

**Stock Code: 8048**



**RUBY TECH CORPORATION**

**2023**  
**Annual Report**

Annual Report is available at

Company Website: <https://www.rubytch.com.tw>

Market Observation Post System: <http://mops.twse.com.tw>

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This is a translation of the 2023 annual report (The “Annual Report”) of Rubytch Co., Ltd. (The “Company”). This translation is intended for reference only and nothing else, The Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the annual report shall govern any and all matters related to the interpretation of the subject matter stated herein.

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5. Name of Overseas Stock Exchange and Method for Accessing Information on Overseas Negotiable Securities: None.

6. Company Website: <https://www.rubyttech.com.tw>

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# 1. Letter to Shareholders

## 1. Business Report for 2023

### (1) Business Plan Implementation and Results

In 2023, the Company continued to focus our product R&D strategy on building a complete product line and technical service platform. We successfully developed and launched a series of telecom-grade network management switches, 802.3bt PoE++ L3 network management switches, Multi-Gig/10G/25G/40G stackable advanced L3 network management switches, and all 10G/25G/40G fiber optic switches, totaling 33 new product models. To enhance product competitiveness, commonality of components and cost-effectiveness were considered during the planning and design phase. The costs of the new generation products developed this year were significantly lower than the previous generation, making the Company's products more competitive in market pricing. On the business side, in addition to continuing development of Europe and America ODM customers and telecom-grade carrier operators, we have also started developing industrial and various vertical application customer groups. With the relatively complete product lines and continuous launch of more competitive new products, coupled with the introduction of a brand-new website and targeted marketing, satisfactory achievements were made in developing new customers. The annual consolidated revenue was NT\$1,791,446 thousand, and the consolidated after-tax net profit was NT\$245,225 thousand.

In terms of sales:

Revenue from switches increased by 81% over the previous year due to increased demand for large projects from some customers, as well as the introduction of high-end medium and large enterprise L3 switch product lines by some customers, with a 51% increase in sales volume; Revenue and sales volume of fiber optic converters decrease by 34% and 11% respectively due to decrease demand for large projects from some customers; Revenue and sales volume of fiber optic interface cards increased by 6% due to increased demand for public sector projects from US customers. Satisfactory achievements were made in developing new customers thanks to the introduction of a brand-new website and targeted marketing. In addition, in-depth analysis on product and service needs of existing customer groups was conducted to improve service quality and quickly expand existing order quality.

In terms of R&D:

The R&D focus is on developing a competitive complete product line and technical service platform to provide one-stop shopping convenience for customers, increase customer stickiness and loyalty. A total of 33 products were developed and have successfully transitioned to trial/mass production shipment:

- (1) 36-P PoE+(30W) 1G RJ45 + 12-P PoE+(30W) 2.5G RJ45 + 4-P 10G SFP+ L3 network managed switch
- (2) 36-P 1G RJ45 + 12-P 2.5G RJ45 + 4-P 10G SFP+ L3 network managed switch
- (3) 12-P PoE+(30W) 1G RJ45 + 12-P PoE+(30W) 2.5G RJ45 + 4-P 10G SFP+ L3 network managed switch
- (4) 8-P PoE(30W) 1G RJ45 + 2-P 1G SFP basic managed switch
- (5) Industrial 8-P PoE++(90W) 1G RJ45 + 2-P 1G SFP telecom-grade managed switch
- (6) 36-P 1G PoE+(30W) 1G RJ45 + 12-P PoE++(90W) 2.5G RJ45 + 4-P 10G SFP+ L3 network managed switch
- (7) Industrial 4-P PoE++(90W) 1G RJ45 + 4-P PoE++(90W) 2.5G RJ45 + 2-P 10G SFP+ L3 network managed switch
- (8) 8-P PoE++(30W) 1G RJ45 + 2-P 1G RJ45/SFP network managed switch
- (9) 24-P PoE+(30W) 1G RJ45 + 4-P 10G SFP+ intelligent network managed switch
- (10) 24-P PoE++(30W) 2.5G RJ45 + 24-P PoE++(90W) 2.5G RJ45 + 4-P 10G SFP + 2-P 40G QSFP+ L3 advanced network managed switch
- (11) 8-P PoE+ 1G RJ45 + 2-P 1G RJ45 + 2-P 1G SFP (Front) intelligent network managed switch
- (12) 8-P PoE+ 1G RJ45 + 2-P 1G RJ45 + 2-P 1G SFP (Rear) intelligent network managed switch
- (13) 8-P PoE+(30W) 1G RJ45 + 2-P 1G RJ45/SFP basic managed switch
- (14) 36-P PoE+(30W) 1G RJ45 + 12-P 1G RJ45 + 4-P 1G SFP L3 network managed switch
- (15) 12-P 1G RJ45 + 12-P 2.5G RJ45 + 4-P 10G SFP+ L3 network managed switch
- (16) 10-P PoE++(90W) 10G RJ45 + 2-P 25G SFP28 telecom-grade network managed switch (Sync-E + 1588 PTP)
- (17) 12-P PoE+(30W) 2.5G RJ45 + 12-P PoE++(90W) 2.5G RJ45 + 4-P 10G SFP + 2-P 40G QSFP+ L3 advanced network managed switch
- (18) Industrial 16-P PoE+(30W) 1G RJ45 + 4-P 1G SFP + 2-P 10G SFP+ L3 advanced network managed switch (with AC+DC dual power supply)
- (19) 24-P PoE+(60W) 1G RJ45 + 2-P 1G RJ45/SFP network managed switch (dual power supply)
- (20) 48-P PoE+(30W) 1G RJ45 + 4-P 10G SFP+ L3 network managed switch
- (21) 24-P PoE+(30W) 1G RJ45 + 4-P 10G SFP+ L3 network managed switch
- (22) 36-P PoE+(30W) 1G RJ45 + 12-P PoE++(90W) 2.5G RJ45 + 4-P 10G SFP+ L3 network managed switch
- (23) Industrial 24-P PoE+(30W) 1G RJ45 + 4-P 1G SFP + 4-P 10G SFP+ telecom-grade network managed switch (with AC+DC dual power supply)
- (24) Industrial 16-P PoE+(30W) 1G RJ45 + 4-P 1G SFP + 2-P 10G SFP+ telecom-grade network managed switch (with AC+DC dual power supply)
- (25) 8-P 10G SFP + 2-P 10G RJ45 fiber optic L3 network managed switch

- (26) 48-P PoE+(30W) 1G RJ45 + 4-P 10G SFP+ intelligent network managed switch
- (27) 48-P PoE+(30W) 1G RJ45 + 4-P 1G SFP intelligent network managed switch
- (28) 24-P PoE+(30W) 1G RJ45 + 2-P 1G RJ45/SFP intelligent network managed switch (370W)
- (29) 24-P PoE+(30W) 1G RJ45 + 2-P 1G RJ45/SFP intelligent network managed switch (250W)
- (30) 4-P PoE+(30W) 1G RJ45 + 4-P PoE+(30W) 2.5G RJ45 + 2-P 10G SFP+ advanced network managed switch
- (31) 48-P PoE+(30W) 1G RJ45 + 4-P 10G SFP+ L3 network managed switch (740W)
- (32) 16-P PoE+(30W) 1G RJ45 + 2-P 1G RJ45/SFP intelligent network managed switch
- (33) 12-P PoE+(30W) 1G RJ45 + 12-P PoE+(30W) 2.5G RJ45 + 4-P 10G SFP+ advanced network managed switch

In terms of manufacturing:

A cost reduction project team was established to focus on component cost control, reviewing and implementing various cost reduction proposals weekly. To meet customer needs for steady delivery time and cost competitiveness, the Company continues to implement ISO9001, exercising strict quality and delivery control. Supply chain coordination and MRP mechanisms were also enhanced for continuous optimization of order management and material planning.

In terms of management:

Continued review of product development cycle time and effectiveness and implementation of personnel performance management accordingly. Accounting, gross profit analysis, product management, customer management and sales representative management were also strengthened on an ongoing basis. The Company has officially obtained ISO27001 and ISO27034 information security certifications, allowing the hardware and software services provided by the Company to have more opportunities to be certified and adopted by medium and large customers, further enhancing the Company's competitiveness.

## (2) Budget Execution

The Company did not have to disclose financial forecasts externally in 2023.

(3) Analysis of Financial Income and Expenditure and Profitability

Unit: NT\$ thousands

Analysis Item \ Year	2023 Consolidated		2022 Consolidated		Increase (Decrease)
	Amount	%	Amount	%	%
Operating Revenue	\$ 1,791,446	100.00	\$ 1,084,299	100.00	65.22
Gross Profit	510,877	28.52	326,014	30.07	56.70
Operating Profit	278,467	15.54	142,537	13.15	95.36
Pretax Profit	305,938	17.08	155,470	14.34	96.78
Net Profit for the Year	245,225	13.69	132,228	12.19	85.46
Comprehensive Income for the Year	257,822	14.39	68,914	6.36	274.12
EPS (NT\$)	4.38		2.36		

Note: The number of shares for surplus capital increase is retrospectively adjusted to each year.

(4) R&D Status

In 2023, the product R&D strategy was based on the series of products developed in 2022, adding software and hardware functions for upwards derivative design into project-based network management switches, while also enabling downwards derivative design into lower cost switches. In response to market demand in the future high growth 5G infrastructure application market and industrial-grade smart application market, various switches leading the market standards were developed to build a complete and competitive product line for one-stop shopping convenience of customers, thereby increasing customer stickiness and loyalty. The related application platforms for network products have also officially launched operations and will continue to develop new functions in response to customer needs, helping customers address the rapidly changing market demand in order to increase product competitiveness. All products developed this year have completed trial/mass production shipment on schedule.



## 2. Outline of 2024 Business Plan

### (1) Business Strategy

#### a. Marketing Strategy

- 1) Strengthen e-Marketing, exhibition participation and direct client visits to develop potential customers, aiming to further improve market share.
- 2) Proactively develop next generation network products in line with market trends and customers' product plans to consolidate and expand existing customers' business.
- 3) Leverage existing customers' marketing networks to promote new product lines and expand business scale.
- 4) Establish a customer issue tracking system for customers to check issue resolution status anytime to enhance customer satisfaction.

#### b. R&D Strategy

The Company's product R&D directions are described as follows:

##### 1) Switches

In response to the market's demand for higher bandwidth, applications, and energy-saving carbon reduction requirements, our company has built upon products developed in previous years. We've enhanced software and hardware functions to evolve the design into a project-based network management switch. Simultaneously, we can also design a more cost-effective Web Smart switch. Furthermore, in anticipation of the growing 5G infrastructure application market and the industrial-grade smart application market, we have developed a range of switches, including 802.3bt PoE++, high-speed 2.5G/5G/10G/25G/40G/100G, L3, and SDN-grade. This expansion aims to establish a comprehensive and competitive product line, offering customers a one-stop shopping experience and increasing customer stickiness. In addition, cloud application services will be developed in response to customers' sales and technical support needs to further increase the competitiveness of the Company's products.

##### 2) Fiber Optic Network Products

Focus models among the various developed fiber optic converters and fiber NICs will be selected for design review to develop lower cost products to enhance market competitiveness and further improve gross profit margin.

##### 3) Industrial Network Products

Continue to develop basic -20°C~ 60°C industrial network products such as Web-Smart managed 8/24-port Gigabit PoE switches and L3 managed 2-port 10G SFP+ + 8/24-port 10/100/1000 PoE/Carrier Ethernet switches; develop advanced -40°C~+75°C 8-port 10/100/1000/10G PoE switches, 8/24-port 10/100/1000 switches and L3 managed 2-port 10G SFP+ + 8/24-port 10/100/1000 switches.

- c. Financial Strategy
  - 1) Increase foreign currency payment arrangements to achieve natural hedging functions and strengthen foreign exchange management to reduce exchange losses.
  - 2) Strengthen management accounting to increase revenue and reduce losses.
- d. Cost Strategy
  - 1) Implement Design for Cost (DFC) principles and conduct factual cost reviews during product development phase.
  - 2) Establish a Cost Reduction Team (CRT) with targets set for regular weekly reviews of cost reduction matters.
  - 3) Phase out non-competitive product models.

(2) Expected Sales Volume and its Basis

Continuous efforts will be made in new product innovation and development and cloud-based customer service platforms to assist existing customers in enhancing their market competitiveness, enabling the Company and customers to grow in tandem in revenue and profitability.

In addition, innovation and development of products related to Internet of Things (IoT) applications is also one of the R&D focuses of the Company. The newly launched next-generation industrial switches have developed a networked device management platform in response to IoT application needs, providing customers with convenient functions to manage status of various heterogeneous devices in IoT applications, and offering differentiated value to enhance market competitiveness.

(3) Important Production and Marketing Policies

- a. Implement comprehensive quality management through ISO9001.
- b. Plan production, strengthen procurement, reduce production costs, and shorten delivery time.
- c. Enhance ERP functions, strengthen sales/inventory management, and increase inventory turnover rate.
- d. Implement product manager system, strengthen R&D progress schedule control, shorten new product mass production launch schedule; and strengthen product marketing, product management and production/sales coordination.

3. Future Company Development Strategies and Impacts of External Competitive Environment, Regulatory Environment and General Operating Environment

As the Company's product strategy focuses on medium-high end products with technical entry barriers and less competition, a certain level of gross margin can still be maintained, and the Company is less impacted by market price competition. The Company's products already fully comply with RoHS, PFOS and REACH regulations in response to the EU's environmental directive requirements.

## 2. Company Profile

1. Date of Incorporation: July 14, 1981

2. Company History:

July 1981	Founded "Ruby Computer Co., Ltd." with paid-in capital of NT\$2,000 thousand. The company was engaged in minicomputer trading and software and focuses on the marketing of self-developed software. engaged in minicomputer trading and software engaged in minicomputer trading and software.
January 1986	Started mass production of the ARCNET coaxial cable.
January 1994	Purchased plant at 5F, No. 21, Lane 50, Sec. 3, Nangang Road, Taipei, Taiwan.
July 1997	Purchased office at 2F, No 7, Lane 50, Sec. 3, Nangang Road, Taipei, Taiwan
July 1998	Company shares publicly listed.
March 1999	Passed TUV ISO 9002 certification.
June 2001	Changed company name to Ruby Tech Co., Ltd.
May 2002	Passed TUV ISO 9001 certification.
January 2003	Company's shares are listed for trading on the Emerging Stock Market.
May 2004	Started shipment of Card Bus 100Base-FX fiber NICs for notebook computers.
January 2005	Started shipment of 802.3ah OAM managed fiber optic converters and converter modules.
April 2005	Started shipment of POE PSE and PD fiber optic converters.
July 2005	Started shipment of Gigabit Web-Smart and L2 Plus managed switches.
September 2005	Purchased office at 5F, No. 13 and No. 15, Lane 50, Sec. 3, Nangang Road., Sec. 3, Taipei, Taiwan for R&D department.
March 2006	Started mass production of FTTX user-side L2 managed switches.
February 2007	Started shipment of EPON OLT and ONU equipment.
October 2007	Started shipment of PCI-E fiber optic network cards and industrial L2 and L2 Plus managed switches.
November 2007	Purchased office at 3F, No. 1, Lane 50, Sec. 3, Nangang Road., Taipei, Taiwan.
January 2008	Started shipment of 24-port Gigabit L2 Plus managed switches and 100M plastic fiber converters.
March 2008	Completed development and started shipment of 10G XFP multi-mode to single-mode fiber converters.
April 2009	Started mass production and shipment of Gigabit L2 Plus PoE managed switches.
June 2009	Completed development and started shipment of Express Card 100FX fiber NICs.
September 2009	Company shares listed on Taipei Exchange (TPEX).
January 2010	Started mass production and shipment of PoE plus PSE fiber converters.

November 2010	Started mass production and shipment of PCI-E 10G fiber NICs.
December 2010	Passed "CG6006 Corporate Governance System Evaluation" by Taiwan Corporate Governance Association.
September 2011	Started mass production and shipment of IPv6, EEE, 10G compatible GbE L2 Plus/PoE managed switches.
December 2011	Started mass production and shipment of Carrier Ethernet switches.
January 2012	Started mass production and shipment of full 8/24/48 port GbE L2 Plus managed switches.
June 2012	Started mass production and shipment of smart energy-saving GEPON OLT/ONU.
September 2012	Started mass production and shipment of 24/48 port hardware stacking 10G/GbE L2 Plus managed switches.
March 2013	Started mass production and shipment of 6/8/12/24 port GbE and 10G Carrier Ethernet managed switches.
June 2013	Started mass production and shipment of advanced GEPON OLT modules and ONUs.
September 2014	Started mass production and shipment of full 8/24/48 port GbE L3-Lite/PoE managed switches.
December 2014	Started mass production and shipment of 8/24 port GbE device management system L3-Lite/PoE managed switches.
September 2015	Started mass production and shipment of outdoor 6-port UPoE (60W) Carrier Ethernet managed switches.
December 2015	Started mass production and shipment of 10GbE 8/12-port Unmanaged Plus switches.
February 2016	Started mass production and shipment of 48-port GbE TP + 4-port 10G SFP+ L3-Lite managed switches.
May 2016	Started mass production and shipment of 4-port GbE Carrier Ethernet high temperature (65°C) switches.
May 2016	Obtained ISO 14001 environmental management system certification.
September 2016	Started mass production and shipment of 8-port GbE TP + 2-port 10GbE TP/SFP Carrier Ethernet industrial switches.
November 2016	Started mass production and shipment of 2-port 10G TP + 14-port 10G SFP + Web Smart Plus managed switches.
November 2016	Company Chairman Lin, Kuan-Ming received "Outstanding Businessman Gold Medal Award of 2016" from Chinese National Association of Industry and Commerce.
December 2016	Named in Deloitte's "2016 Asia Pacific Technology Fast 500" rankings.
January 2017	Started mass production and shipment of L2+ DMS advanced managed 8 x GbE RJ45 + 2 x RJ45/GbE SFP Ethernet switches (Surge 6KV).
May 2017	Started mass production and shipment of L2+ Carrier managed GbE Ethernet switches (NID).
August 2017	Started mass production and shipment of L2+ managed 48 x GbE PoE+ RJ45 + 2 x GbE RJ45 + 2 x GbE SFP Ethernet switches (Surge 6KV).
September 2017	Started mass production and shipment of industrial L2+ Carrier DIN Rail managed 8 x GbE PoE+ RJ45 + 4 x GbE SFP Ethernet switches.

