing good communication channels with domestic and international chip maker customers. At the same time, the company has a precise management system, which will greatly help to improve the company's overall competitiveness in the future.

(ii) Good relationship with suppliers and vendors

The company has a good long-term cooperative relationship with its suppliers, a full grasp on product quality, and delivery schedule to fulfill customers' needs. At the same time, it improves the cost structure through effective design methods, which has a positive impact on the company's business development and profits.

(iii) Providing complete sales service

The company designs the required products according to customers' needs, commission the foundry to manufacture them, sell them to customers after testing, and provide customers with technical consultation and support services on the use of the products to meet customers' needs with complete sales services.

(iv) Working with customers to develop product specifications

The company will discuss and jointly define product specifications with customers before product design to design customized products that meet customers' needs and gain customer recognition with leading design methods in

the industry.

F. Favorable and unfavorable factors for development prospects and response measures

(i) Favorable factors

a. The demand for memory in Artificial Intelligence (AI) and High-Performance Computing (HPC) is driving growth in the market

As applications in the Internet of Things (IoT), wearable devices, and smart home become more intelligent, and breakthroughs in artificial intelligence (AI) technology are driving the need for high-performance memory in cloud data centers and edge computing, the demand for customized, low-power, high-bandwidth memory continues to grow significantly. Also, the massive scale of AI model training and inference processes requires memory with larger capacities and higher bandwidth to support them. Leveraging our deep expertise in the IoT field and leadership in AI technology, our company is well-positioned to seize emerging growth opportunities and stand out in the highly competitive memory market.

b. Domestic semiconductor industry's division of labor model is comprehensive, providing IC design companies with sufficient logistical support

Taiwan is the epicenter of the world's leading foundry, with a high market share, high capacity utilization, and complete process technology and experience. Taiwan's semiconductor industry is unique in the world with its vertical division of labor in upstream and downstream, and the value chain of the entire IC industry is well-structured with very fine specialization, resulting in an comprehensive industrial cluster effect, which gives the company's products a certain advantage in terms of timing and cost control.

c. Research and development personnel are familiar with industry technology and have strong R&D capabilities

As a professional memory IC design company, AP Memory's R&D team has extensive practical experience, and thus the company can adjust its product portfolio in accordance with the changing market trend. While continuing to increase the application of existing memory products and extend existing technologies. The company has started to develop silicon capacitor products by leveraging the stack capacitor structure to replace the traditional deep trench etching method to develop and design silicon capacitor products to meet the needs of high-end mobile phones and high-performance computing chips.

d. Maintain good relationship with global semiconductor companies

The company's main customers are world-renowned chip design companies. As the company continues to meet customers' customized needs timely, we have established a long-term and stable mutually beneficial relationship with them, which is extremely helpful to the company's business expansion.

(ii) Unfavorable factors and response measures

a. Rapid market changes

As the technology of information and electronic products continue to upgrade, if the future trend of the industry is misjudged, it will lead to a backlog of inventory and generate operational risks.

Response measures:

① Maintain a good interactive relationship with suppliers and customers, and have first-line contact with customers through business and field application support personnel to help grasp market trends and product pulses.

② Regularly hold management meetings to determine sales plans and revise

sales forecasts based on sales, order placement, inventory, etc., with the goal of achieving accurate sales forecasts.

- ③ Continuously develop new products and innovate functions to understand the product direction of world-class manufacturers and gain market opportunities.

b. Market competition grows increasingly fierce

With competitors and increasingly fierce market competition making product prices more volatile, if coupled with the rising cost of foundry, it will lead to relatively higher operating risks.

Response measures:

- ① Continuously innovate products and functions, and conduct feasibility assessments for vertical and horizontal integration to create added value to its products. Also, explore and develop innovative non-memory technologies and products by leveraging existing expertise and capabilities.
- ② Continuously improve product design models, so to increase the reusability of design modules, shorten development and reduce costs, and increase competitiveness.
- ③ Shorten product development time by integrating R&D and cooperation.
- ④ Strengthen the training of talents to enhance R&D capabilities to cope with the speed of product changes.

c. Products are mainly for exports and subject to the risk of exchange rate fluctuations

Most of the company's products are exported, and the prices are mainly denominated in U.S. dollars, so exchange rate changes will affect the company's profit.

Response measures:

The company mainly engages in R&D, sales and design services for customized memory-related integrated circuit chips, which are used as cache memory in various mobile devices and edge computing devices, and have characteristics such as small size, low power consumption, and high performance product features.