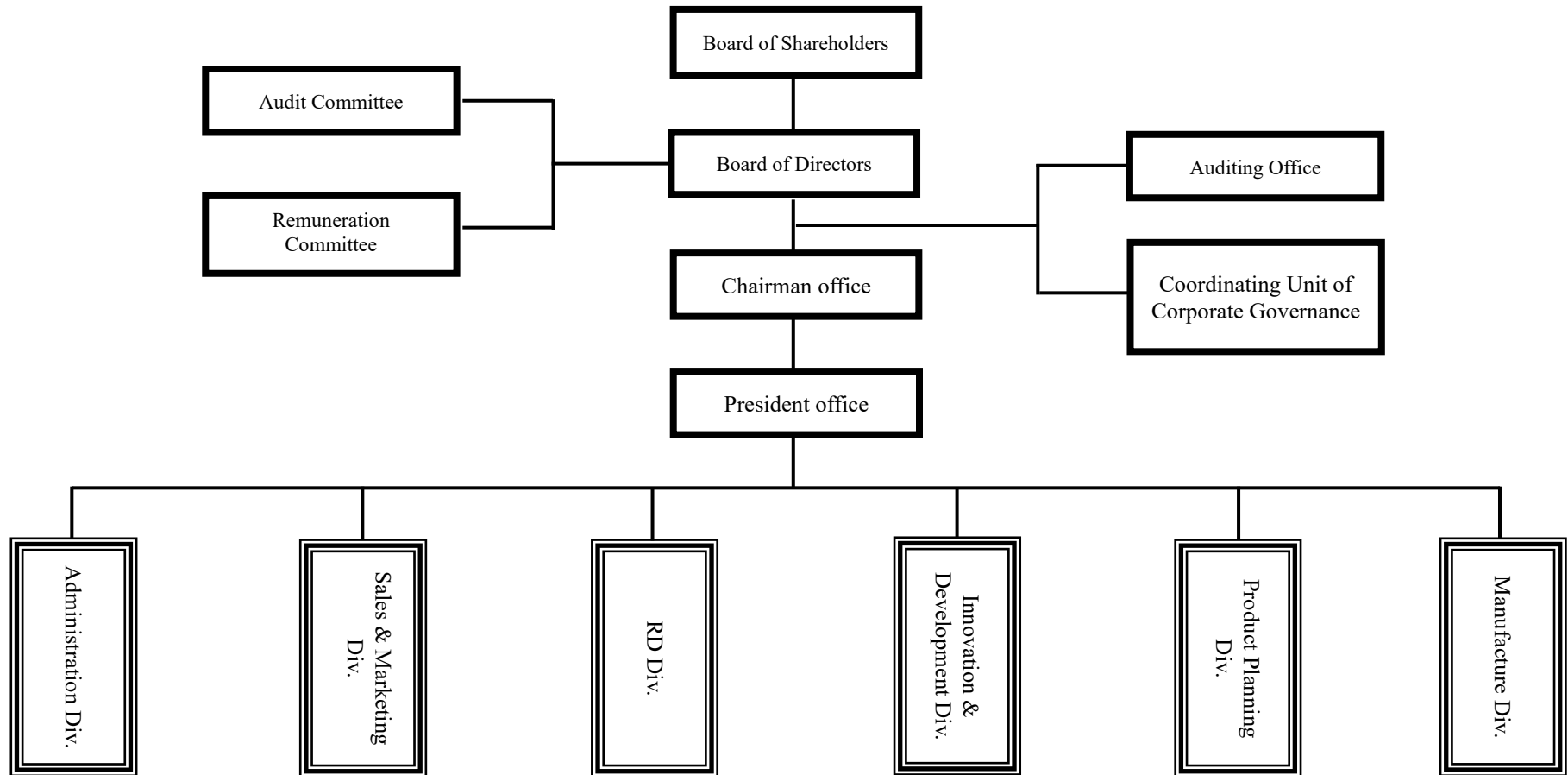
October 2017	Started mass production and shipment of automotive 8-port NBASE-T 4 pairs 2.5G RJ45 + 4-port one pair 2.5G Coax (FAKRA) + 4-port one pair 2.5G STP (HSD) + 1-port NBASE-T 4 pairs 10G RJ45 + 2-port 10G SFP+ Cage + 1-port 4 pairs 10G AutoLink II switches.
December 2017	Started mass production and shipment of L2+ managed 48 x GbE PoE+ RJ45 + 2 x GbE RJ45 + 2 x 10G SFP+ Ethernet switches (Surge 6KV).
January 2018	Started mass production and shipment of 4-port UPOE (60W) GbE RJ45 + 4-port GbE RJ45 + 2-port GbE RJ45/SFP managed switches.
March 2018	Started mass production and shipment of 24-port PoE++ (90W) GbE RJ45 + 2-port GbE RJ45/SFP managed switches and industrial 4-port GbE RJ45 + 2-port GbE SFP telecom-grade managed switches.
May 2018	Started mass production and shipment of industrial 6-port GbE RJ45 + 2-port GbE SFP telecom-grade managed switches.
August 2018	Started mass production and shipment of industrial 8-port PoE++ (90W) GbE RJ45 + 2-port GbE SFP telecom-grade managed switches.
September 2018	Started mass production and shipment of industrial 24-port PoE GbE RJ45 + 4-port GbE SFP + 4-port 10GbE SFP+ (AC+DC dual power input) telecom-grade managed switches.
December 2018	Obtained 2 US patents for S2C and DMS technologies.
January 2019	Obtained continuation US patent for DMS technology.
July 2019	Started mass production and shipment of 8-port PoE++ GbE RJ45 + 2-port GbE RJ45/SFP managed switches.
September 2019	Obtained ISO 27001 and ISO 27034-1 information security management system certifications.
December 2019	Started mass production and shipment of 24-port PoE+ (30W) GbE RJ45 + 2-port GbE RJ45/SFP telecom-grade managed switches (Japan carrier-grade building switches).
December 2019	Started mass production and shipment of 24-port PoE++ (90W) GbE RJ45 + 2-port GbE RJ45/SFP managed switches (medical switches).
March 2020	Started mass production and shipment of 12-port PoE+ (30W) GbE RJ45 + 12-port PoE+ (30W) 2.5G RJ45 + 4-port 10G SFP+ advanced managed switches.
August 2020	Started mass production and shipment of 16-port PoE+ (30W) + 2-port GbE RJ45 + 2-port GbE SFP NVR PoE network video recorders.
September 2020	Started mass production and shipment of 12-port 10G SFP+ 2-port Multi-Gigabit (100M/1G/2.5G/5G/10G) RJ45/SFP+ 2-port 40G QSFP+ high speed L3 advanced managed switches.
January 2021	Started mass production and shipment of 16-port 10G SFP+ 4-port mGbE/10G SFP Combo 4-port 50G SFP-DD + 2-port 40G QSFP/4-port 25G SFP28 high speed L3 advanced managed switches.
November 2021	Started mass production and shipment of 36-port PoE (30W) GbE RJ45 + 12-port PoE (30W) 2.5GbE RJ45 + 4-port 10G SFP+ 2-port 40G QSFP+ L3 advanced managed switches.
December 2021	Started mass production and shipment of 10-port PoE++ (90W) 10GbE RJ45 + 2-port 25G SFP28 telecom-grade managed switches (Sync-E + 1588 PTP).

February 2022	Started mass production and shipment of 12-port 10G SFP+ 2-port 25G SFP28 high speed fiber L3 managed switches.
May 2022	Started mass production and shipment of 24-port PoE++ (90W) GbE RJ45 + 2-port GbE RJ45/SFP managed switches (HVDC/HVAC high voltage power input).
November 2022	Started mass production and shipment of industrial 4-port PoE++ (90W) GbE RJ45 + 4-port PoE++ (90W) 2.5G RJ45 + 2-port 10G SFP+ L3 managed switches.
April 2023	24-port PoE+(30W) 2.5G RJ45 + 24-port PoE++ (90W) 2.5G RJ45 + 4-port 10GSFP + 2-port 40GQSFP+ L3 Advanced Network Management Switch.
June 2023	12-port PoE+(30W) 2.5G RJ45 + 12-port PoE++(90W) 2.5G RJ45 + 4-port 10GSFP + 2-port 40GQSFP+ L3 Advanced Network Management Switch.

### 3. Corporate Governance Report

#### 1. Company Organization

##### (1) Organization Chart



(2) Business operations of major departments

Department	Main Responsibilities
Chairperson's Office	<ul style="list-style-type: none"> <li>Overall management of the Company's business.</li> </ul>
President's office	<ul style="list-style-type: none"> <li>Overall management of the Company's business supervision and coordination of all units.</li> </ul>
Auditing Office	<ul style="list-style-type: none"> <li>Establishment, amendment and audit of the Company's internal control and internal audit systems.</li> <li>Audit of operations of each department and implementation promotion of the Company's self-evaluations.</li> </ul>
Administration Div.	<p>Human Resources/General Affairs/Finance Department:</p> <ul style="list-style-type: none"> <li>Management of staff recruitment, training, payroll, insurance and termination of employment.</li> <li>Execution and management of general affairs and office services.</li> <li>Financial planning, fund management, investment planning, business analysis and shareholder services.</li> <li>Processing of general accounting and cost accounting.</li> <li>Formulation and implementation of various Company management regulations.</li> <li>Corporate governance implementation, fulfillment of corporate social responsibility and promotion of ethical corporate management.</li> </ul> <p>Information Div.</p> <ul style="list-style-type: none"> <li>Development and maintenance of corporate network and computerized application software.</li> <li>Maintenance of computer equipment and technical support.</li> </ul>
Product Planning Div.	<ul style="list-style-type: none"> <li>Formulation of network product development plans and product strategies.</li> <li>Management of network product development schedules.</li> </ul>
Sales & Marketing Div.	<ul style="list-style-type: none"> <li>Collection of market information and formulation of marketing strategies.</li> <li>Market development and product promotion.</li> <li>Development and contact of customers.</li> <li>Customer relationship maintenance, customer service and communication/resolution of related issues.</li> </ul>
Innovation & Development Div.	<ul style="list-style-type: none"> <li>Existing platform design and maintenance work.</li> <li>Innovative software development to enhance product value.</li> <li>Innovative solutions for various vertical market applications.</li> </ul>
RD Div.	<ul style="list-style-type: none"> <li>Research and development of new products and improvements on existing products.</li> <li>Preparation, establishment and maintenance of parts lists.</li> <li>Review and formulation of technical documents, establishment of safety regulations and planning of various projects.</li> </ul>
Manufacture Div.	<ul style="list-style-type: none"> <li>Selection and management of suppliers.</li> <li>Procurement and delivery schedule management of raw materials.</li> <li>Warehouse management.</li> <li>Order scheduling and production schedule control.</li> <li>Handling and control tracking of outsourced processing.</li> <li>Manufacturing products satisfying customers per production specifications and standard operating procedures.</li> </ul>



## 2. Information on Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, Heads of Departments and Branches

### (1) Information on Directors

#### a. Information on Directors

As of April 30, 2024

Title	Nationality or Place of registration	Name	Gender and Age	Election (Appointment) Date	Term	Date of First Election	Shares Held at Time of Election		Shares Held Currently		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in the Company and Other Companies	Relatives Within Second Degree of Kinship Who Are Also Company Managers or Directors			Remarks
							No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held			Title	Name	Relationship	
Chairman	Taiwan	Lin, Kuan-Ming	Male 71-80 years old	2021.08.10	3	1997.05.12	1,289,338	2.42%	1,477,858	2.63%	794,868	1.42%	-	-	Bachelor's in Electrical Engineering, National Taiwan University President of Premier Venture Capital Corp. Chairman of System General Technology Assistant Vice President of MiTAC Synnex Group	Chief Executive Officer of Ruby Tech Corporation Chairman of Grand Impact Technology Limited Chairman of Ruby Tech (Beijing) Co., Ltd. Chairman and President of Premier Venture Capital Corp. Chairman of Chief Investment Corp. Chairman of Premier Capital Management Corp. Director of Hui Yu Investment Corp. Direct and President of Chief Venture Capital Corp. (Legal Representative of Hui Yu Investment) Direct and President of Sun Yuan Venture Capital Corp. (Legal Representative of Premier Capital Management) Director of Dexin Corp. Director of Lung Hwa Electronics Co., Ltd. (Legal Representative of Shin Ching Investment) Director of AMIT Wireless Inc. (Legal Representative of Chief Investment) Director of Taivex Therapeutics Corporation (Legal Representative of Tsou Seen Chemical) Director of China Petrochemical Development Corp. (Legal Representative of C.P. Leasing Co., Ltd.) Director of Deltamac (Taiwan) Co., Ltd. (Legal Representative of CHC International Investment Corp.) Independent Director and member of Remuneration Committee of Getac Holdings Corporation	Director	Lin, Ling-Yu	Spouse	Note 1

Title	Nationality or Place of registration	Name	Gender and Age	Election (Appointment) Date	Term	Date of First Election	Shares Held at Time of Election		Shares Held Currently		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in the Company and Other Companies	Relatives Within Second Degree of Kinship Who Are Also Company Managers or Directors			Remarks
							No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held			Title	Name	Relationship	
Director	Taiwan	Wang, Wkang-Hsiang	Male 71~80 years old	2021.08.10	3	1997.05.12	480,596	0.90%	509,863	0.91%	-	-	-	-	Master's in Agricultural Economics, National Taiwan University Chairman Shanyuan Co., Ltd. Chairman of Tatung Corp.	Chairman of Tatung Corp. (Legal Representative of Jingdian Investment) Chairman of Shan Yuan Construction Co., Ltd. Chairman of Sanyuan Investment Co., Ltd. Chairman of Sun Yuan Venture Capital Corp. (Legal Representative of Shan Yuan Construction) Chairman of Lung Hwa Electronics Co., Ltd. (Legal Representative of Shin Ching Investment Development) Chairman of Trican Biotechnology Co., Ltd. Chairman of EONtronics International Co., Ltd. Chairman of Taipei Industries Corp. (Legal Representative of Shangzhi Asset Development) Chairman of Tatung Forever Energy Co., Ltd. (Legal Representative of Tatung Corp.) Chairman of Shang Xin Energy Co., Ltd. (Legal Representative of Tatung Forever Energy) Chairman of Yau Yang Energy Co., Ltd. (Legal Representative of Tatung Forever Energy) Chairman of Ting Shin Energy Co., Ltd. (Legal Representative of Tatung Forever Energy) Chairman of Zhi Shin Energy Co., Ltd. (Legal Representative of Tatung Forever Energy) Chairman of Tung Shin Energy Co., Ltd. (Legal Representative of Tatung Forever Energy) Chairman of Tung Kuang Energy Co., Ltd. (Legal Representative of Tatung Forever Energy) Chairman of Chuang Shih Neng Co., Ltd. (Legal Representative of Tatung Forever Energy) Chairman of Datang Energy Co., Ltd. (Legal Representative of Tong Yang Energy) Chairman of Forward Electronics Co., Ltd. (Legal Representative of Tatung Corp.) Director of Fuhua Smart Co., Ltd. (Legal Representative of Forward Electronics) Director of Shanyuan Co., Ltd. (Legal Representative of Sanya Investment Co., Ltd.) Director at Union Wide	None	None	None	-

Title	Nationality or Place of registration	Name	Gender and Age	Election (Appointment) Date	Term	Date of First Election	Shares Held at Time of Election		Shares Held Currently		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in the Company and Other Companies	Relatives Within Second Degree of Kinship Who Are Also Company Managers or Directors			Remarks
							No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held			Title	Name	Relationship	
																Director at Shangzhi Asset Development Co., Ltd. (Legal Representative of Tatung Corp.) Director at Zhisheng Real Estate Co., Ltd. (Legal Representative of Shangzhi Asset Development) Director at San Meng Construction Co., Ltd. Director at Julianne Fine Art Ltd. Director at Premier Venture Capital Corp. (Legal Representative of Sanya Investment Co., Ltd.) Director at Premier Capital Management Corp. (Legal Representative of Sanya Investment Co., Ltd.) Director at Chief Investment Corp. Director at Kiwi Microsystem, Inc. Director at K.K.Media Co., Ltd. Director at Medbio Biotechnology International Corporation Ltd. Director at Cheng Tai Electronics (Wujiang) Ltd. Director at Qingdao Liansheng Industry				
Director	Taiwan	Lin, Ling-Yu	Female 61~70 years old	2021.08.10	3	1997.05.12	699,240	1.31%	794,868	1.42%	1,477,858	2.63%	-	-	Bachelor's in Animal Science, National Taiwan University Vice President of Finance Div., Premier Capital Management Corp.	Chairman of Hui Yu Investment Corp. Director at Chief Investment Corp. Supervisor of Shou Chia Investment Corp. Supervisor of Chief Venture Capital Corp. Supervisor of Premier Venture Capital Corp. (Legal Representative of Hui Yu Investment)	Chairman	Lin, Kuan-Ming	Spouse	Note 2
Director	Taiwan	Fu Ho Investment Co., Ltd. Representative: Chiu, Chi-Hsin	Male 51~60 years old	2021.08.10	3	2018.06.12	410,000	0.77%	450,882	0.80%	-	-	-	-	MBA, Columbia University President of Premier Capital Management Corp. Deputy Chairman of Hocheng Corp.	Supervisor of Fu Ho Investment Co., Ltd. Supervisor of Holung Investment Co., Ltd. Director of New Swift Enterprises Co., Ltd. Director of Hocheng Corp. (Legal Representative of Fu Ho Investment Co., Ltd.) Director of Taiwan Printed Circuit Board Techvest Co., Ltd. (Legal Representative of Hocheng) Director of Yuhuang Co., Ltd. (Legal Representative of New Swift Enterprises) Director of Dongqi Co., Ltd. (Legal Representative of New Swift Enterprises) Supervisor of Bearinmind Corporation	None	None	None	-