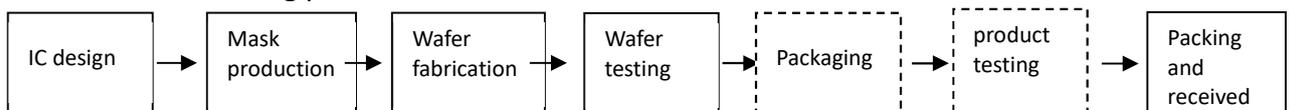
(2) Key applications and production processes of main products

A. Key applications of main products

The company is mainly to develop and sell customized memory-related integrated circuit chips, which can be used as buffer memory in various edge devices and high performance computing products, and have product features such as high bandwidth and low power consumption.

B. Production process

The Company is a professional IC design company, and the IC chips it developed are commissioned to foundries and testing and packaging houses for production according to each manufacturing process. The flow chart of the product manufacturing process is as follows:



(3) Supply of major raw materials

Major material	Company	Status
Wafer	Company A	Good

- (4) The names of customers whose purchases (or sales) accounted for more than 10% of the total purchases (or sales) in any of the last two years, along with the corresponding procurement (or sales) amounts and percentages. The reasons for any increases or decreases should also be provided.

A. Information on the major suppliers

Unit: In thousands of NTD

Item	2023				2024			
	Name	Amount	As a % of the annual net purchase	Note	Name	Amount	As a % of the annual net purchase	Note
1	Company A	1,264,614	99.61%	-	Company A	1,884,705	99.55%	-
	Others	4,957	0.39%	-	Others	8,503	0.45%	-
	Net purchase	1,269,571	100.00%		Net purchase	1,893,208	100.00%	

Note: Relationship with the Company

Change analysis:

In 2023, inventories continued to be depleted to a low level. Although the consumer market did not see a significant recovery and demand for IoT applications fluctuated greatly in 2024, demand for AI VHM™ wafer increased dramatically, which led to a significant increase in overall shipments in 2024 as inventory levels were adjusted to a certain level in line with overall demand.

B. Information on the major customers

Unit: In thousands of NTD

Item	2023				2024			
	Name	Amount	As a % of the annual net sales	Note	Name	Amount	As a % of the annual net sales	Note
1	Customer A	1,235,554	29.23%	-	Customer A	644,723	15.38%	-
2	Customer D	691,676	16.36%	-	-	-	-	-
	Others	2,299,677	54.41%	-	Others	3,547,655	84.62%	-
	Net sales	4,226,907	100.00%		Net sales	4,192,378	100.00%	

Remark: Customers with sales of less than 10% of net sales are classified as other

Change analysis:

In 2024, the IoT market was highly competitive, resulting in fluctuations in demand for IoT products in various application categories. In addition, AI BU revenue increased significantly due to the contribution from VHM™ and Interposer Wafer Sales, resulting in changes in the percentage of major customers.

3. Number of employees in the last two years

Unit: Number of persons; years; %

Year		2023	2024	March 19, 2025
Number of employees	Managers	45	56	56
	R&D/Engineering Staff	117	141	145
	Support Staff	35	36	37
	Total	197	233	238
Average age		38.5	38.1	38.3
Average service years (years)		3.9	3.9	4.0
Educational distribution ratio (%)	Ph.D.	3.1	2.6	2.9
	Master's	54.3	59.2	59.7
	University/College	42.6	38.2	37.4
	High school	-	-	-
	Below high school	-	-	-

4. Information on environmental protection expenses

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company has not suffered any losses due to environmental pollution in the most recent fiscal year and up to the printing date of the annual report. Additionally, as an IC design company, our primary business is IC research and development, and our products are manufactured by external manufacturers, there is currently no risk of environmental pollution, nor is there any foreseeable risk in the future.

5. Labor-management relationship

(1) The following parts list various employee benefit measures, education, training, retirement system and its implementation, as well as labor-management agreements and various employee rights protection measures.