Title	Nationality or Place of registration	Name	Gender and Age	Election (Appointment) Date	Term	Date of First Election	Shares Held at Time of Election		Shares Held Currently		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in the Company and Other Companies	Relatives Within Second Degree of Kinship Who Are Also Company Managers or Directors			Remarks
							No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held			Title	Name	Relationship	
																Supervisor of Hoceng Service Co., Ltd. Supervisor of Lianan Wellness Management Co., Limited Supervisor of Bao Long Interior Crafts Co., Ltd. (Legal Representative of Hocheng)				
Director	Taiwan	Tung, Chin-Chuan	Male 71~80years old	2021.08.10	3	2010.06.14	66,748	0.13%	70,812	0.13%	2,966	0.01%	-	-	Master's in Management, National Yang Ming Chiao Tung University Xubang Investmnet Co., Ltd. President of ChainTech Co., Ltd. Vice President of Behavior Tech Corp. Sales Manager of (PLEASE HELP) Dexin Corp. Supervisor	Senior Consultant of Premier Venture Capital Corp. Independent Director, Audit Committee Member, and Remuneration Committee Member of Lung Hwa Electronics Co., Ltd. Independent Director, Audit Committee Member, and Remuneration Committee Member of Changing Information Technology Inc.	None	None	None	Note3
Director	Taiwan	Young, Yu-Che	Male 51~60 years old	2021.08.10	3	2018.06.12	227,032	0.43%	453,037	0.81%	24,135	0.04%	-	-	Master's in Electrical and Computer Engineering, University of Michigan Director and President of Vodtel Communications Inc. Business associate of Accton Technology Corp.	President of Ruby Tech Corp.	None	None	None	-
Independent Director	Taiwan	Huang, Chin-Tan	Male 71~80 years old	2021.08.10	3	2007.06.25	-	-	-	-	-	-	-	-	PhD. In Finance University of Mississippi Executive Secretary of Ministry of Economic Affairs Adjunct Associate Professor of Business Administration, Ming Chuan University Associated Professor, Department of Banking and Finance at Chinese Culture University TWSE Review Committee Member TPEx Review Committee Member	Adjunct Associate Professor of Business Administration, Ming Chuan University Adjunct Associate Professor of Finance, National Chengchi University Director at Harbinger VIII Venture Capital Corp. (Legal Representative of Mega International Commercial Bank) Director of Appworks Fund II Co., Ltd. (Legal Representative of Mega International Commercial Bank) Independent Director, Audit Committee Member, and Remuneration Committee Member of Green World Fintech Service Co., Ltd. Independent Director, Audit Committee Member, and Remuneration Committee Member of Ancang Construction Co., Ltd.	None	None	None	-

Title	Nationality or Place of registration	Name	Gender and Age	Election (Appointment) Date	Term	Date of First Election	Shares Held at Time of Election		Shares Held Currently		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in the Company and Other Companies	Relatives Within Second Degree of Kinship Who Are Also Company Managers or Directors			Remarks
							No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held			Title	Name	Relationship	
															Director of Taiwan Business Bank Independent Director of Billion Electric Co., Ltd. Independent Director of SCI Pharmtech Inc. President of the Agricultural Credit Guarantee Fund Independent Director of Taishin Securities Co., Ltd. Independent Director, Accounting Committee Member, Remuneration Committee Member of AFASTOR Corp.					
Independent Direct	Taiwan	Wu, Yung-Sheng	Male 71~80years old	2021.08.10	3	2007.06.25	-	-	-	-	-	-	-	-	PhD. In Law, Chengchi University Master's in Law, University of Chicago Dean and Associate Professor of the College of Law, Ming Chuan University Academic advisor and adjunct professor of the Department of Finance, Ming Chuan University Assistant Professor of the Institute of Financial Management, National Central University Review Committee Member of TWSE Review Committee Member of TPEx Director of TPEx Taiwan Futures Exchange Supervisor Taiwan Futures Exchange Convener of the Trading and Settlement Committees	Member of the Disciplinary Committee, Taiwan Futures Exchange Commercial Mediation Commissioner of the Intellectual Property and Commercial Court Executive Member of the Board Performance Evaluation Committee, Taiwan Corporate Governance Association CITIC Institute of Financial Management Independent Director and Audit Committee Member, and Remuneration Committee Member of Dexin Corp.	None	None	None	Note 4

Title	Nationality or Place of registration	Name	Gender and Age	Election (Appointment) Date	Term	Date of First Election	Shares Held at Time of Election		Shares Held Currently		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in the Company and Other Companies	Relatives Within Second Degree of Kinship Who Are Also Company Managers or Directors			Remarks
							No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held	No. of Shares	Percentage of Shares Held			Title	Name	Relationship	
															Director of FundRich Securities Co.					
Independent Director	Taiwan	Wang, Chi-Chiao	Male 71~80years old	2021.08.10	3	2021.08.10	27,090	0.04%	26,617	0.05%	-	-	-	-	Master's from the Institute Electrical Engineering, National Taiwan University Vice President of Kiwi Microsystem, Inc. RD Consultant at Worldwide Logistics Corp. RD Consultant at Samuri Spirit , Inc.	None	None	None	None	-

Note :

- Chairperson Lin, Kuan-Ming also serves as CEO due to his electrical engineering background from National Taiwan University and possession of the business experience required for operations, coordinating various decisions, participating in routine management meetings, proactively coordinating and integrating internal and external resources for major operational meetings.
- Director Lin, Ling-Yu was first elected as Supervisor at the May 12, 1997 shareholder meeting, and first elected as Director at the August 10, 2021 shareholder meeting when there was a general re-election of the Board of Directors.
- Director Tung, Chin-Chuan was first elected as Supervisor at the June 14, 2010 shareholder meeting, and first elected as Director at the August 10, 2021 shareholder meeting when there was a general re-election of the Board of Directors.
- Independent Director Wu, Yung-Sheng was first elected with independent functions as Supervisor at the June 25, 2007 shareholder meeting, and first elected as Independent Director at the June 9, 2015 shareholder meeting when there was a general re-election of Supervisors and the Board of Directors.
- Former director Wang, Peng-Sen retired on January 12, 2024, and resigned on March 29, 2024.
- According to stipulations in Article 4 Paragraph 2 of Directions for Compliance by Board of Directors of TPEx Listed Companies in Carrying Out Powers, the number of independent director seats should reach 4 or more by the end of 2025.

b. Major Shareholders of the Institutional Shareholders

As of April 30, 2024

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders
Fortune Investment Co., Ltd.	Ciou, Chi-Hsin (82.56%), Ciou, Chen-Huei Mei (0.06%), Ciou, Yu-Ping (1.62%), Ciou, Yu-Fen (3.80%), Lu, Po-Ching (3.73%), Chu, Xin-Xin (5.56%), Ciou, Wei-Chieh (2.67%).

c. Disclosure on Professional Qualifications of Directors and Independence  
Information of Independent Directors:

Criteria Name	Professional Qualifications and Experience	Status of Independence	Concurrently Serving as Other Public Companies' Independent Directors
Chairman Lin, Kun-Ming	<p>(1) Chairman Graduated from National Taiwan University Department of Electrical Engineering, currently serves as Chairperson and CEO of the Company and Chairperson and Director of several companies; possesses industrial, technology professional background and skills, and over 5 years of work experience required for commercial and corporate operations.</p> <p>(2) None of the circumstances under Article 30 of the Company Act exists.</p>	Please refer to page 27 for the explanation of the Board's independence.	1
Director Wang, Peng-Sen (Note)	<p>(1) Graduated from National Chiao Tung University Department of Computer and Control Engineering, once served as Director and Vice President of the Company, previously served as General Manager of the Company; possesses industrial, marketing, technology professional background and skills, and over 5 years of work experience required for commercial and corporate operations.</p> <p>(2) None of the circumstances under Article 30 of the Company Act exists.</p>	Please refer to page 27 for the explanation of the Board's independence.	None
Director Kuang-Hsiang Wang	<p>(1) Graduated from the Graduate Institute of Agricultural Economics, National Taiwan University, currently serves as Chairperson and Director of several companies; possesses industrial, marketing professional background and skills, and over 5 years of work experience required for commercial and corporate operations.</p> <p>(2) None of the circumstances under Article 30 of the Company Act exists.</p>	Please refer to page 27 for the explanation of the Board's independence.	None
Director Fu Ho Investment Co., Ltd. Representative Chiu, Chi-Hsin	<p>(1) Graduated with an MBA from Columbia University. Currently serves as director, supervisor, and legal entity director for multiple companies. Formerly served as Vice Chairperson and CFO of Ho Cheng Construction</p>	Please refer to page 27 for the explanation of the Board's independence.	None

Criteria Name	Professional Qualifications and Experience	Status of Independence	Concurrently Serving as Other Public Companies' Independent Directors
	Co. Possesses accounting, industry, finance professional background and expertise, with over 5 years of work experience required for business, finance, accounting and company operations. (2) None of the circumstances under Article 30 of the Company Act exists.		
Director Young, Yu-Che	(1) Graduated from the University of Michigan with a master's degree in electrical and computer engineering. Currently serves as General Manager of the Company. Possesses industry, marketing, and technology professional background and expertise, with over 5 years of work experience required for business and company operations. (2) None of the circumstances under Article 30 of the Company Act exists.	Please refer to page 27 for the explanation of the Board's independence.	None
Director Lin, Ling-Yu	(1) Graduated from the Department of Animal Science at National Taiwan University. Currently serves as chairperson, director, and supervisor for multiple companies. Possesses industry and finance professional background and expertise, with over 5 years of work experience required for business, finance and company operations. (2) None of the circumstances under Article 30 of the Company Act exists.	Please refer to page 27 for the explanation of the Board's independence.	None
Director Tung, Chin-Chuan	(1) Graduated from the Institute of Management Science at National Chiao Tung University. Currently serves as Senior Consultant of Premier Venture Capital Corp., and independent director, Audit Committee member, and Remuneration Committee member of Lung Hwa Electronics Co., Ltd.; Independent Director, Audit Committee member, and Remuneration Committee member of Changing Information Technology Inc. Possesses professional background and expertise in	Please refer to page 27 for the explanation of the Board's independence.	1



Criteria Name	Professional Qualifications and Experience	Status of Independence	Concurrently Serving as Other Public Companies' Independent Directors
	<p>industry, marketing, and technology, with more than the 5 years of work experience required for business and company operations.</p> <p>(2) None of the circumstances under Article 30 of the Company Act exists.</p>		
Independent director : Huang, Chin-Tan	<p>(1) Graduated with a PhD in Finance from the University of Mississippi. Currently serves as Independent Director, Audit Committee member, and Remuneration Committee member of the Company; adjunct associate professor in the business administration department at Ming Chuan University and finance department at National Chengchi University; Independent Director, Audit Committee member, and Remuneration Committee member of Green World Fintech Service Co., Ltd.; Independent Director, Audit Committee member, and Remuneration Committee member of Ancheng Construction Co., Ltd.; legal entity director for multiple companies. Possesses accounting and finance professional background and expertise, with over 5 years of work experience as a lecturer or above in finance or accounting-related departments of public or private colleges and universities.</p> <p>(2) None of the circumstances under Article 30 of the Company Act exists.</p>	<p>(1) Neither self, spouse, nor relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates.</p> <p>(2) Neither self, spouse, nor relatives within the second degree of kinship (whether in own name or that of another person) hold any shares in the Company.</p> <p>(3) Does not serve as director, supervisor, or employee of any company that has a specific relationship with the Company.</p> <p>(4) Has not provided business, legal, financial, accounting or any other kind of service to the Company or its affiliates in the last 2 years and obtained remuneration.</p>	2
Independent director: Wu, Yung-Sheng	<p>(1) Graduated with a PhD in Law from National Chengchi University and is a PhD candidate at the University of Chicago Law School. Currently serves as Independent Director, Audit Committee member, and Remuneration Committee member of the Company; adjunct professor at the Institute of Financial and Economic Law, CTBC business school; Independent Director, Audit Committee member, and Remuneration Committee member of Dexin Corp.;</p>	<p>(1) Neither self, spouse, nor relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates.</p> <p>(2) Neither self, spouse, nor relatives within the second degree of kinship (whether in own name or that of another person) hold any shares in the Company.</p> <p>(3) Do not serve as director, supervisor, or employee of any company that has a specific relationship with the Company</p>	2

Criteria Name	Professional Qualifications and Experience	Status of Independence	Concurrently Serving as Other Public Companies' Independent Directors
	Independent Director and Audit Committee member of Capital Futures Corporation. Possesses legal professional background and expertise, with over 5 years of work experience as a lecturer or above in law-related departments of public or private colleges and universities. (2) None of the circumstances under Article 30 of the Company Act exists.	(4) Have not provided business, legal, financial, accounting or any other kind of service to the Company or its affiliates in the last 2 years and obtained remuneration.	
Independent director: Wang, Chi-Chiao	(1) Graduated with a master's degree from the Institute of Electronics Engineering at National Taiwan University. Currently serves as Independent Director, Audit Committee member, and Remuneration Committee member of the Company. Possesses industry and technology professional background and expertise, with over 5 years of work experience required for business and company operations. Passed the national examination and obtained specialist and technical personnel certificates. (2) None of the circumstances under Article 30 of the Company Act exists.	(1) Neither self, spouse, nor relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates. (2) Self, spouse, and relatives within the second degree of kinship (whether in own name or that of another person) hold 26,617 shares in the Company, representing an ownership percentage of 0.05%. (3) Do not serve as director, supervisor, or employee of any company that has a specific relationship with the Company. (4) Have not provided business, legal, financial, accounting or any other kind of service to the Company or its affiliates in the last 2 years and obtained remuneration.	None
Note : Former director Wang, Peng-Sen resigned on March 29, 2024.			

d. Diversity and Independence of the Board of Directors

1) Diversity of the Board of Directors

a) Policy:

To strengthen corporate governance and promote sound development of Board of Directors composition and structure, amendments to the "Director Election Regulations" were approved at the August 10, 2021 shareholder meeting. These stipulate that director selection criteria should include but not be limited to criteria in two major aspects of basic conditions/values and professional knowledge/skills. Members should also possess the knowledge, competence and literacy required to perform their duties in general.

Amendments to the "Corporate Governance Best Practice Principles" were approved at the March 10, 2023 Board meeting. Chapter 3 "Strengthening Board Functions" also stipulates appropriate diversity policies tailored to the Company's own operations, operational models and development needs.

b) Management Goals:

The Company's Board of Directors should guide corporate strategy, supervise the management team, and be accountable to the Company and its shareholders. The corporate governance system's various operations and arrangements should ensure that the Board of Directors exercises its powers in accordance with laws, the Articles of Incorporation, and shareholder meeting resolutions. The Board of Directors should possess adequate professional knowledge and skills. Directors' backgrounds should encompass law, accounting, industry, finance, marketing, and technology. Directors should also possess professional competence, industry experience, and the abilities required to perform their duties.

c) Implementations:

Name		Abilities		Basic Conditions and Values						Professional Knowledge and Skills						Fulfillment of Ability Status								
				Name	Gender	Employee Status	Age			Background					Industry Experience	Operational Judgement	Accounting and Financial Analysis	Business Management	Crisis Management	Industry Knowledge	International Perspective	Leadership	Fulfillment of Abilities	
							51~60 years old	61~70 years old	71~80 years old	Law	Accounting	Industry	Finance	Marketing										Technology
Directors	Lin, Kuan-Ming	Taiwan	Male	✓			✓			✓			✓	Major Education & Experience	✓	*	✓	✓	✓	✓	✓	✓	✓	
	Wang, Peng-Sen (Note 2)		Male	✓			✓			✓		✓	✓		✓	*	✓	✓	✓	✓	✓	✓		
	Wang, Kuang-Hsiang		Male				✓			✓		✓			✓	*	✓	✓	✓	✓	✓			
	Fu Ho Investment Co., Ltd. Representative : Chiu, Chi-Hsin		Male		✓				✓	✓					✓	✓	*	✓	✓	✓	✓			
	Young, Yu-Che		Male	✓	✓					✓		✓	✓		✓	*	✓	✓	✓	✓	✓			
	Lin, Ling-Yu		Female			✓				✓	✓					✓	✓	✓	*	✓	✓	✓		
	Tung, Chin-Chuan		Male				✓			✓		✓	✓		✓	✓	*	✓	✓	✓	✓			
	Independent director		Huang, Chin-Tan	Male			✓			✓		✓					✓	✓	✓	*	✓	✓	✓	
Wu, Yung-Sheng			Male			✓		✓								✓	*	✓	✓	*	✓	✓		
Wang, Chi-Chiao			Male			✓				✓			✓		✓	✓	*	✓	✓	✓	✓	✓		
Attendance Goal								1	1	3	1	2	3	Note 1 : * Indicates partial fulfillment of ability.										
Actual Attendance								1	2	8	3	4	5	Note 2 : Former director Wang, Peng-Sen retired on January 12, 2024, and resigned on March 29, 2024.										
Achievement Rate								100%	100%	100%	100%	100%	100%											

## 2) Independence of the Board of Directors

Former director Wang, Peng-Sen resigned on March 29, 2024. The current Board of Directors has 9 members, including 3 independent directors (33% of all directors), of whom 2 have served less than 3 terms. There are also 2 directors with employee status (22% of all directors), 1 female director (11% of all directors), and 2 directors with spousal or 2nd-degree kinship relationships (22% of all directors). Other independence criteria are shown in the table below:

Name	Criteria	Independent Director Term Within 3 Terms	Employee	Female Directors	Managers With Spousal or Within Second Degree of Kinship Relations	Fulfillment of Independent Status (Note)											
						1	2	3	4	5	6	7	8	9	10	11	12
Director	Lin, Kuan-Ming		✓		✓						✓		✓	✓		✓	✓
	Wang, Wkang-Hsiang					✓		✓	✓	✓	✓		✓	✓	✓	✓	✓
	Fu Ho Investment Co., Ltd. Representative Chiu, Chi-Hsin					✓		✓	✓		✓		✓	✓	✓	✓	
	Young, Yu-Che		✓				✓			✓	✓	✓	✓	✓	✓	✓	✓
	Lin, Ling-Yu			✓	✓	✓					✓		✓	✓		✓	✓
	Tung, Chin-Chuan					✓		✓	✓	✓	✓	✓	✓		✓	✓	✓
Independent director :	Huang, Chin-Tan					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Wu, Yung-Sheng	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Wang, Chi-Chiao	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: For conditions met by each director in the 2 years prior to appointment and during the term of office, please tick the box below the condition code:

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (this does not apply in cases where independent directors are appointed for the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Act or local laws and regulations).
- (3) Neither self, spouse nor minor children hold 1% or more of the Company's total issued shares or are one of the top 10 natural person shareholders.
- (4) Not a spouse, second degree relative, or third degree direct blood relative of persons listed in (1) or the persons listed in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder directly holding 5% or more of the Company's total issued shares, or one of the top 5 shareholders. Does not apply in cases where independent directors are appointed for the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Act or local laws and regulations.
- (6) Not a director, supervisor, or employee of another company where over half of director seats or voting shares with voting rights are controlled by the same person who controls over half of director seats or voting shares with voting rights of the Company. Does not apply in cases where independent directors are appointed for the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Act or local laws and regulations.
- (7) Not a director, supervisor, or employee of another company or institution where the Chairperson, General Manager or equivalent position holder is the same person or spouse as the Company's. Does not apply in cases where independent directors are appointed for the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Act or local laws and regulations.
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more shares of a specified company or institution that has financial or business dealings with the Company. Does not apply in cases where the specified company or institution holds 20% or more and no more than 50% of the Company's total issued shares, and independent directors are appointed for the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Act or local laws and regulations.
- (9) Not an owner, partner, director, supervisor, manager or spouse of a sole proprietorship, partnership, company or institution providing commercial, legal, financial, accounting or other related services to the Company or its affiliates, where the cumulative fees obtained in the previous 2 years exceed NT\$500,000. This does not apply to members of the remuneration committee, public tender offer review committee, or special committee for mergers and acquisitions who exercise powers pursuant to relevant laws such as the Securities and Exchange Act or Business Mergers and Acquisitions Act.
- (10) Not a spouse or within second degree kinship of other directors.
- (11) None of the circumstances under Article 30 of the Company Act exists.
- (12) Not elected as government, legal entity or their representative as director in accordance with Article 27 of the Company Act.

(2) Information on President, Vice Presidents, Assistant Vice Presidents and Heads of Departments and Branches

As of April 30, 2024

Title	Nationality	Name	Gender	Election (Appointment) Date	No. of Shares Held		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in Other Companies	Spouse or Relative within Second Degree of Kinship who are also Managers			Remarks
					No. of Shares	Percentage of Shares	No. of Shares	Percentage of Shares	No. of Shares	Percentage of Shares			Title	Name	Relationship	
Chief Executive	Taiwan.	Lin, Kuan-Ming	Male	1997.05.12	1,477,858	2.63%	794,868	1.42%	-	-	Bachelor's in Electrical Engineering, National Taiwan University President of Premier Venture Capital Corp. Chairman of System General Technology Assistant Vice President of MiTAC Synnex Group	Chairman of Grand Impact Technology Limited Chairman of Ruby Tech (Beijing) Co., Ltd. Chairman and President of Premier Venture Capital Corp. Chairman of Chief Investment Corp. Chairman of Premier Capital Management Corp. Director of Hui Yu Investment Corp. Direct and President of Chief Venture Capital Corp. (Legal Representative of Hui Yu Investment) Direct and President of Sun Yuan Venture Capital Corp. (Legal Representative of Premier Capital Management) Director of Dexin Corp. Director of Lung Hwa Electronics Co., Ltd. (Legal Representative of Shin Ching Investment) Director of AMIT Wireless Inc. (Legal Representative of Chief Investment) Director of Taivex Therapeutics Corporation (Legal Representative of Tsou Seen Chemical) Director of China Petrochemical Development Corp. (Legal Representative of C.P. Leasing Co., Ltd.) Director of Deltamac (Taiwan) Co., Ltd. (Legal Representative of CHC International Investment Corp.) Independent Director and member of Remuneration Committee of Getac Holdings Corporation	None	None	None	Note

Title	Nationality	Name	Gender	Election (Appointment) Date	No. of Shares Held		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in Other Companies	Spouse or Relative within Second Degree of Kinship who are also Managers			Remarks
					No. of Shares	Percentage of Shares	No. of Shares	Percentage of Shares	No. of Shares	Percentage of Shares			Title	Name	Relationship	
President and Head of Sales Div. and Head of RD Div.	Taiwan	Young, Yu-Che	Male	2010.10.01	453,037	0.81%	24,135	0.04%	-	-	Master's in Electrical and Computer Engineering, University of Michigan Director and President of Vodtel Communications Inc. Business associate of Accton Technology Corp.	None	None	None	None	-
Vice President of Manufacture Div.	Taiwan	Wang, Wen-Chang	Male	2006.07.01	118,897	0.21%	-	-	-	-	Graduated from the Department of Electrical and Information Engineering, China University of Science and Technology Assistant Vice President of the Manufacture Div., Ruby Tech Corp. Assistant Vice President of the RD Div. and Manufacture Div. of Guang Rong Technology Corp.	None	None	None	None	-
Assistant Vice President of Sales Div.	Taiwan	Liao, Li-Fen	Male	2006.07.01	2,111	0.004%	1,330	0.002%	-	-	Graduated from the Department of International Trade, Takming University of Science and Technology Director of Sales, Ruby Tech Corp.	None	None	None	None	-
Assistant Vice President of Sales Div.	Taiwan	Huang, Chien-Cheng	Male	2022.05.01	-	-	-	-	-	-	Graduated from the Institute of Industrial and Systems Engineering, Ohio State University Sales Manager of Ruby Tech Corp.	Ruby Tech (Beijing) Co., Ltd. Vice President	None	None	None	-
Assistant Vice President of Product Planning Div.	Taiwan	Lai, Yong-Sheng	Male	2004.11.01	200,026	0.36%	-	-	-	-	Graduated from the Department of Computer Science and Engineering, Tatung University	Supervisor of Alltech System Information Co., Ltd.	None	None	None	-

Title	Nationality	Name	Gender	Election (Appointment) Date	No. of Shares Held		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in Other Companies	Spouse or Relative within Second Degree of Kinship who are also Managers			Remarks
					No. of Shares	Percentage of Shares	No. of Shares	Percentage of Shares	No. of Shares	Percentage of Shares			Title	Name	Relationship	
											Director of RD Div. and Director of Engineering, Ruby Tech Corp.					
Assistant Vice President of Product Planning Div.	Taiwan	Tseng, Hung- Min	Male	2021.03. 01	21,218	0.04%	-	-	-	-	Graduated from the Department of Communications, Navigation, and Control Engineering, National Taiwan Ocean University Hardware Manager, Accton Technology Corp. Hardware Engineer, Cameo Communications Inc.	None	None	None	None	-
Senior Assistant Vice President of Innovation & Development Div.	Taiwan	Hung, Chin- Piao	Male	2004.10. 01	-	-	-	-	-	-	Graduated from the Department of Mechanical Engineering, National Chiao Tung University Director of RD Div., Hardware Engineer, Ruby Tech Corp. Director of the RD Div., Qiangjing Technology Corp.	None	None	None	None	-
Senior Assistant Vice President of Innovation & Development Div.	Taiwan	Lin, Chih- Hung	Male	2006.03. 20	-	-	-	-	-	-	Graduated from the Department of Engineering Science, National Cheng Kung University Senior Engineer, Accton Technology Corp.	None	None	None	None	-
Senior Assistant Vice President of RD Div.	Malaysia	Chen, Kuo- Hsiung	Male	2014.02. 01	100,886	0.18%	-	-	-	-	Graduated from the Department of Electrical Engineering, National Taiwan University Director of the RD Div., Director of Engineering, Ruby Tech Corp.	None	None	None	None	-

Title	Nationality	Name	Gender	Election (Appointment) Date	No. of Shares Held		Spouse and Underage Children No. of Shares Held		No. of Shares Held in Others' Names		Major Education & Experience	Concurrent Positions in Other Companies	Spouse or Relative within Second Degree of Kinship who are also Managers			Remarks
					No. of Shares	Percentage of Shares	No. of Shares	Percentage of Shares	No. of Shares	Percentage of Shares			Title	Name	Relationship	
Assistant Vice President of RD Div.	Taiwan	Cheng, Cheng-Lung	Male	2010.06. 01	220,784	0.39%	-	-	-	-	Graduated from the Department of Electronic Engineering, Chinese University of Science and Technology Director of the RD Div., and Director of Hardware Engineering, Ruby Tech Corp.	None	None	None	None	-
Assistant Vice President of RD Div.	Taiwan	Wang, Chin- Yi	Male	2018.03. 01	38,205	0.07%	1,060	0.002%	-	-	Graduated from the Department of Electronic Engineering, National Taipei University of Technology Director of the RD Div., Director of Hardware Engineering, Ruby Tech Corp.	None	None	None	None	-
Assistant Vice President of Administration Div. and Assistant Vice President of Finance Div. and Corporate Governance Officer	Taiwan	Chen, Yun- Chen	Female	2010.02. 01	81,474	0.15%	-	-	-	-	Graduated from the Department of Accounting, National Chengchi University Director of the Administration Div. and Sales Div. Ruby Tech Corp. Vice President of the Administration Div. of Kiwi Microsystem Inc. Ernst & Young Global Ltd. Accounting Firm	None	None	None	None	-

Note: Chairman Lin, Kuan-Ming also serves as Chief Executive due to his electrical engineering background from National Taiwan University and possession of the business experience required for operations, coordinating various decisions, participating in routine management meetings, proactively coordinating and integrating internal and external resources for major operational meetings.



### 3. Remuneration to Directors, Supervisors, President, and Vice Presidents in Recent Years

#### (1) Remuneration to Directors and Independent Directors

December 31, 2023

Unit: NTS thousands

Title	Name	Directors' Compensation								Total of Items A, B, C and D & Percentage of After-Tax Net Income (Note 7)		Pay given to employees also serving as other Div.								Total of Items A, B, C, D, E, F and G & Percentage of After-Tax Net Income (Note7)		Pay Received from Investees Other Than Subsidiaries or Parent Company
		Employees' Compensation (A) (Note 1)		Retirement Pensions (B) (Note 2)		Directors' Remuneration (C) (Note 2)		Business Execution Expenses (D) (Note 3)				Salaries, Bonuses, and Special Expenses etc. (E) (Note 4)		Retirement Pensions (F) (Note5)		Employees' Compensation (G) (Note6)						
		The Company	All Companies Specified in the Financial Statement	The Company	All Companies Specified in the Financial Statement	The Company	All Companies Specified in the Financial Statement	The Company	All Companies Specified in the Financial Statement	The Company	All Companies Specified in the Financial Statement	The Company	All Companies Specified in the Financial Statement	The Company		All Companies Specified in the Financial Statement		The Company	All Companies Specified in the Financial Statement			
														Cash	Stock	Cash	Stock					
Chairman	Lin, Kuan-Ming	0	0	0	0	4,867	4,867	420	420	5,287 (2.16%)	5,287 (2.16%)	17,280	17,280	108	108	12,445	0	12,445	0	35,120 (14.32%)	35,120 (14.32%)	None
Director	Wang, Peng-Sen (Note 12)																					
Director	Wang, Wkang-Hsiang																					
Director	Lin, Ling-Yu																					
Director	Fu Ho Investment Co., Ltd.																					
Director	Tung, Chin-Chuan																					
Director	Young, Yu-Che																					
Independent director	Huang, Chin-Tan	540	540	0	0	2,086	2,086	180	180	2,806 (1.14%)	2,806 (1.14%)	0	0	0	0	0	0	0	2,806 (1.14%)	2,806 (1.14%)	None	
Independent director	Wu, Yung-Sheng																					
Independent director	Wang, Chi-Chiao																					

1. Please describe the independent director compensation policy, system, standards, and structure. Explain correlation between compensation amounts and factors such as responsibilities, risks, time invested, etc.:  
 Compensation for the Company's independent directors is paid with reference to normal levels in the same industry after review by the Remuneration Committee and proposal for approval by the Board of Directors. Director compensation is also appropriated in accordance with Article 26 of the Articles of Incorporation. Individual amounts are determined in accordance with the Company's Regulations Governing the Performance Appraisal of the Board of Directors, based on results of performance evaluations according to the criteria, then reviewed by the Remuneration Committee before proposal for approval by the Board of Directors.
2. In addition to the compensation disclosed in the above table, compensation received in the most recent fiscal year by directors of the Company for providing services (such as advisors to the parent company/all companies in the financial report/investees other than employees) was: None.

Compensation distribution range for Company directors	Name of director			
	Total of first 4 compensation items (A+B+C+D)		Total of first 7 compensation items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Below \$1,000,000	10(Note8)	10(Note8)	7(Note9)	7(Note9)
NT \$1,000,000(included)~ NT \$2,000,000 (not included)				
NT \$2,000,000(included)~ NT \$3,500,000 (not included)				
NT \$3,500,000(included)~ NT \$5,000,000(not included)				
NT \$5,000,000(included)~ NT \$10,000,000(not included)			1(Note10)	1(Note10)
NT \$10,000,000(included)~ NT \$15,000,000(not included)			2(Note11)	2(Note11)
NT \$15,000,000(included)~ NT \$30,000,000(not included)				
NT \$30,000,000(included)~ NT \$50,000,000(not included)				
NT \$50,000,000(included)~ NT \$100,000,000(not included)				
Above \$100,000,000				
Total	10	10	10	10

- Note 1: 2023 compensation for directors (including director remuneration, position-based compensation, severance pay, various bonuses, incentive payments, etc.)
- Note 2: 2023 appropriated director compensation approved by Board resolution: NT\$6,953 thousand.
- Note 3: 2023 expenses related to director execution of duties (including transportation expenses, special expenses, various allowances, dormitories, company vehicles provided, etc.)
- Note 4: 2023 compensation received by directors also serving as employees (including as general managers, deputy general managers, other managers and staff), including remuneration, position-based compensation, severance pay, various bonuses, incentive payments, transportation expenses, special expenses, various allowances, dormitories, company vehicles provided, etc. Salary expenses recognized in accordance with IFRS 2 Share-based Payment, including obtainment of employee stock options, restricted employee rights shares, and participation in cash capital increase share subscriptions, should also be included in compensation. The Company's salary and other compensation under this item totaled NT\$ 16,940 thousand. A leased vehicle was provided, with rental of NT\$340 thousand. Two company vehicles were also provided, with a total original cost of NT\$3,630 thousand.
- Note 5: In accordance with TPEx regulations, the following is disclosed: The Company's actual pension payout was NT\$0. Appropriated pension expense was NT\$108 thousand .
- Note 6: Refers to 2023 employee compensation (including stock and cash) obtained by directors also serving as employees. 2023 appropriated employee compensation approved by Board resolution totaled NT\$34,766 thousand, distributed fully in cash. Based on proportional distribution to last year's actual amount, the proposed 2023 employee compensation distribution for directors also serving as employees is NT\$12,445 thousand.
- Note 7: 2023 after-tax net profit was NT\$245,225 thousand.
- Note 8: Lin, Kuan-Ming, Wang, Peng-Sen, Wang, Wkang-Hsiang, Fu Ho Investment Co., Ltd., Young, Yu-Che, Lin, Ling-Yu, Tung, Chin-Chuan, Huang, Chin-Tan, Wu, Yung-Sheng, Wang, Chi-Chiao (10 persons).
- Note 9: Wang, Wkang-Hsiang, Fu Ho Investment Co., Ltd., Lin, Ling-Yu, Tung, Chin-Chuan, Huang, Chin-Tan, Wu, Yung-Sheng, Wang, Chi-Chiao (7 persons).
- Note 10: Wang, Peng-Sen (1 persons).
- Note 11: Lin, Kuan-Ming, Young, Yu-Che (2 persons).
- Note 12: Former director Wang, Peng-Sen resigned on March 29, 2024.