A. Employee Benefits and Implementation

- (i) Employees are entitled to labor insurance, national health insurance, and group insurance from their first day of employment.
- (ii) The company has established an "Employee Stock Ownership Trust Plan" with the company fully funding the share purchase.
- (iii) In addition to basic monthly salary, we provide bonuses for the Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival. We also share profits with employees based on the company's overall performance, team performance, and individual performance, aiming to attract, retain, motivate, and nurture top talent.
- (iv) To care for employee health, we provide annual health check subsidies.
- (v) Employees can apply for various welfare subsidies such as marriage, funeral, and maternity benefits. The company also provides parking subsidies, special gifts, a variety of snacks, physical activities, and regular employee gatherings.
- (vi) The company has established an "Employee Welfare Committee" in accordance with the law to take care of employees' lives, promote physical and mental health, and maintain harmonious labor-management relations. The committee is responsible for planning and implementing various welfare programs, such as club activities, employee travel, and year-end party.

B. Employee Training and Development

From the moment they join our company, new employees receive comprehensive training on our company policies and procedures. "AP Memory School" serves as the core of our employee learning system. We offer a wide range of internal and external training programs tailored to the specific needs of each department, fostering all-round talent development.

C. Retirement system and implementation

In accordance with the Labor Pension Act, the Company contributes no less than 6% of the monthly wages to the Labor Pension Account and applies for retirement in accordance with the Pension Act and the relevant provisions of the Company's personnel management regulations.

D. Agreements between labor and management and various measures to protect employees' rights and interests

In accordance with the relevant laws and regulations, labor and management shall follow the service agreement, working rules and regulations, which specify the rights and obligations of employees and benefits in order to protect employees' rights and interests. Since its establishment, the Company has established harmonious labor-management relation and has actively established a two-way and open communication. No major labor disputes and losses have occurred.

- (2) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

The Company has always attached importance to harmonious labor-management relations and therefore has not suffered any significant losses due to labor disputes in the most recent fiscal year and up to the printing date of the annual report.

6. Cyber Security Management

- (1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

A. Cyber Security Risk Management Framework:

Since 2020, senior management has been involved in planning and implementing information security governance, reviewing security risk items, and proposing countermeasures.

By the end of 2023, a dedicated cyber security organization was established to oversee the formulation and implementation of information security policies, with regular performance reports to the Board of Directors.

B. Information Security Policies:

- (i) Objective: Ensure the confidentiality, integrity, and availability of the company's and partners' information assets, preventing unauthorized disclosure and use.
- (ii) Policies: Adhere to internal control standards, conduct information security training, establish comprehensive backup mechanisms and internal/external defense mechanisms, and develop and regularly drill disaster recovery plans to achieve sustainable operations.

C. Specific Management Plans:

- (i) Establish Management Systems: Develop information security management mechanisms covering information security management, incident reporting and response, outsourced information security management, equipment disposal and recycling management, business continuity management, and security system development and lifecycle management.
- (ii) Continuous Risk Assessment: Implement an information security risk assessment platform to regularly evaluate the security of the information environment.
- (iii) Enhance Security Capabilities: Strengthen firewalls, endpoint controls, and anomaly intrusion detection mechanisms.

- (iv) Access Management: Control access to physical data centers, systems, and information environments, regularly review and adjust access permissions for personnel accounts, application systems, and databases.
 - (v) Regular Training and Drills: Conduct regular education and training, social engineering drills, and disaster recovery drills for critical systems to enhance security awareness and response capabilities.
- D. Resource Allocation for Information Security Management:
- (i) Education and Training: All employees must regularly undergo information security training.
 - (ii) Security Announcements: Periodically disseminate information security awareness and incident-related information.
- (2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

7. Material contracts

Nature of Contract	Contracting Parties	Term	Summary	Restrictions
Product Development	Customer I	2024/10/25~ 2029/10/24	Customized multi-layer-stacking memory development.	N/A
Supply and Sales of Products	Customer A	Effective from 2024/5/28	The terms of customer's purchase of the Company's silicon interposer products.	N/A
ApSRAMLInK License Agreement	Customer A	2024/5/7~ 2025/5/6	The Company licenses its ApSRAMLInK IP to licensee for evaluation, enabling licensee to incorporate the Company's ApSRAM into licensee products.	N/A
IP Development	Mobiveil, Inc.	Effective from 2024/7/10	Interface development between Mobiveil controller and the Company's PSRAM products.	N/A
Ministry of Economic Affairs funding project	Taipei Computer Association	2025/1/1~ 2027/6/30	Participant of MOEA A+ Industrial Innovative R&D Program: New High Performance Computer Architecture Implementation in HBM2 and Connect to AI and Data Intensive Application	The use of Project results shall be in accordance with applicable regulations.
Joint Development	Customer P Vendor S	Effective from 2024/10/1	Joint development on power management IC	N/A
Office Leasing	Jin Nan Chang Construction LTD.	2024/7/1~ 2027/6/30	Office Leasing	N/A
Comprehensive Credit	Mega International Commercial Bank Co., Ltd.	2024/1/8~ 2025/1/31	Comprehensive credit line allowed for use of facilities procurement, sales and operation purposes.	N/A