(2) Remuneration to Supervisors: N/A

### (3) Remunerations to President and Vice Presidents

December 31, 2023

Unit: NT\$ thousands

Unit: NT\$ thousands														
Title	Name	Salaries (A) (Note 1)		Retirement Pensions (B) (Note 2)		Bonuses and Special Expenses etc. (C) (Note 3)		Amount of Employees' Compensation (D) (Note 4)				Total of Items A, B, C, and D & Percentage of After-Tax Net Income (%) (Note 5)		Pay Received from Investees Other Than Subsidiaries or Parent Company
		The Company	All Companies Specified in the Financial Statement	The Company	All Companies Specified in the Financial Statement	The Company	All Companies Specified in the Financial Statement	The Company		All Companies Specified in the Financial Statement		The Company	All Companies Specified in the Financial Statement	
								Cash	Stock	Cash	Stock			
Chief Executive	Lin, Kuan-Ming	9,210	9,210	346	346	13,477	13,477	15,030	0	15,030	0	38,063 (15.52%)	38,063 (15.52%)	None
Deputy Chief Executive	Wang, Peng-Sen (Note 9)													
President and Head of Sales Div. and RD Div.	Young, Yu-Che													
Vice President of Manufacture Div.	Wang, Wen-Chang													
Assistant Vice President of Sales Div. and Vice President of Subsidiary in China	Huang, Chien-Cheng													

Compensation Scale of the Company's President and Vice President	Name of President and Vice Presidents	
	The company	All companies in the financial report
Below \$1,000,000		
NT \$1,000,000(included)~ NT \$2,000,000(not included)		
NT \$2,000,000(included)~ NT \$3,500,000(not included)	1(Note6)	1(Note6)
NT \$3,500,000(included)~ NT \$5,000,000(not included)		
NT \$5,000,000(included)~ NT \$10,000,000(not included)	2(Note7)	2(Note7)
NT \$10,000,000(included)~ NT \$15,000,000(not included)	2(Note8)	2(Note8)
NT \$15,000,000(included)~ NT \$30,000,000(not included)		
NT \$30,000,000(included)~ NT \$50,000,000(not included)		
NT \$50,000,000(included)~ NT \$100,000,000(not included)		
Above \$100,000,000		
Total	5	5

Note 1: 2023 salary, position-based compensation, and severance pay for president and vice presidents.

Note 2: In accordance with TPEx regulations, the following is disclosed: The Company's actual pension payout was NT\$0. Appropriated pension expense was NT\$346 thousand.

Note 3: 2023 president and vice president bonuses, incentive payments, transportation expenses, special expenses, various allowances, dormitories, company vehicles provided and other compensation amounts. Salary expenses recognized in accordance with IFRS 2 Share-based Payment, including obtainment of employee stock options, restricted employee rights shares, and participation in cash capital increase share

subscriptions, should also be included in compensation. The Company's salary and other compensation under this item totaled NT\$13,137 thousand. A leased vehicle was provided, with rental of NT\$304 thousand, Two company vehicles were also provided with total original cost of NT\$3,630 thousand.

Note 4: 2023 employee compensation approved by Board resolution totaled NT\$34,766 thousand, distributed fully in cash. Based on proportional distribution to last year's actual amount, the proposed 2023 employee compensation distribution for President and Vice Presidents is NT\$15,030thousand.

Note 5: 2023 after-tax net profit was NT\$245,225 thousand.

Note 6: Huang, Chien-Cheng (1 person)

Note 7: Wang, Peng-Sen and Wang, Wen-Chang (2 person)

Note 8: Lin, Kuan-Ming and Young, Yu-Che (2 persons)

Note 9: Former director Wang, Peng-Sen retired on January 12, 2024.

(4) Names of executive officers that received employee bonuses and status of the distribution

December 31, 2023  
Unit: NT\$ thousands

Title		Name	Stock Amount	Cash Amount (Note 1)	Total	Total Amount & Percentage of After-Tax Net Income (%) (Note 2)
Managers	Chief Executive	Lin, Kuan-Ming	0	21,175	21,175	8.63%
	Deputy Chief Executive (Note 3)	Wang, Peng-Sen				
	Chief Executive and Supervisor of Sales Div. and RD Div.	Young, Yu-Che				
	Vice President of Manufacture Div.	Wang, Wen-Chang				
	Assistant Vice President of Sales Div.	Liao, Li-Fen				
	Assistant Vice President of Sales Div. and Vice President of Subsidiary in China	Huang, Chien-Cheng				
	Assistant Vice President of Product Planning Div.	Lai, Yong-Sheng				
	Assistant Vice President of Product Planning Div.	Tseng, Hung-Min				
	Senior Assistant Vice President of Innovation & Development Div.	Hung, Chin-Piao				
	Senior Assistant Vice President of Innovation & Development Div.	Lin, Chih-Hung				
	Senior Assistant Vice President of RD Div.	Chen, Kuo-Hsiung				
	Assistant Vice President of RD Div.	Cheng, Cheng-Lung				
	Assistant Vice President of RD Div.	Wang, Chin-Yi				
	Assistant Vice President of Administration Div. And Finance Div. And Corporate Governance Officer	Chen, Yun-Chen				

Note 1: 2023 employee compensation approved by Board resolution totaled NT\$34,766 thousand, distributed fully in cash. Based on proportional distribution to last year's actual amount, the proposed 2022 employee compensation distribution for managers is NT\$21,175 thousand.

Note 2: 2023 after-tax net profit was NT\$245,225 thousand.

Note 3: Former director Wang, Peng-Sen retired on January 12, 2024.

- (5) Compare and describe separately the analysis of total remunerations paid to the Company's directors, president, and vice presidents for the past two years by the Company and all companies in the consolidated report as a percentage of the net income after tax, and describe the correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management performance and future risks.

Unit: NT\$ thousands

Title	2023				2022			
	Total compensation amount		% of after-tax net profit		Total compensation amount		% of after-tax net profit	
	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities
Direct								
Supervisor (Note 1)	46,156	18.82%	46,156	18.82%	34,092	25.78%	34,092	25.78%
President and Vice President								

Note 1: In accordance with Securities and Exchange Act requirements, the Company established an Audit Committee comprising all independent directors in lieu of supervisors on August 10, 2021.

Note 2: The above compensation amounts include bonuses, incentive payments, transportation expenses, special expenses, various allowances, dormitories, company vehicles provided and other compensation amounts.

In accordance with Article 196 of the Company Act, the Articles of Incorporation expressly stipulate compensation for all directors is authorized to the Board of Directors for resolution based on extent of participation and contribution value in the Company's operations, with reference to normal levels in the same industry.

For directors concurrently serving as managers, compensation is handled in accordance with the Articles of Incorporation and Remuneration Management Regulations, with appropriate approval also obtained for adjustments.

Company operational performance and profitability are important criteria for distribution, with a positive correlation between distribution and payment.

#### 4. Implementation of Corporate Governance

##### (1) Implementation of Board of Directors

The Board of Directors held 6 meetings in the most recent fiscal year (A). The attendance of directors was as follows:

Title	Name	Actual Attendance (B)	By Proxy Attendance	Actual Attendance Rate (%) 【 B / A 】	Note
Chairman	Lin, Kuan-Ming	6	0	100%	Reelected on Aug. 10, 2021
Director	Wang, Peng-Sen (Note 1)	6	0	100%	Reelected on Aug. 10, 2021
Director	Wang, Wkang-Hsiang	6	0	100%	Reelected on Aug. 10, 2021
Director	Lin, Ling-Yu	6	0	100%	Former Supervisor, first elected as Director on Aug. 10, 2021
Director	Fu Ho Investment Co., Ltd. Representative: Chiu, Chi-Hsin	6	0	100%	Reelected on Aug. 10, 2021
Director	Tung, Chin-Chuan	6	0	100%	Former Supervisor, first elected as Director on Aug. 10, 2021
Director	Young, Yu-Che	6	0	100%	Reelected on Aug. 10, 2021
Independent director	Huang, Chin-Tan	6 (Note 2)	0	100%	Reelected on Aug. 10, 2021
Independent director	Wu, Yung-Sheng	6 (Note 2)	0	100%	Reelected on Aug. 10, 2021
Independent director	Wang, Chi-Chiao	6 (Note 2)	0	100%	Newly elected on Aug. 10, 2021

Note 1 : Former director Wang, Peng-Sen resigned on March 29, 2024.

Note 2 : 2023 Attendance of Independent Directors at annual meeting of the Board of Directors was as follows:

Date of Board of Directors meeting	03.10.2023	05.04.2023	06.09.2023	08.01.2023	11.01.2023	12.15.2023
Huang, Chin-Tan	✓	✓	✓	✓	✓	✓
Wu, Yung-Sheng	✓	✓	✓	✓	✓	✓
Wang, Chi-Chiao	✓	✓	✓	✓	✓	✓

Other matters that require reporting:

1. If any of the following circumstances occur with respect to board meetings, the date, session, contents of motion, opinions of all independent directors, and the company's handling of the opinions of the independent directors shall be stated:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act:|

Date	Meeting and motion	14-3 of the Securities and Exchange Act: Matters listed	Independent Director's Dissent or Reservation of Opinion	The Company's Handling of the Independent Directors' Opinions
03.10.2023 11th Meeting of the 15th Session	1. The Company's 2023 CPA appointment, remuneration, independence and suitability assessment.	✓	Approved as proposed	None
08.01.2023 14th Meeting of the 15th Session	1. The Company's Remuneration Committee reviewed the 2022 manager and employee compensation distribution plan.	✓	Approved as proposed	None
12.15.2023 16th Meeting of the 15th Session	1. The Company's Remuneration Committee reviewed the 2023 year-end bonus distribution plan.	✓	Approved as proposed	None

- (2) In addition to the above matters, any other resolutions of the Board of Directors objected to or qualified by independent directors that have been recorded or stated in writing: None.

2. Execution of avoidance of conflicts of interest by directors:

Date	Meeting and motion	Name of director	Reason for recusal	Voting status
08.01.2023 14th Meeting of the 15th Session	1. The Company's Remuneration Committee reviewed the 2022 manager and employee compensation distribution plan.	Lin, Kuan-Ming Lin, Ling-Yu Wang, Peng-Sen(Note) Young, Yu-Che	This director also serves as manager of the Company. The distribution amount in this case of distribution has interests related to the director himself/herself and his/her spouse who also serves as manager.	According to Article 14 of our company's Board Meeting Rules, Chairman Lin, Kuan-Ming, Director Lin, Ling-Yu Director (spouse of Chairman Kunming Lin), Director Wang, Peng-Sen(Note), and Director Young, Yu-Che have recused themselves as required by the regulations. After being proposed by the Chairman and approved by all attending directors without any objection, excluding the directors who should recuse themselves in accordance with regulations, this case was approved as proposed.
12.15.2023 16th Meeting of the 15th Session	1. The Company's Remuneration Committee reviewed the 2023 year-end bonus distribution case.	Lin, Kuan-Ming Lin, Ling-Yu Wang, Peng-Sen(Note) Young, Yu-Che	This director also serves as manager of the Company. The distribution amount in this case of distribution has interests related to the director himself/herself and his/her spouse who also serves as manager.	According to Article 14 of our company's Board Meeting Rules, Chairman Lin, Kuan-Ming, Director Lin, Ling-Yu Director (spouse of Chairman Kunming Lin), Director Wang, Peng-Sen(Note), and Director Young, Yu-Che have recused themselves as required by the regulations. After being proposed by the Chairman and approved by all attending directors without any objection, excluding the directors who should recuse themselves, this case was approved as proposed.
Note : Former director Wang, Peng-Sen retired on January 12, 2024, and resigned on March 29, 2024.				



3. Listed companies should disclose information on the evaluation cycle, period, scope, method and content of the self-evaluation (or peer evaluation) of the Board of Directors, and fill in the implementation status of the Board evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Implementation status
Annually Implemented once a year	Evaluate the performance of the Board of Directors from January 1, 2023 to December 31, 2023	Board	Self-evaluation by the Company's corporate governance unit	Includes five major aspects: "Level of participation in company operations", "Enhancing the quality of Board decisions", "Composition and structure of the Board", "Appointment and continuing education of directors", and "Internal control"	Overall evaluation result: 98 points after conversion. The Company's directors comply with the corporate governance policy on diversity, continue professional education to enhance expertise, and actively participate in Board meetings and decision-making discussions to understand the Company's risks and supervise accordingly, fully exerting the functions of the Board.
		Board Individual Members	Self-evaluation by Board members	Includes six major aspects: "Understanding of Company objectives and missions", "Awareness of directors' responsibilities", "Level of participation in company operations", "Managing internal relationships and communication", "Professionalism and continuing education of directors", and "Internal control"	Overall evaluation result: Between 96-100 points after conversion The Company's directors are already familiar with and actively participate in discussions of various Board agenda items, and contribute their own expertise to provide the basis for Board decisions.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Implementation status
		Audit Committee	Self-evaluation by the Company's corporate governance unit	Includes five major aspects: "Level of participation in company operations", "Awareness of Audit Committee responsibilities", "Enhancing the quality of Audit Committee decisions", "Composition and appointment of Audit Committee members", and "Internal control"	Overall evaluation result: 99 points after conversion The Company's Audit Committee members actively participate in Audit Committee meetings and provide effective supervision to assist Board decision-making.
		Remuneration Committee	Self-evaluation by the Company's corporate governance unit	Includes four major aspects: "Level of participation in company operations", "Awareness of Remuneration Committee responsibilities", "Enhancing the quality of Remuneration Committee decisions", and "Composition and appointment of Remuneration Committee members"	Overall evaluation result: 99 points after conversion The Company's Remuneration Committee members actively participate in Remuneration Committee meetings and decision-making discussions, and provide professional and objective recommendations for Board discussions in a timely manner.

4. Goals for strengthening Board functions in recent years and current year up to the date of annual report printing (e.g. establishing an audit committee, enhancing information transparency) and evaluation of implementation status:

(1) Strengthening Board functions

1. The company has formulated the "Corporate Governance Best Practice Principles" and established a board member diversity policy that is fully implemented. Please refer to page 25.
2. The Company has formulated "Regulations Governing the Performance Appraisal of the Board of Directors" to establish performance goals and strengthen the operational efficiency of the Board of Directors. The company has formulated the "Rules for Board Performance Evaluations" to strengthen Board operation efficiency. Board self-evaluations and director self-evaluations for 2023 have been completed by the end of 2023. The evaluation results show that the company's Board of Directors has fully exercised its proper functions.

3. In accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEX Listed Companies", the company's directors participate in continuing education courses covering corporate governance topics offered by the prescribed institutions. Please refer to page 73 for continuing education in 2023.
  4. To strengthen the independence of the Board's operations, the company has appointed three independent directors, Mr. Huang Chin-Tan, Mr. Wu Yung-Sheng, and Mr. Wang Chi-Chiao, who provide the Board with sound advice by leveraging their expertise, accounting, and financial analysis capabilities with respect to the company's business, implementation of internal control systems, financial and other related proposals.
  5. The company established an Audit Committee composed of all independent directors on August 10, 2021, in accordance with the Securities and Exchange Act to replace the supervisors' responsibilities.
  6. In accordance with Article 19 of the company's Articles of Incorporation and by resolution of the Board of Directors, directors' liability insurance has been purchased for the company's directors every year since 2007, and reports have been submitted to the Board of Directors.
- (2) Communications between independent directors, internal audit officers and CPAs (including communication matters, methods, and results regarding the company's financial and business conditions):
1. The company has established an internal audit unit directly under the Board of Directors in accordance with laws and regulations to reasonably ensure effective implementation of internal control systems. Audit reports are presented at Board meetings, and audit results and improvements are sent to each independent director monthly. Therefore, the company's independent directors can understand the company's operational risks and improvements in a timely manner.
  2. The company's independent directors and internal audit officers hold separate meetings quarterly to review the execution status of internal audit activities and the tracking status of deficiencies. The company also regularly discloses meeting status on its website.
  3. The company's independent directors, internal audit officer and CPAs hold separate communication meetings annually regarding the audit status of the company's financial reports, financial business status, and important accounting issues. Additional meetings may be called at any time in case of major incidental abnormalities. The company also regularly discloses communication status on its website.
  4. After the quarterly review of the financial statements, the company's CPAs attend Audit Committee meetings to communicate the review procedures and results with the independent directors. The company also regularly discloses communication status on its website.
  5. After completing the quarterly review of the financial statements, the company's CPAs notify the independent directors in writing. The notification includes the report type of the current review, major adjusting entries and unadjusted entries, related

party transactions, major accounting estimates, fraud and noncompliance with laws and regulations, consolidated financial statement audits, major subsequent events, management representation letters, major deficiencies in internal control, matters on which the CPAs disagree with management, and the governance unit's recommendations for the current and future audit work of the CPA firm. Written communication is carried out regularly, and the notification status is disclosed on the company's website.

6. The company's CPA, Ms. Lin, Shu-Ju, attended the Board meetings on March 10, 2023, and August 1, 2023, to communicate with the directors.

(3) Enhancing information transparency

1. The company and its subsidiaries engage Deloitte & Touche to periodically audit and certify their financial statements. Information required by law is publicly disclosed accurately and in a timely manner, with dedicated personnel responsible for collecting and disclosing company information.
2. On December 10, 2009, the Company's Board of Directors formulated the "Procedures for Handling Material Inside Information", establishing spokesperson and deputy spokesperson systems. The latest revised version was approved by the Board of Directors on November 2, 2022, establishing sound mechanisms for handling, disclosing, and dealing with violations of material inside information, with rigorous assessment processes and retained review records to ensure timely and proper disclosure of all material information.
3. A stakeholder section has been set up on the company's website with links to the Market Observation Post System, providing shareholders and stakeholders with access to relevant information about the company's financials and operations.
4. Since 2011 the company has participated in the Securities and Futures Institute's corporate governance evaluation. The evaluation results from 2011 to 2014 were all A Rank. Since 2015 the company has participated in the Taiwan Stock Exchange's corporate governance evaluation. From 2015 to 2021, the evaluation results were in the top 20% of companies. From 2022 to 2023, the evaluation results were in the top 35% of companies. Additionally, in the evaluation for 2023, the Company was ranked in the top 20% among companies with market value below NT\$ 5 billion.