V Review and analysis of financial conditions and financial performance and risk issues

1. Financial status

Unit: In thousands of NTD ; %

Item	Year	2023	2024	Difference	
				Amount	%
Current assets		10,390,647	10,786,575	395,928	4
Property, plant and equipment		76,438	66,155	(10,283)	(13)
Intangible assets		76,363	64,422	(11,941)	(16)
Other assets		1,970,143	2,091,136	120,993	6
Total assets		12,513,591	13,008,288	494,697	4
Current liabilities		1,088,279	965,019	(123,260)	(11)
Non-current liabilities		103,518	136,212	32,694	32
Total liabilities		1,191,797	1,101,231	(90,566)	(8)
Share capital		811,759	812,108	349	-
Capital reserve		6,234,430	6,367,692	133,262	2
Retained earnings		4,275,948	4,719,073	443,125	10
Other equity		(343)	8,184	8,527	25
Total shareholders' equity		11,321,794	11,907,057	585,263	5
Description of major changes (for those with a change of more than 20% between the consecutive periods' values, and the absolute change reaching the amount of NT\$10 million):					
(1) Increase in non-current liabilities: Due to temporary differences related to the valuation gains on financial assets contributed non-current deferred tax liability.					

2. Financial performance

- (1) The main reasons for the significant changes in operating revenue, operating net profit and income before tax in the past two years.

Unit: In thousands of NTD ; %

Item	Year	2023	2024	Increase (decrease)	Change ratio (%)
Net operating revenue		4,226,907	4,192,378	(34,529)	(1)
Operating costs		2,471,901	2,046,805	(425,096)	(17)
Gross profit		1,755,006	2,145,573	390,567	22
Operating expenses		902,225	1,082,483	180,258	20
Net operating profit		852,781	1,063,090	210,309	25
Non-operating revenue and expenses		766,200	969,785	203,585	27
Income before income tax		1,618,981	2,032,875	413,894	26
Income tax expenses		174,011	454,643	280,632	161
Net income		1,444,970	1,578,232	133,262	9
Other comprehensive income		107	8,527	8,420	79
Total comprehensive income		1,445,077	1,586,759	141,682	10
Description of major changes (for those with a change of more than 20% between the consecutive periods' values, and the absolute change reaching the amount of NT\$10 million):					
(1) Increase in gross profit: Overall gross profit increased as a result of higher gross margins due to a favorable product mix.					
(2) Increase in operating expenses: The increase in operating expenses is primarily due to higher employee headcount and continued investments in research and development projects.					
(3) Increase in Non-operating revenue: Increase in foreign currency exchange gain due to appreciation of the US dollar exchange rate					
(4) Increase in income tax expense: The tax authorities' disagreement with the 2022 tax return filing result then increase of approximately NT\$80 million in taxation.					
(5) Increase in net operating profit, Income before income tax, net profit, and comprehensive income for the period: This was mainly due to the combined effect of a favorable product sales mix, higher gross margins and increased foreign exchange gains.					

- (2) The expected sales volume and its basis, the possible impact on the Company's future financial business, and the response plan:

A. Expected sales volume and its basis

The Company's annual targets are set based on customers' estimated demand, taking into account the overall market environment, capacity planning and past historical experience. The Company continues to research and develop new products to meet market demand for new products in order to expand its product lines and increase revenue streams. The Company will continue to adjust its operating strategy to match its sales forecast and product development plan, and further control the reasonable inventory level.

B. Possible impact on the Company's future financial business, and the response plan

Based on the estimated sales information provided by the sales and marketing unit, together with the order scheduling of the production operation and yield information of quality control, costs and expenses are estimated to further utilize the production capacity and financial capital effectively to meet the needs of business growth.