5. Succession plans for Board members and key management personnel:

(1) Directors

1. Except as otherwise provided by law or the Articles of Incorporation, the election of the company's directors shall be handled in accordance with the Procedures for Election of Directors, taking into overall consideration the Board's overall configuration and diversity policies, and making timely adjustments to the composition based on performance evaluation results. Successors in succession plans are also required to meet the company's requirements and possess the necessary capabilities to perform their duties.
2. Key members of the company's management team attend Board meetings to cultivate strategy development capabilities and familiarity with Board operations. They are expected to become candidates for succeeding the Board after evaluation.

3. Young, Yu-Che, who serves as the company's president, meets the criteria for Board members, understands his responsibilities and is familiar with the company's operations and environment. Hence, at the expiration of his term as director in the 2018 general shareholder meeting, he was re-elected and then re-elected again in 2021.

(2) Key management personnel

1. The Company focuses on cultivating potential talents for its key management succession plan. It has comprehensive education and training systems and promotion ladders in place to provide continuous improvement and development opportunities to meet future key management succession needs.
2. The Company encourages employees to enhance their capabilities. In addition to internal training, employees may also participate in external training for which the HR department handles registration and payment. Training records are maintained by the HR department in employees' individual training logs, which helps understand employees' training history and serves as an evaluation criterion for year-end performance appraisals.
3. The Company's management is configured according to organizational hierarchies, with senior and junior supervisors in each department. Junior supervisors are appointed as deputies for senior supervisors from time to time to cultivate them for future leadership roles. Performance appraisals are conducted semiannually through day-to-day observations and interviews to understand areas for improvement and personal expectations, serving as references for succession planning.

(2) Operations of the Audit Committee or supervisors' participation in Board meetings

The Company established an Audit Committee composed of all independent directors on August 10, 2021 in accordance with the Securities and Exchange Act to replace the supervisors' responsibilities. The number of Audit Committee meetings held in the most recent fiscal year: 4 (A). Attendance of independent directors is as follows:

Title	Name	Actual Attendance(B)	Attendance By Proxy	Actual Attendance Rate (B/A)	Note
Independent director	Huang, Chin-Tan	4	0	100%	Reelected Independent Director on Aug. 10, 2021
Independent director	Wu, Yung-Sheng	4	0	100%	Reelected Independent Director on Aug. 10, 2021
Independent director	Wang, Chi-Chiao	4	0	100%	Elected Independent Director on Aug. 10, 2021

Other matters that require reporting:

1. If the Audit Committee has any of the following circumstances, the meeting date, period, agenda, independent director's opinion expressing objections or reservations or the content of major suggestions, Audit Committee resolution results, and the company's handling of the Audit Committee's opinion shall be stated:

(1) Matters set out in Article 14-5 of the Securities and Exchange Act:

Date	Agenda	Matters set out in Article 14-5 of the Securities and Exchange Act	Independent director's Opinion	Audit Committee resolution results	Handling of Audit Committee's opinion by the Company
03.10.2023 6th Meeting of the 1st Session	1. The Company's 2022 business report and financial statements.	✓	None	Approved as proposed	Approved as proposed
	2. The Company's 2022 earnings distribution plan.	✓	None	Approved as proposed	Discussion of Board: Director Lin, Ling-Yu proposed adjusting the stock dividend distribution to NT\$0.3 per share and cash dividend to NT\$2.2 per share. After discussion by the directors, the Chairman ruled to conduct the vote according to the amended proposal.  Board resolution: 1. After discussion by the directors, considering business development, financial condition and shareholder equity, the Chairman consulted the three Audit Committee members who all had no objection, and this case was unanimously passed by the attending directors according to the amended proposal made by Director Lin, Ling-Yu.

Date	Agenda	Matters set out in Article 14-5 of the Securities and Exchange Act	Independent director's Opinion	Audit Committee resolution results	Handling of Audit Committee's opinion by the Company
					2. In coordination with the above earnings distribution amendment, an additional proposal for "Capital Increase by Retained Earnings of the Company" was added. The Chairman consulted the three Audit Committee members who all had no objection, and this case for the Company's 2022 capital increase from retained earnings was unanimously passed by the attending directors.
	3. Issuance of the 2022 report of internal control system effectiveness assessment and Declaration of Internal Control System.	✓	None	Approved as proposed	Approved as proposed
	4. The Company's 2023 CPA appointment, remuneration, independence and suitability assessment.	✓	None	Approved as proposed	Approved as proposed

(2) Except for the above matters, other resolutions passed by more than two-thirds of all directors but not approved by the Audit Committee: Except for "The Company's 2022 earnings distribution plan" proposal, there were no other matters that resolutions passed by more than two-thirds of all directors but not approved by the Audit Committee.

2. Status of recusal by independent directors from proposals with conflicts of interest: None.
3. Communication between independent directors, internal audit officer and accountants (should include matters, methods, and results of communication with independent directors regarding the company's financial, business conditions):

(1) In accordance with laws and regulations, the Company has established an internal audit unit directly under the Board of Directors to reasonably ensure effective implementation of internal control systems. Internal audit reports are submitted at Board meetings, and internal audit results and improvements are sent to each independent director every

month, so the Company's independent directors can stay updated on the Company's operational risks and improvements.

- (2) The Company's independent directors meet separately with the internal audit officer once per quarter to review the implementation status and follow-up on deficiencies of internal audit operations. The Company regularly discloses meeting status on its website.
  - (3) The Company's independent directors, internal audit officer, and accountants hold separate meeting at least once per year to communicate regarding the Company's financial report audits, financial and business conditions, and important accounting issues. If any major incidental irregularity occurs, a meeting may be called at any time. The Company regularly discloses meeting status on its website.
  - (4) After each quarterly financial report audit (review), the Company's CPA attends Audit Committee meetings to communicate the audit (review) status and results with independent directors. The Company regularly discloses meeting status on its website.
  - (5) After completing each quarterly financial report audit (review), the Company's CPA informs the independent directors in writing, with content including: type of audit report for this audit, major adjusting entries and unadjusted differences, related party transactions, significant accounting estimates, fraud and non-compliance, group financial report audit, significant subsequent events, client representation letter, material weaknesses in internal control, matters on which the CPA disagrees with management, and the corporate governance department's suggestions for the CPA firm regarding cooperation on current and future audits. This written communication is carried out regularly, and the notification status is disclosed on the Company's website.
4. Professional qualifications and experience of Audit Committee members: Please refer to page 22 for the professional qualifications and experience of the independent directors who comprise the entire Audit Committee.
5. Annual key tasks of the Audit Committee:

No.	Key tasks	Implementation items in 2023
1	Formulation or amendment of internal control systems.	-
2	Effectiveness assessment of internal control systems and issuance of Declaration of Internal Control System.	✓
3	Formulation or amendment of procedures for handling major financial business activities including acquisition or disposal of assets, engaging in derivatives trading, extending loans to others, and endorsements or guarantees for others.	-
4	Matters involving directors' own interests.	-
5	Major asset or derivatives transactions.	-
6	Major extension of loans, endorsements or provision of guarantees.	-



No.	Key tasks	Implementation items in 2023
7	Offering, issuance or private placement of equity-type securities.	-
8	Appointment, dismissal, or compensation of certified public accountant.	✓
9	Appointment or discharge of financial, accounting, or internal audit officers.	-
10	Discuss the annual financial report jointly signed or stamped by the chairperson, manager, and accounting officer, and prepare an audit committee's review report once agreed by the audit committee.	✓
11	Other major matters prescribed by laws or regulations or stipulated by the company.	✓

6. Status of Audit Committee operations in the most recent year and as of the date of printing of the annual report:

Date	Reported matters and motions	Resolution results	The Company's Handling of the Audit Committee's Opinions
03.10.2023 6th Meeting of the 1st Session	1. The Company's 2022 business report and financial statements.	Approved without objection	Submitted to and approved by attending directors at the Board meeting
	2. The Company's 2022 earnings distribution plan.	Approved without objection	Discussion of Board: Director Lin, Ling-Yu proposed adjusting the stock dividend distribution to NT\$0.3 per share and cash dividend to NT\$2.2 per share. After discussion by the directors, the Chairman ruled to conduct the vote according to the amended proposal.

Date	Reported matters and motions	Resolution results	The Company's Handling of the Audit Committee's Opinions
	3. Issuance of the 2022 report of internal control system effectiveness assessment and Declaration of Internal Control System.	Approved without objection	<p>Board resolution:</p> <p>1. After discussion by the directors, considering business development, financial condition and shareholder equity, the Chairman consulted the three Audit Committee members who all had no objection, and this case was unanimously passed by the attending directors according to the amended proposal made by Director Lin, Ling-Yu.</p> <p>2. In coordination with the above earnings distribution amendment, an additional proposal for "Capital Increase by Retained Earnings of the Company" was added. The Chairman consulted the three Audit Committee members who all had no objection, and this case for the Company's 2022 capital increase from retained earnings was unanimously passed by the attending directors.</p> <p>Submitted to and approved by attending directors at the Board meeting</p>

Date	Reported matters and motions	Resolution results	The Company's Handling of the Audit Committee's Opinions
	4. The Company's 2023 CPA appointment, remuneration, independence and suitability assessment.	Approved without objection	Submitted to and approved by attending directors at the Board meeting
05.04.2023 7th Meeting of the 1st Session	1. The Company's 2023 Q1 consolidated financial statements.	Approved without objection	Submitted to and approved by attending directors at the Board meeting
08.01.2023 8th Meeting of the 1st Session	1. The Company's 2023 Q2 consolidated financial statements.	Approved without objection	Submitted to and approved by attending directors at the Board meeting
11.01.2023 9th Meeting of the 1st Session	1. The Company's 2023 Q3 consolidated financial statements.	Approved without objection	Submitted to and approved by attending directors at the Board meeting
02.27. 2024 10nd Meeting of the 1st Session	1. The Company's 2023 business report and financial statements. 2. The Company's 2023 earnings distribution plan. 3. Issuance of the 2023 report of internal control system effectiveness assessment and Declaration of Internal Control System. 4. The Company's 2024 CPA appointment, remuneration, independence, and suitability assessment. 5. Partial amendments to the Company's "Procedures for Acquisition or Disposal of Assets".	Approved without objection Approved without objection Approved without objection Approved without objection Approved without objection	Submitted to and approved by attending directors at the Board meeting Submitted to and approved by attending directors at the Board meeting Submitted to and approved by attending directors at the Board meeting Submitted to and approved by attending directors at the Board meeting Submitted to and approved by attending directors at the Board meeting
05.02.2024 11rd Meeting of the 1st Session	The Company's 2024 Q1 consolidated financial statements.	Approved without objection	Submitted to and approved by attending directors at the Board meeting

(3) Implementation of corporate governance and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
1. Has the Company established and disclosed its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established its "Corporate Governance Best-Practice Principles" based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies". Passed by the Board of Directors on March 19, 2015, the latest amended version was approved on March 10, 2023, and disclosed on the Stakeholders section of the Company's website.	In compliance with the Principles.
2. Shareholding structure & shareholder rights				
(1) Has the Company established internal procedures for handling shareholder suggestions, queries, disputes, and legal actions, and implemented accordingly?	✓		(1) The Company's management division is the dedicated unit for handling shareholder-related matters, and a spokesperson system has been established.	(1) In compliance with the Principles.
(2) Does the Company have a list of its major shareholders and the ultimate control persons of such major shareholders?	✓		(2) The shareholder registry provides the list of major shareholders periodically.	(2) In compliance with the Principles.
(3) Has the Company established and implemented risk management	✓		(3) Handled in accordance with the Company's "Corporate Governance Best-Practice Principles", "Procedures for	(3) In compliance with the

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>and firewall mechanisms for dealings with related parties?</p> <p>(4) Has the Company established internal rules prohibiting insider trading on undisclosed information in the market?</p>	✓		<p>Transactions with Related Parties", "Subsidiary Monitoring Procedures", and "Procedures for Related Party Transactions Between Affiliated Enterprises".</p> <p>(4) Handled in accordance with the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Prevention of Insider Trading". The 2023 "Promotion of Ethical Corporate Management and Sustainable Development " was held on May 18, 2023, and November 16, 2023, with content including the "Ethical Code of Conduct", "Major Internal Information Handling Procedures", "Ethical Corporate Management Best Practice Principles", "Procedures for Prevention of Insider Trading", and "Sustainable Development Best Practice Principles". Each session lasted 30 minutes, with 17 and 23 attendees respectively. Relevant information announced in the Company's Market Observation Post System.</p>	<p>Principles.</p> <p>(4) In compliance with the Principles.</p>
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it implemented accordingly?</p>	✓		<p>(1) The company has formulated the "Corporate Governance Best Practice Principles" and established a board member diversity policy that is fully implemented. Please refer to page 25.</p>	<p>(1) In compliance with the Principles.</p>

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(2) Other than the Remuneration Committee and the Audit Committee that are required by law, has the Company voluntarily established other board committees?		✓	(2) No plans at present to establish other voluntary board committees. Will consider based on operational conditions and actual needs.	(2) No voluntary establishment of other functional board committees.
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance assessment to the Board of Directors, and used them as reference in determining compensation for individual directors and their nomination for re-election?	✓		(3) The Company has established "Regulations Governing the Performance Appraisal of the Board of Directors". The latest amended version was approved by the Board of Directors on November 4, 2020. The evaluation criteria are set according to the Company's operations and needs: 1. The Board's performance evaluation shall cover at least the following five aspects: degree of participation in the Company's operations, improvement of quality of Board decisions, composition and structure of the Board of Directors, election and continuing education of directors, and internal controls. Evaluations are carried out annually after the end of each year by the Company's corporate governance unit or an external professional independent institution engaged by the Company. 2. Board member (self or peer) performance evaluations shall cover at least the following six aspects: understanding of Company objectives and missions, awareness of Board member	(3) In compliance with the Principles.

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>responsibilities, degree of participation in company operations, managing internal relationships and communication, professionalism and continuing education of directors, and internal controls. Evaluations are carried out annually after the end of each year in the form of self-evaluations by Board members.</p> <p>3. Functional committee performance evaluations shall cover at least the following five aspects: degree of participation in the Company's operations, awareness of functional committee responsibilities, improving quality of functional committee decisions, composition and election of functional committee members, and internal controls. Evaluations are carried out annually after the end of each year in the form of internal self-evaluations of the Audit Committee and Remuneration Committee by the Company's corporate governance unit.</p> <p>4. The Company's 2023 Board self-evaluation has been completed, with overall evaluation result of 98 points after conversion for the Board and 96-100 points after conversion for individual Board members. The results were reported at the February 27, 2024 Board meeting and used as the basis for determining 2023 director compensation and considering 2024 Board director re-election nominations.</p>	

Aspects/items in need of improvement and improvement plans or actions after evaluation are as follows:			
Aspect	Evaluation item	Result	Improvement plan or action Composition and structure of the Board
Board Composition and Structure	The Board has appointed sufficient independent directors, with numbers in compliance with relevant regulations. (e.g. where the chairperson of the board and the President or person holding an equivalent position are the same person, spouse or first degree relative, the number of independent directors shall be no less than 4 and no less than one-fifth of the total number of directors)	Score: 4/5 According to regulations, OTC companies where the chairperson and general manager or person holding an equivalent position are the same person, spouse or first degree relative should appoint no less than 4 independent directors, but may complete the appointment before December 31, 2025 if their paid-in capital is less than NT\$600 million.	The Company's Chairperson and CEO are the same person. The number of independent directors is planned to be increased from the current 3 seats to 4 seats at the 2024 director re-election, in compliance with relevant regulations.
<p>Please refer to page 81 for details of the performance evaluation criteria, the correlation between compensation and performance evaluation results, and the reasonableness of the performance evaluation results for the fiscal year 2023.</p> <p>5. The Company's 2023 Audit Committee self-evaluation has been completed, with overall evaluation result of 99 points after</p>			



Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies								
	Yes	No	Summary description									
			<p>conversion, and submitted to the February 27, 2024 Board meeting for reporting.</p> <p>Aspects/items in need of improvement and improvement plans or actions after evaluation are as follows:</p> <table> <tr> <th>Aspect</th> <th>Item</th> <th>Result</th> <th>Improvement plan or action</th> </tr> <tr> <td>Level of participation in company operations</td> <td>Every member makes an effective contribution at the Audit Committee meetings.</td> <td>Score: 4/5 The Company's Audit Committee members express their views and suggestions on each proposal in a timely manner and reach consensus for resolutions.</td> <td>Ask that every member expresses views and suggestions on each proposal.</td> </tr> </table> <p>6. The Company's 2023 Remuneration Committee self-evaluation has been completed, with overall evaluation result of 99 points after conversion, and submitted to the February 27, 2024 Board meeting for reporting.</p> <p>Aspects/items in need of improvement and improvement plans or actions after evaluation are as follows:</p>	Aspect	Item	Result	Improvement plan or action	Level of participation in company operations	Every member makes an effective contribution at the Audit Committee meetings.	Score: 4/5 The Company's Audit Committee members express their views and suggestions on each proposal in a timely manner and reach consensus for resolutions.	Ask that every member expresses views and suggestions on each proposal.	
Aspect	Item	Result	Improvement plan or action									
Level of participation in company operations	Every member makes an effective contribution at the Audit Committee meetings.	Score: 4/5 The Company's Audit Committee members express their views and suggestions on each proposal in a timely manner and reach consensus for resolutions.	Ask that every member expresses views and suggestions on each proposal.									