3. Cash flows

(1) Analysis of changes in cash flows in the most recent year

Unit: In thousands of NTD

Item	Year	2023	2024	Increase (decrease)
Operating activities		2,043,301	1,511,720	(531,581)
Investing activities		(506,148)	(4,841,665)	(4,335,517)
Financing activities		(853,127)	(1,353,290)	(500,163)
Impact of exchange rate changes		(2,242)	7,563	9,805
Net cash inflow		681,784	(4,675,672)	(5,357,456)
Analysis of changes in cash flows:				
(1) Decrease in net cash inflow from operating activities: The effect of inventory buildup, even if the profit position in 2024 is better than that in 2023.				
(2) Increase in net cash outflow from investing activities: Increase in fixed deposits with maturity over 3 months.				
(3) The cash outflow from financing activities: It was mainly driven by the distribution of cash dividends and repayment of short-term loans.				

(2) Improvement plan for insufficient liquidity: The Company has no cash shortfall and is not yet in danger of insufficient liquidity.

(3) Analysis of cash liquidity in the coming year: None.

4. Impacts of major capital expenditures on financial operations in the most recent year

The demand in the global semiconductor industry in 2021 far exceeded the existing supply. The shortage of supply will not only impacted the company's foundry production capacity but also the wafer testing capacity. Considering the Company's overall capacity and demand, the company purchased some testing machines in 2021 and 2023 to meet the strong demand pull from end customers. The company raised funds from issuing new shares for GDR in Jan. 2022. The total amount was US\$ 190 million. A portion of the funds will be used to acquire advanced packaging and testing equipment to support and complete its advanced manufacturing processes.

5. The investment policy, the main reasons for profit or loss, and improvement plans in the most recent year and investment plans for the coming year.

(1) Investment policy

The Company's reinvestment policy is in response to the Company's operational strategic planning and focuses on maximizing the use of local resources, taking into account the development of its primary business rather than short-term financial investments.

(2) Main reasons for profit or loss on investment and improvement plans for the most recent year

Unit: In thousands of NTD

Invested company	Recognized profit (loss) for 2023	Main reasons	Improvement plan
AP Memory Corp, USA	(13,227)	This subsidiary mainly focuses on the research and development of new products and new projects. The Company pays technical service fees to the subsidiary to cover its related expenses.	Continue to evaluate the subsidiary's needs of daily working capital and expenses.

Invested company	Recognized profit (loss) for 2023	Main reasons	Improvement plan
AP Memory Technology (Hangzhou) Co. Limited	65,742	Provide local pre-sales and post-sales services to existing and potential customers in China, and develop products suitable for the local market. It has been the main distribution base in China since last year.	Continue expanding the growth opportunity in China market. To gradually increase local market penetration rate and expand sales scale.
AP Memory Technology (Hong Kong) Co. Limited	5,194	It mainly adopts the trade model to accept US dollar orders from Hong Kong customers.	Continue to explore the Chinese market for development opportunities, gradually increasing local market penetration. Will expand the scale of revenue.
APware Technology Corp.	(657)	As a strategic investment vehicle, it will invest the companies related to APM's core business that are already profitable and or have growth potential.	Implement strategic investment continuously.
VIVR Corporation	(11,432)	The company focus on the design service of PMIC and provides design service to AP Memory Technology Corporation.	The company will continue to expand markets for other types of products and actively invest in the research and development of new products.
CascadeTeq Inc.	(2,917)	Continuously expanding our market presence and developing our customer base. However, its current scale of revenue is not yet sufficient to cover expenses.	Will continue to explore the market and develop the customers for the group's package products.

(3) Investment plan for the coming year

In response to the change of the Company's operating strategy, the Company has focused on the major product lines, IoT, VHM and S-SiCap Interposer. Therefore, re-adjust the structure and operation plan of the invested company of the Group's invested companies, and further evaluate and plan for subsequent adjustments in order to avoid over-dispersion of resources and to maximize the investment benefits.

6. Risk matter assessment in the most recent year and as of the printing date of the annual report

(1) Impacts of changes in interest rate and exchange rate and inflation on the Company's profit and loss, and the future response measures.

A. Changes in interest rate

(i) Impacts on the Company's profit and loss

The Company's daily operating turnover is mainly using its own funds. The interest expenses amounted to NT\$1,744 thousand and NT\$2,059 thousand in 2023 and 2024 which accounted for 0.04% and 0.05% of net operating revenues, respectively, which had minimal impacts on the Company's profit and loss. The interest revenue is generated from idle funds, based on the interest rate of bank deposits. In 2023 and 2024, the interest revenue amounted to NT\$367,260 thousand and NT\$408,711 thousand, representing 8.69% and 9.75% of net operating revenue, respectively, which had minimal impacts on the Company's profit or loss.

(ii) Specific response measures

The Company regularly evaluates banks' interest rates on deposits and

borrowings and observes the impact of changes in financial market interest rates on the Company's funds in order to take flexible measures to constantly adjust the idle fund position. Thus, interest rate changes will not have a material impact on the Company's profit and loss.

B. Changes in exchange rate

(i) Impacts on the Company's profit and loss

The Company's sales to main sales customers are priced in U.S. dollars and its purchases of goods are also priced in U.S. dollars. Through natural hedging and the choice to hold strong currencies, the Company adjusts its foreign exchange gains and losses. The Company's exchange loss was NT\$9,100 thousand and NT\$512,739 thousand in 2023 and 2024, respectively, which accounted for 0.22% and 12.23% of the Company's net operating revenues.

(ii) Specific response measures

The Company has obtained the facility for derivative financial products. If there is a need for hedging, it will use the operation of financial instruments in a timely manner to avoid the risk of exchange rate changes. In view of the continued weakening of the U.S. dollar, the finance unit has reviewed its hedging policy and assessed that hedging of foreign currency positions will be carried out by dedicated personnel to continuously observe exchange rate movements and fully grasp the information on international exchange rate trends and changes, so as to constantly respond to the impact of exchange rate fluctuations and flexibly adjust foreign currency positions in the spot market.

C. Inflation

(i) Impacts on the Company's profit and loss

There was no significant inflation in the most recent year or as of the printing date of the annual report, and the Company's past consolidated income or loss has not been materially affected by inflation.

(ii) Specific response measures

The Company and its subsidiaries pay close attention to the fluctuation of upstream raw materials' market prices and maintain good interaction with suppliers. In the future, the Company will continue to closely observe the changes in price indices, study the impact of inflation on the Company, and adjust product selling prices and raw material inventories in a timely manner in order to cope with the pressure of inflation.

(2) Policies, main causes of gain or loss and future response measures with respect to engaging in high-risk, high-leveraged investments, lending to others, endorsement guarantees, and derivatives trading.

The Company has always operated its business based on the principle of focusing on its primary business and being pragmatic. The Company's financial policy is set based on the principle of being prudent and conservative, and it does not engage in high-risk and high-leverage investment business. The Company has established the "Operational Procedures for Loaning Funds to Others," "Operational Procedures for Making of Endorsements/Guarantees" and "Procedures for Regulations Governing the Acquisition and Disposal of Assets" as the basis for the Company's compliance with these procedures. As of the printing date of the annual report, the Company has not entered into any high-risk, highly leveraged investments, loans to others, endorsements and guarantees for others, or derivative transactions, that are assessed as loans of funds in nature in accordance with the criteria of the relevant Q&As.

(3) Future R&D projects and expected R&D expenses

A. Future R&D plan

The Company is constantly improving its existing products to reduce costs and improve compatibility and stability. The Company also continues to invest in market analysis and R&D manpower to develop customized DRAM products optimized to support customers' special application specifications in order to increase its advantages and raise its competitiveness. The application product range of the

existing and new generation products and the extension of the existing technologies are as follows:

- (i) Virtual Static Random Access Memory (VSAR) related IC products that can be extended to be applied to wearable devices.
- (ii) Virtual Static Random Access Memory (VSAR) related IC products that can be extended to be applied to the Internet of Things.
- (iii) Develop mobile memory-related integrated circuit products that can be applied to mobile devices.
- (iv) Ultra-high bandwidth customized memory applicable for artificial intelligence (AI) and Blockchain.

B. Estimated R & D expenses

The Company's estimated invested expenses in research and development are gradually compiled according to the development progress of new products and new technologies and continued according to market changes and the progress of new product research and development. In the future, with the growth of sales revenue, it is expected that the research and development expenses will be gradually increased, expanding the Company's operating scale and increasing competitiveness.

- (4) Impacts of important domestic and foreign policies and legal changes on the Company's finance and sales, and the response measures.

The Company's daily operations are conducted in compliance with relevant domestic and foreign laws and regulations, and it keeps an eye on domestic and foreign policy trends and changes in regulations to collect relevant information for the management's reference in making decisions and adjusting the Company's relevant operating strategies. As of the printing date of the annual report, there were no material impacts on the Company's financial operations arising from major domestic or foreign policy and legal changes.