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies								
	Yes	No	Summary description									
			<table> <tr> <th>Aspect</th> <th>Item</th> <th>Result</th> <th>Improvement plan or action</th> </tr> <tr> <td>Level of participation in company operations</td> <td>Every member makes an effective contribution at the Remuneration Committee meetings.</td> <td>Score: 4/5 The Company's Remuneration Committee members express their views and suggestions on each proposal in a timely manner and reach consensus for resolutions.</td> <td>Ask that every member expresses views and suggestions on each proposal.</td> </tr> </table>	Aspect	Item	Result	Improvement plan or action	Level of participation in company operations	Every member makes an effective contribution at the Remuneration Committee meetings.	Score: 4/5 The Company's Remuneration Committee members express their views and suggestions on each proposal in a timely manner and reach consensus for resolutions.	Ask that every member expresses views and suggestions on each proposal.	
Aspect	Item	Result	Improvement plan or action									
Level of participation in company operations	Every member makes an effective contribution at the Remuneration Committee meetings.	Score: 4/5 The Company's Remuneration Committee members express their views and suggestions on each proposal in a timely manner and reach consensus for resolutions.	Ask that every member expresses views and suggestions on each proposal.									
(4) Does the Company regularly evaluate the independence of CPAs?	✓		(4) The Company's Internal Audit Department conducts an annual review of the independence and eligibility of Certified Public Accountants, in accordance with Statements on Auditing Standards No. 10 and the Certified Public Accountant Act of the Republic of China. This review includes: The auditing accountants possess no substantial financial interests, business	(4) In compliance with the Principles.								

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>affiliations, or prospective employment connections with the Company. Moreover, there exist no commercial associations or familial ties with the Company's directors and managers that might undermine independence. Furthermore, there is an unequivocal refusal of significant gifts or financial inducements.</p> <p>Furthermore, the auditing accountants have instituted requisite independence and conflict of interest protocols for the audit team, with no breaches or lingering conflicts noted. They have also issued a formal declaration of independence, subjected to scrutiny by the Board of Directors on February 27, 2024.</p> <p>Additionally, for the appointment, remuneration, independence, and eligibility assessment of the Certified Public Accountants for 2024, the Company conducted reviews in accordance with Statements on Auditing Standards No. 10 and the Certified Public Accountant Act. These assessments were supplemented by consultation of the Audit Quality Indicators (AQI) report for the period from June 1, 2021, to May 31, 2022, prepared by Deloitte &amp; Touche, and the independence declaration issued in February</p>	

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies								
	Yes	No	Summary description									
			<p>2024. The Board of Directors reviewed these documents on February 27, 2024.</p> <p>The Board's evaluation of the independence and suitability of the certified public accountant in the most recent three years:</p> <table><tr><td>Evaluation date</td><td>03.18.2022</td><td>03.10.2023</td><td>02.27.2024</td></tr><tr><td>Evaluation result</td><td colspan="3">No circumstances discovered whereby the Company's certified public accountant or related persons violated independence or were unsuitable.</td></tr></table>	Evaluation date	03.18.2022	03.10.2023	02.27.2024	Evaluation result	No circumstances discovered whereby the Company's certified public accountant or related persons violated independence or were unsuitable.			
Evaluation date	03.18.2022	03.10.2023	02.27.2024									
Evaluation result	No circumstances discovered whereby the Company's certified public accountant or related persons violated independence or were unsuitable.											
4. Has the listed company established the appropriate number of corporate governance personnel and designated chief corporate governance officers to be in charge of corporate governance affairs (including but not limited to providing information required for business execution by directors and supervisors, assisting directors and supervisors in complying with laws	✓		The management department of the company serves as the dedicated unit for corporate governance affairs. One person each from the Administration Div., HR Div., and general affairs Div., and two people from the finance department are responsible for promoting relevant tasks. Chen, Hsieh-Li, associate manager of the Administration Div., has over 10 years of experience in financial management in public companies. She was appointed as the chief corporate governance officer by the board of directors on May 4, 2023. Please refer to page 69 for the main responsibilities and implementation status of the corporate governance unit.	In compliance with the Principles.								

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
and regulations, handling matters relating to board meetings and shareholders meetings pursuant to laws, and producing minutes of board meetings and shareholders meetings)?				
5. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and created a stakeholder section on its company website? Does it respond appropriately to stakeholders' concerns regarding corporate social responsibility issues?	✓		The company website has a stakeholder section with contact inboxes for spokesperson, deputy spokesperson, shareholders, employees, customers, and suppliers to maintain proper communication channels with stakeholders.	In compliance with the Principles.
6. Has the company appointed a professional shareholder services agent to handle shareholders meeting matters?	✓		The company has appointed Yuanta Securities Co., Ltd. as the shareholder services agent to handle shareholders meeting matters.	In compliance with the Principles.

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>7. Information disclosure</p> <p>(1) Does the Company have a corporate website to disclose financial business and corporate governance information?</p> <p>(2) Does the Company adopt other information disclosure methods (e.g. setting up an English website, appointing designated personnel responsible for collecting and disclosing corporate information, implementing a spokesperson system, uploading video recordings of investor conferences to the corporate website)?</p> <p>(3) Does the Company publish and file its annual financial reports within two months after the end of each fiscal year, and publish and file its Q1, Q2, Q3 financial reports and monthly operation status before the specified deadline?</p>	<p>✓</p> <p>✓</p> <p></p>	<p></p> <p></p> <p>✓</p>	<p>(1) Company website: <a href="https://www.rubytch.com.tw">https://www.rubytch.com.tw</a></p> <p>(2) The company has established the "Procedures for Handling Material Inside Information" and appointed spokesperson and deputy spokesperson to oversee information collection and disclosure.</p> <p>Other information is disclosed on the "Market Observation Post System" and company website as required by relevant laws and regulations for investors' reference.</p> <p>(3) The Company publishes and files the Q1, Q2, Q3 and annual financial reports and monthly operation status within the specified deadlines.</p> <p>Early publication and filing of financial information will be considered in the future depending on needs and adjustments to operational workflows.</p>	<p>(1) In compliance with the Principles.</p> <p>(2) In compliance with the Principles.</p> <p>(3) The Company publishes and files according to the specified deadlines, without early publication.</p>

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
8. Other important information to better understand the company's corporate governance operation (including but not limited to employee rights and benefits, investor relations, supplier relations, implementation of risk management policies and risk measurement standards, status of customer policy implementation, and purchase of D&O insurance)?	✓		<p>(1) Employee rights and employee care In addition to establishing a "Labor Retirement Reserve Supervisory Committee" and formulating employee retirement measures and setting up a retirement reserve account in accordance with laws and regulations, the Company also holds regular labor-management meetings each quarter to improve labor relations and safeguard employee rights. For other employee welfare measures, training, implementation status, please refer to page 159 and the Stakeholders section of the Company's website.</p> <p>(2) Investor relations and stakeholder rights To strengthen corporate governance systems, the Company has formulated "Corporate Governance Best-Practice Principles" to strengthen director functions. In accordance with relevant laws and regulations, the Company discloses financial and operational status on the Market Observation Post System. The Company maintains open communication channels through setting up a website and spokesperson/deputy spokesperson system, customer/supplier mailboxes, etc. to respect and safeguard the legitimate rights and interests of banks, employees, consumers and investors, providing highly transparent financial and business information to investors and stakeholders.</p>	<p>(1) In compliance with the Principles.</p> <p>(2) In compliance with the Principles.</p>

Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>(3) Supplier relationships The Company has formulated "Internal Control System - Procurement Workflow" to rigorously control procurement quality and ensure procured materials meet required specifications. The Company maintains open communication channels with suppliers, safeguarding the rights and interests of both parties based on mutual trust and benefit.</p> <p>(4) For information on 2023 director training, please refer to page 73.</p> <p>(5) Implementation status of risk management policies and risk measurement standards To strengthen risk management mechanisms, the Company analyzes, tracks, and responds to events that may pose high risks to operational objectives. For relevant risk management policies, organizational structure and related risk control operations, please refer to page 304.</p> <p>(6) The Company values customer rights and has formulated written procedures including "Customer Complaint Handling", "Customer Satisfaction Survey Management", "Customer Service Management" and "Continuous Improvement Operations" to resolve customer issues as quickly as possible.</p>	<p>(3) In compliance with the Principles.</p> <p>(4) In compliance with the Principles.</p> <p>(5) In compliance with the Principles.</p> <p>(6) In compliance with the Principles.</p>



Evaluation item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			(7) Starting in 2007, the Company has purchased D&O liability insurance annually to safeguard shareholder rights. The 2023 coverage was reported at the August 1, 2023 Board meeting. (8) For information on 2023 manager training and continuing education on corporate governance, please refer to page 76.	(7) In compliance with the Principles. (8) In compliance with the Principles.
9. Regarding the Corporate Governance Evaluation results published by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, please explain improvements and priority enhancement items: (1) Improvements made based on the 10th Corporate Governance Evaluation results: None.				

(2) Priority enhancement items based on the 10th Corporate Governance Evaluation results that are yet to be improved:

No.	Assessment indicator	Planned improvement measures
1.1	Does the Company report the remuneration of directors, including remuneration policies, standards, and packages, to its shareholders at a general meeting?	The Company will evaluate feasibility of reporting director remuneration including policies, content and amounts at the shareholder meeting.
1.6	Does the Company hold its general shareholder meeting before the end of May each year?	The Company will evaluate feasibility of internal workflow schedules.
1.9	Does the Company upload the English version of the general meeting notice, handbook and supplementary meeting materials to MOPS 30 days before the general meeting?	The Company will upload the English version of the general meeting notice, handbook and supplementary meeting materials to MOPS 30 days before the annual shareholders' meeting of 2024.
1.11	Does the Company upload the English version of its annual report to MOPS 16 days before the general meeting?	The Company will upload the English version of its annual report to MOPS 16 days before the annual shareholders' meeting of 2024.
1.15	Has the Company established internal rules prohibiting company insiders from trading securities using undisclosed information in the market, and disclosed the rules on the company website? Do the rules encompass directors not trading their company's shares during the thirty-day period before the publication of annual reports, and during the fifteen-day period before the publication of quarterly reports, and require disclosure of implementation status?	The Company's Corporate Governance Best-Practice Principles recommend insiders refrain from trading during blackout periods, not meeting the full score criteria. Will evaluate feasibility of compulsory prohibitions on trading during blackout periods.
2.3	The chairperson of the Company does not act as the president or other equivalent position (the highest managerial officer).	Considering operational needs, the Company's Chairman also serves as Chief Executive.
2.7	Do independent directors account for more than one-third of board seats?	In June 2024, the Company will conduct a full re-election of its board of directors. The number of directors to be elected at this Annual Shareholders' Meeting shall be ten, including four independent directors, accounting for more than one-third of the board positions..

No.	Assessment indicator	Planned improvement measures
2.14	Has the Company established voluntarily formed functional committees in addition to the Remuneration Committee and the Audit Committee, with at least three members, more than half of whom are independent directors, and with at least one member possessing relevant professional knowledge and experience? Are the composition, duties and operations disclosed?	The Company will evaluate the necessity of establishing additional voluntary functional committees.
2.21	Is the Company's Corporate Governance Officer a regular position and has disclosed the job duties and implementation status on the company website and in annual reports?	Assistant Vice President Chen of the Company's Administration Division was appointed the concurrently Corporate Governance Officer, as approved by the Board of Directors on May 4, 2023.
2.22	Does the Company supervise risk management by functional committees at the level of the Audit Committee or Board of Directors (e.g., Risk Management Committee), and established risk management policies and procedures approved by the Board of Directors, disclosed the scope of risk management, organizational structure, risk management procedures, and operations, and reported to the Board of Directors at least once annually?	The Company will evaluate feasibility of formulating risk management policies and procedures.
2.23	Do the Company's Regulations for Performance Appraisal of the Board of Directors require external evaluations at least once every three years, and has an evaluation been conducted, with implementation status and results disclosed on the company website or in the annual report, for the evaluated year or within the past two years?	The Company will evaluate the necessity of conducting external evaluations.
2.27	Has the Company formulated intellectual property management plans linked to operational objectives and disclosed implementation status on the company website or in annual reports, reporting to the Board of Directors at least once annually?	The Company will evaluate feasibility of formulating intellectual property management plans linked to operational objectives.
2.30	Do at least one of the Company's internal audit staff hold certifications such as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), or have passed the examination to become a certified public accountant?	The Company will evaluate feasibility of obtaining certifications.

No.	Assessment indicator	Planned improvement measures
3.4	Does the Company publish its CPA-audited annual financial report within two months after the end of the fiscal year?	Considering workflow schedules there are no plans at present to publish the audited annual report within two months after the end of the fiscal year.
3.5	Does the Company upload the English version of its annual financial report to MOPS 16 days before the shareholder meeting?	The Company will upload the English version of its annual financial report to MOPS 16 days before the annual shareholders' meeting of 2024.
3.6	Does the Company upload the English version of its mid-year financial report to MOPS within two months after filing the Chinese version?	The Company will upload the English version of its mid-year financial report to MOPS within two months after filing the Chinese version.
3.13	Does the Company voluntarily disclose individual remuneration of directors in its annual reports?	The Company will evaluate necessity of voluntary disclosure.
3.20	Has the Company held (accepted invitations for) at least two investor conferences and posted the presentation materials on MOPS in the most recent year, with at least three months between the two conferences?	The Company will evaluate necessity of voluntarily holding at least two investor conferences.
3.21	Does the Company voluntarily disclose individual remuneration of the CEO and vice presidents in annual reports?	The Company will evaluate necessity of voluntary disclosure.
4.4	Has the Company prepared sustainability reports based on GRI Standards and uploaded them to the MOPS website before the end of September each year?	The Company will implement if necessary.
4.5	Has the CSR reports prepared by the Company obtained third-party verification ?	The Company will prepared CSR reports in 2024, and will evaluate feasibility of obtaining certifications.

No.	Assessment indicator	Planned improvement measures
4.7	Has the Company uploaded English versions of sustainability reports to the MOPS website?	The Company has not prepared English versions of CSR reports.
4.17	Is the Company's supplier management policy disclosed on its website, annual report, or sustainability report, mandating supplier compliance with environmental protection, occupational safety and health, and labor rights standards, as well as providing data on implementation?	The Company will evaluate the development of pertinent regulations for collaboration with suppliers.
4.18	Does the Company publish information on corporate governance, strategy, risk management, indicators, and targets relating to climate-related risks and opportunities in compliance with the TCFD framework?	The Company will assess the feasibility of disclosing climate-related information.
4.19	Does the Company invest in energy-saving or green energy-related machinery and equipment, Taiwan's green energy industry (such as renewable energy power plants), or issue/invest in sustainable development financial products for green or social impact investment plans, and do the investments and benefits get disclosed?	The Company will evaluate the feasibility of investing in energy-saving or green energy machinery, equipment, or industries.
4.22	Does the Company invest in supporting the development of domestic culture and disclose the methods and results on its website, annual report, or sustainability report?	The Company will assess the possibility of investing in supporting the development of domestic culture.
Additional Bonus Question	Does the Company demonstrate excellent performance in corporate governance, or have concrete achievements in promoting corporate governance?	The Company will implement if necessary.

10. Other matters that require reporting:

(1) Operation of internal audit:

a. Communication between the Company's internal audit officers and independent directors and accountants:

- 1) In accordance with laws and regulations, the Company has established an internal audit unit directly under the Board of Directors to reasonably ensure effective implementation of internal control systems. Internal audit reports are submitted at Board meetings, and internal audit results and improvements are sent to each independent director every month, so the Company's independent directors can stay updated on the Company's operational risks and improvements.
- 2) The Company's internal audit unit meets separately with the independent directors once per quarter to review the implementation status and follow-up on deficiencies of internal audit operations. The Company regularly discloses meeting status on its website.
- 3) The Company's independent directors, internal audit officers, and accountants hold separate meetings at least once per year to communicate regarding the Company's financial report audits, financial and business conditions, and important accounting issues. If any major incidental irregularity occurs, a meeting may be called at any time. The Company regularly discloses meeting status on its website.
- 4) After each quarterly financial report audit (review), the Company's CPA communicates the audit (review) status and results with the internal audit unit. The internal audit unit also communicates with the accountants on financial conditions from time to time. The Company regularly discloses meeting status on its website.

b. The appointment, performance evaluation, and compensation of the Company's internal audit staff are authorized by Director Lin, Kuan-Ming who oversees the internal audit staff, and finalized by the Chairperson.

(2) The Company's Administration Div. is the coordinating unit responsible for promoting corporate governance. The main responsibilities and implementation status of the corporate governance unit are as follows:

No.	Main responsibilities	Implementation status
1	Formulate various corporate governance regulations and procedures in accordance with laws for compliance.	The Company has formulated various corporate governance regulations and procedures, and regularly reviews whether amendments are necessary. (1) Implementation in 2023:

No.	Main responsibilities	Implementation status																					
		<p>Partial amendments to the "Corporate Governance Best Practice Principles" and "Procedures for Transactions with Related Parties" were approved by the Board of Directors.</p> <p>(2) Implementation as of the annual report printing date in 2024:</p> <p>The "Rules of Procedure for the Shareholders' Meeting" and "Regulations Governing the Acquisition and Disposal of Assets" were approved at the 17th meeting of the 15th session of the Board of Directors on February 27, 2024, and are planned to be submitted to the 2024 annual shareholders' meeting for discussion.</p>																					
2	Handle company registration and changes in registration.	Due to the appropriations of earnings in stock dividends to shareholders in 2023, the change in company registration was completed on July 25, 2023.																					
3	Handle matters related to Board of Directors and shareholder meetings in accordance with laws and assist the Company in complying with relevant laws and regulations for Board of Directors and shareholder meetings.	<p>In 2023, 1 shareholder meeting and 6 Board meetings were held, with schedule as follows:</p> <table><tr><th>Meeting nature</th><th colspan="6">Meeting date</th></tr><tr><td>Shareholder meeting</td><td>6/9</td><td colspan="5"></td></tr><tr><td>Board meeting</td><td>3/10</td><td>5/4</td><td>6/9</td><td>8/1</td><td>11/1</td><td>12/15</td></tr></table> <p>(1) Relevant information including the shareholder meeting notice, meeting handbook, and supplementary meeting materials were announced on the Market Observation Post System and disclosed on the Company's website as required.</p> <p>(2) Notifications for Board meetings were sent to directors 7 days in advance, and meeting agenda and materials were sent together with the meeting notice.</p>	Meeting nature	Meeting date						Shareholder meeting	6/9						Board meeting	3/10	5/4	6/9	8/1	11/1	12/15
Meeting nature	Meeting date																						
Shareholder meeting	6/9																						
Board meeting	3/10	5/4	6/9	8/1	11/1	12/15																	
4	Prepare minutes for Board of Directors and shareholder meetings.	Resolutions of the Board of Directors and shareholder meetings were documented in meeting minutes affixed with the seals of the chairperson and minute taker as required. Board meeting minutes were distributed to directors within 20 days after the meeting. Shareholder meeting minutes were announced on the Market Observation Post System and posted on the Company's website within 20 days after the meeting for investor reference.																					