- (5) Impacts of changes in technology and in industry on the Company's finance and sales, and the response measures.

The Company continues to invest a lot of resources in research and development of new technologies and keeps an eye on industry-related technological changes and developments in order to launch products that meet market trends, as well as to observe future technological trends and adjust the Company's business strategies as appropriate. As of the printing date of the annual report, there were no material impacts on the Company's financial operations arising from technological changes or industry changes.

- (6) Impacts of changes in corporate image on the corporate risk management, and the response measure.

Since its establishment, the Company has focused on its primary business operation, complied with relevant laws and regulations, actively strengthened internal management and improved management quality and performance, while maintaining harmonious labor-management relationship, in order to continuously maintain an excellent corporate image and increase customers' trust in the Company. Therefore, there was no operational crisis caused by the change of corporate image in the most recent year and as of the printing date of the annual report. However, the occurrence of a corporate crisis may cause considerable damage to an enterprise. Therefore, the Company will continue to implement various corporate governance requirements and conduct risk prevention management in its daily operations in order to reduce the occurrence of corporate risks and their impacts on the Company.

- (7) Expected benefits and possible risk of engaging in merger and acquisition, and the response measure: Not applicable.
- (8) Expected benefits and possible risk of factory expansion, and the response measure: The Company is an IC design company and does not have the need to expand its factory yet, so it is not applicable.
- (9) Risks of purchase or sales concentration and response measures

A. Purchase

Since most domestic professional IC design companies operate without their own foundries, after they complete the IC design, the ICs are manufactured by foundries. In the production process, IC design companies need to fully cooperate

with wafer foundries in terms of production capacity, manufacturing process, quality and delivery. Therefore, most of them have the characteristics of concentrating business on a single or a few foundries, heavily relying on wafer foundries, and there is a potential risk of purchase concentration.

Response measures:

The Company selects the world's leading foundries as its main source of wafers and establishes long-term relationships with them so that the production capacity quotas can meet the Company's needs, and the stability of wafer supply and delivery can be improved to reduce the Company's purchase concentration risk.

B. Sales

The Company's main products are memory-related ICs, which are currently shipped as Known Good Die (KGD) to major cell phone chip makers for packaging with their own chips. As the market of cell phone chip is concentrated in the hands of a few manufacturers, the Company's products are sold to the top few manufacturers in the cell phone chip industry in order to enter the market quickly and increase the products' market shares.

Response measures:

The Company continues to interact closely with its existing customers to understand their needs, continues to invest in research and development, launches new products ahead of the rest of the industry, and strives to expand its customer base and reduces the concentration of sales customers.

- (10) Effects and risk of large-scale share transfer or changes in directors, supervisors, or major shareholders with shareholding more than 10% in the Company, and the response measure:

The Company's directors and major shareholders holding more than 10% of the Company's shares have not transferred the Company's shares in the most recent year and as of the printing date of the annual report, which should not have any material impact or risk on the Company.

- (11) Effects and risks of changes in controlling rights on the Company, and the response measure: None.

- (12) For litigation or non-litigation matters, it shall state the major litigation, non-litigation or administrative litigation that has been determined or is still in litigation of the Company and the Company's Directors, Supervisors, General Manager, substantial responsible person, major shareholders holding more than 10% of the shares, and subordinate companies. If the result may have material impacts on the shareholders' equity or the price of the securities, the facts of the dispute, the amount of the subject matter, the commencement date of the litigation, the parties involved in the proceedings, and the handling as of the printing date of the annual report shall be disclosed: None.

- (13) Other important risks and response measures:

Cyber security risk assessment:

The Company has set up the cyber security governance system, conducts regular risk assessments, and continuously strengthens cyber security control measures based on this system, such as optimizing the protection functions of hardware and software equipment, conducting regular cyber security drills, conducting regular education and training, and publicizing and revising relevant written specifications, in order to minimize the impact on operations.

7. Other important matters: None.

VI Special notes

1. Information about affiliated enterprises

Please refer to the Market Observation Post System (MOPS) <https://mops.twse.com.tw> > Single Company > Electronic Document Download > Affiliated Enterprises Reports Section. Enter the company code to search for related information.

2. Private placement of securities in the most recent year and as of the printing date of the annual report: None.

3. Other require supplementary information: None.

4. Matters that have material impacts on shareholders' equity or securities price as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and as of the printing date of the annual report: None.