No.	Main responsibilities	Implementation status															
5	Provide directors with necessary information for performing their duties and updates on the most recent law and regulation developments related to company operations to assist directors in complying with laws and regulations.	<p>(1) Financial and business reports are provided at every Board meeting with the most recent financial and operational status, including financial analysis and industry comparisons, along with review of budget achievement status. Accountants also attend Board meetings regularly. In addition to explaining audit results, accountants also provide introduction to the most recent laws and regulations related to operations for communication and exchange with directors.</p> <p>(2) New directors elected at the August 10, 2021 shareholder meeting (including re-elected incumbent directors) were provided a "Director/Supervisor Laws and Regulations Guidebook" to ensure they fully understand relevant regulations on insider shareholding management under the Securities and Exchange Act.</p> <p>(3) The Company provides directors with diverse continuing education on corporate governance and strengthens their expertise and capabilities. The 2023 training courses are as follows:</p> <table><tr><th>Training date</th><th>Organizer</th><th>Course name</th><th>Hours</th></tr><tr><td>05.04.2023</td><td>Taiwan Corporate Governance Association</td><td>Examining the Cybersecurity Governance Strategies of Listed (OTC) Companies from the Perspective of ESG Corporate Sustainability</td><td>3</td></tr><tr><td>11.01.2023</td><td></td><td>Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value</td><td>3</td></tr></table>				Training date	Organizer	Course name	Hours	05.04.2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed (OTC) Companies from the Perspective of ESG Corporate Sustainability	3	11.01.2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3
Training date	Organizer	Course name	Hours														
05.04.2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed (OTC) Companies from the Perspective of ESG Corporate Sustainability	3														
11.01.2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3														
6	Matters related to investor relations.	The Company has set up an Investor Relations section on the corporate website, with dedicated personnel for ongoing maintenance and updates. Contact channels are provided via telephone and email mailbox for investors to connect with the Company anytime.															
7	Implement corporate governance evaluation indicators.	Corporate governance operations are reviewed and implemented annually based on the latest corporate governance evaluation indicators. The 2023 corporate governance evaluation result is 21% to 35%. Additionally, for companies with a market value below \$5 billion, the ranking is in the 11% to 20% range.															



No.	Main responsibilities	Implementation status		
8	Other matters stipulated in the Articles of Incorporation or contracts	Assisted the Board in performing its responsibilities in 2023 as follows:		
		No.	Responsibilities of the Board of Directors	Compliance with Articles of Incorporation
		(1)	Establishment, adjustment and abolition of major Company organizations.	-
		(2)	Preparation of business reports.	✓
		(3)	Review of budgets and final accounts.	✓
		(4)	Appointment and discharge of general manager and other important personnel.	-
		(5)	Proposals for distribution of earnings or making up losses.	✓
		(6)	Proposals for capital increase or decrease.	✓
		(7)	Reporting circumstances whereby the Company may suffer material damage.	-
		(8)	Formulation and amendment of major regulations and procedures.	✓
		(9)	Appropriation of director compensation.	✓
		(10)	Distribution of shareholder dividends.	✓

Implementation of director training:

Title	Name	Date first elected	Training date(s)		Organizer	Course name	Training Hours	Fulfillment of
			Start	End				
Chairman	Lin, Kuan-Ming	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes
Director	Wang, Peng-Sen (Note 2)	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes
Director	Wang, Wkang-Hsiang	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes
Director	Lin, Ling-Yu	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes

Title	Name	Date first elected	Training date(s)		Organizer	Course name	Training Hours	Fulfillment of
			Start	End				
Representative	Chiu, Chi-Hsin	08/10/2021	06/02/2023	06/02/2023	Taiwan Corporate Governance Association	Best Practices for Corporate Innovation	3H	Yes
			12/01/2023	12/01/2023		Trends in Digital Technology and Artificial Intelligence and Risk Management	3H	Yes
Director	Tung, Chin-Chuan	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			09/07/2023	09/07/2023		Corporate Governance and Securities Regulations	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes
Director	Young, Yu-Che	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes
Independent Director	Huang, Chin-Tan	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes

Title	Name	Date first elected	Training date(s)		Organizer	Course name	Training Hours	Fulfillment of
			Start	End				
Independent Director	Wu, Yung-Sheng	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes
Independent director	Wang, Chi-Chiao	08/10/2021	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3H	Yes
			11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value	3H	Yes

Note 1: Refers to whether training fulfills requirements for training hours, scope, system, arrangement, and information disclosure stipulated in the "Directions for the Implementation of training for Directors and Supervisors of TWSE and TPEx Listed Companies".

Note 2: Former director Wang, Peng-Sen resigned on March 29, 2024.

Implementation of manager training on corporate governance:

Title	Name	Training hours	Training date(s)		Organizer	Course name
			Start	End		
Chief Executive	Lin, Kuan-Ming	3H	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability
		3H	11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value
Deputy Chief Executive	Wang, Peng-Sen (Note)	3H	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability
		3H	11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value
President	Young, Yu-Che	3H	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability
		3H	11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value
Assistant Vice President of Administration Div. And Assistant Vice President of Financial Div. and Corporate Governance Officer	Chen, Yun-Chen	3H	05/04/2023	05/04/2023	Taiwan Corporate Governance Association	Examining the Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability
		3H	11/01/2023	11/01/2023		Essential Course in Corporate Sustainability Governance: Diversified Management of External Impacts to Create Positive Corporate Value
		3H	03/13/2023	03/13/2023	TPEX	2023 Corporate Governance Evaluation Advocacy Course (Online)

Note : Former director Wang, Peng-Sen retired on January 12, 2024.

- (4) If the Company has set up a Remuneration Committee or Nomination Committee, disclose its composition and operations:

a. Information of Remuneration Committee members

April 30, 2024

Identity	Criteria Name	Professional qualifications and experience	Status of independence	Concurrent service on Remuneration Committee of other public companies Number of Remuneration Committee seats held
Independent director (Convener)	Huang, Chin-Tan	Please refer to page 22 for their professional qualifications and experience and page 25 for information about the Board's independence.		2
Independent director	Wu, Yung-Sheng			1
Independent director :	Wang, Chi-Chiao			0

b. Operations of Remuneration Committee

- The Company's Remuneration Committee has 3 members.
- Term of the current committee members: August 10, 2021, to August 9, 2024.  
Number of Remuneration Committee meetings held in the most recent fiscal year: 4 (A). Member qualifications and attendance status:

Title	Name	Actual Attendance (B)	Attendance By Proxy	Actual Attendance Rate (B/A)	Note
Convener	Huang, Chin-Tan	4	0	100%	Reelected on Aug. 10, 2021
Committee Member	Wu, Yung-Sheng	4	0	100%	Reelected on Aug. 10, 2021
Committee member	Wang, Chi-Chiao	4	0	100%	Reelected on Aug. 10, 2021

Other matters that require reporting:

- If the Board of Directors does not adopt or modifies the Remuneration Committee's recommendations, the meeting date, session, agenda, Board resolution results and the company's handling of the Remuneration Committee's opinions shall be specified (if the remuneration passed by the Board exceeds the Remuneration Committee's recommendations, the discrepancies and reasons shall be specified): None.
- For Remuneration Committee resolutions with objections or qualified opinions from members that are recorded or with written statements, the meeting date, session, agenda, all members' opinions and handling of member opinions shall be specified: None.

3) Discussion matters and resolution results of the most recent and as of the annual report printing date Remuneration Committee meetings:

Date	Remuneration Committee discussion matters	Resolution results	The Company's Handling of the Remuneration Committee's Opinions
01.17.2023 7th Meeting of the 5th Session	1. Regularly review and propose amendments to the “Organizational Rules of the Remuneration Committee” of the company.	Approved without objection	-
	2. Regular review of the Company's director and manager performance evaluation criteria, annual and long-term performance targets, and remuneration policies, systems, standards and structure.	Approved without objection	-
	3. Regular review of the individual remuneration content and amounts for the Company's directors and managers based on the results of evaluating achievement of performance targets according to the performance evaluation criteria.	Approved without objection	-
	4. Regular review of evaluation indicators for the Company's Board of Directors performance evaluation.	Approved without objection	-
	5. The Company's 2022 year-end bonus distribution amount.	Approved without objection	Submitted to and approved by attending directors at Board meeting
03.10.2023 8th Meeting of the 5th Session	1. The Company's 2022 director compensation distribution plan.	Approved without objection	Submitted to and approved by attending directors at Board meeting
	2. The Company's 2022 employee compensation distribution plan.	Approved without objection	Submitted to and approved by attending directors at Board meeting
08.01.2023 9th Meeting of the 5th Session	1. The Company's 2022 employee compensation distribution plan.	Approved without objection	Submitted to and approved by attending directors excluding those who recused themselves as required at the Board meeting

Date	Remuneration Committee discussion matters	Resolution results	The Company's Handling of the Remuneration Committee's Opinions
12.15.2023 6th Meeting of the 5th Session	1. The Company's 2023 year-end bonus distribution plan.	Approved without objection	Submitted to and approved by attending directors excluding those who recused themselves as required at the Board meeting
01.25.2024 11th Meeting of the 5th Session	1. Regular review of the "Organization Rules of the Remuneration Committee" case.	Approved without objection	-
	2. Regular review of the Company's director and manager performance evaluation criteria, annual and long-term performance targets, and remuneration policies, systems, standards and structure.	Approved without objection	-
	3. Regular review of the individual remuneration content and amounts for the Company's directors and managers based on the results of evaluating achievement of performance targets according to the performance evaluation criteria.	Approved without objection	-
	4. Regular review of evaluation indicators for the Company's Board of Directors performance evaluation.	Approved without objection	-
	5. The Company's 2023 year-end bonus distribution amount.	Approved without objection	Submitted to and approved by attending directors at Board meeting
02.27.2024 4th Meeting of the 5th Session	1. The Company's 2023 director remuneration distribution plan.	Approved without objection	Submitted to and approved by attending directors at Board meeting
	2. The Company's 2023 employee remuneration distribution plan.	Approved without objection	Submitted to and approved by attending directors at Board meeting



c. Duties of the Remuneration Committee

The Committee shall exercise the following duties with the care of a good administrator and submit recommendations to the Board of Directors for discussion:

- 1) Regularly review the Company's "Organization Rules of the Remuneration Committee" and propose amendments.
- 2) Formulate and regularly review the Company's performance evaluation criteria, annual and long-term performance targets for directors and managers, along with associated remuneration policies, systems, standards and structure, and disclose the performance evaluation criteria in the annual report.
- 3) Regularly evaluate the achievement of performance targets by the Company's directors and managers and determine the individual remuneration content and amounts based on the results of performance evaluations according to the criteria. The individual performance evaluation results of directors and managers and the correlation of the content and amount of individual compensation to the results of the performance evaluation results shall be disclosed in the annual report, and reported at the shareholder meeting.
- 4) Regularly review the indicators for the Company's Board of Directors performance evaluation to determine whether they are appropriate for and suited to the Company's operations and needs when conducting performance evaluations.

d. Implementation of Remuneration Committee

In accordance with Article 7 of the "Organization Rules of the Remuneration Committee" and the "Regulations Governing the Performance Appraisal of the Board of Directors", the Company's Remuneration Committee regularly reviews the following each year:

- 1) Regular review of the Company's "Organization Rules of the Remuneration Committee".

- 2) Regular review of the Company's performance evaluation criteria, annual and long-term performance targets for directors and managers, along with associated remuneration policies, systems, standards, and structure.

The performance evaluation criteria and remuneration for the Company's directors and managers are handled in accordance with the following associated regulations:

Title	Performance evaluation criteria	Remuneration policies, systems, standards and structure
Directors	Regulations Governing the Performance Appraisal of the Board of Directors	<p>Article 22 of Articles of Incorporation: The Board of Directors is authorized to resolve the compensation for all directors based on the extent of their participation in the Company's operations and contribution value, and with reference to normal levels in the same industry.</p> <p>Article 26 of Articles of Incorporation: If the Company records profit in a fiscal year (referring to net profit before tax, after deducting employee and director compensation), 7%~10% shall be set aside as employee compensation and no more than 2% as director compensation. However, if the Company still has accumulated losses (including adjustments to unappropriated retained earnings), the amount to offset losses shall be retained in advance.</p> <p>The employee compensation may be distributed in cash or stock, and the recipients may include employees of subsidiaries meeting the conditions stipulated by the Board of Directors.</p>
Managers	Performance Appraisal Regulations	Remuneration Management Regulations, Year-End Bonus Distribution Regulations, Regulations for Management of Personnel Dispatched to Mainland China, and the employee compensation appropriation part of Article 26 of the Articles of Incorporation.

Explanation of performance evaluation criteria for directors and managers:

- a) Performance evaluations for the Company's directors are conducted annually in accordance with the Regulations Governing the Performance Appraisal of the Board of Directors:
- i. Board self-evaluation:  
The Board's self-evaluation sets assessment items based on five aspects of "Level of participation in company operations", "Enhancing the quality of Board decisions", "Composition and structure of the Board", "Appointment and continuing education of directors", and "Internal control" as indicators for performance evaluation.

- ii. Board member (self or peer) evaluation:  
Board member (self or peer) evaluations set assessment items based on six aspects of "Understanding of Company objectives and missions", "Awareness of Board member responsibilities", "Level of participation in company operations", "Managing internal relationships and communication", "Professionalism and continuing education of directors", and "Internal control" as indicators for performance evaluation.
- b) Performance evaluations for the Company's managers are conducted in accordance with the Performance Appraisal Regulations, with separate appraisals for the first and second halves of the year. "Employee Objective Performance Evaluation Forms" are used, with scoring criteria set based on three aspects of "Attendance", "Objective management", and "Work performance and service spirit" as indicators for performance evaluation.
- 3) Regular review of indicators for the Board of Directors performance evaluation to ensure appropriate and suitable content for conducting performance evaluations.
- 4) Regular evaluation of achievement of performance targets by the Company's directors and managers, and determination of individual remuneration content and amounts based on the results of performance evaluations according to the criteria.

Explanation of correlation between individual performance evaluation results and individual remuneration content and amounts for directors and managers:

- a) Explanation of performance evaluation results:
  - i. Performance evaluations for the Company's directors in 2023 were conducted in accordance with the Regulations Governing the Performance Appraisal of the Board of Directors:
    - The Board's self-evaluation was conducted based on the five evaluation aspect criteria.  
Evaluation result: 98 points after conversion.  
The Company's directors comply with the corporate governance policy on diversity, continue professional education to enhance expertise, actively participate in Board meetings and decision discussions, understand the Company's risks and provide supervision, fully exerting the functions of the Board.
    - Board member (self or peer) evaluations were conducted based on the six evaluation aspect criteria.  
Evaluation result: Between 96-100 points after conversion.  
The Company's directors have clear understanding of corporate objectives and missions, full awareness of director responsibilities, actively and effectively participate in company operations, maintain

effective communication with the management team, other directors and the CPA, continue professional development, and effectively evaluate and supervise internal control and risk management to fully exert their responsibilities as directors.

- ii. Performance evaluations for the Company's managers in 2023 were conducted for the first and second halves in accordance with the Performance Appraisal Regulations:

Evaluations were conducted based on the three major aspect criteria in the "Employee Objective Performance Evaluation Form".

Evaluation result: Grades between "A" and "Excellent".

- b) Correlation between individual remuneration and performance evaluation results:

Distribution of remuneration for the Company's directors is linked to profits for that year. The appropriation amount is determined in consideration of future operational risks and development trends, with individual amounts issued based on performance evaluation results. The appropriation of director remuneration is expressly stipulated in Article 26 of the Articles of Incorporation as follows:

If the Company records profit in a fiscal year (referring to net profit before tax, after deducting employee and director remuneration), 7%~10% shall be set aside as employee remuneration and no more than 2% as director remuneration. However, if the Company still has accumulated losses (including adjustments to unappropriated retained earnings), the amount to offset losses shall be retained in advance.

The employee remuneration may be distributed in cash or stock, and the recipients may include employees of subsidiaries meeting the conditions stipulated by the Board of Directors.

In addition to fixed monthly salaries, the year-end bonus and employee remuneration appropriation for the Company's managers are linked to profits for that year. The individual amounts are determined in consideration of future operational risks and development trends and based on performance evaluation results. The appropriation of employee remuneration is expressly stipulated in Article 26 of the Articles of Incorporation as above.

The above information for 2022 was reported at the 2023 shareholder meeting.

- e. Nomination Committee member information and operation: N/A

(5) Implementation of sustainable development promotion and deviations from the Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
1. Has the Company established governance structures for promoting sustainable development, and has it established dedicated (or concurrent) units to oversee promoting sustainable development, which report to the Board of Directors and are supervised by the Board of Directors?	✓		<p>The Company's Administration Div. is the coordinating unit for promoting sustainable development. The Deputy Manager, one person each from the HR Department and General Affairs Department, and two people from the Finance Department are responsible for operations to promote the following main functions - formulating and amending sustainable development regulations, and implementing sustainable development promotion, including implementing corporate governance, developing sustainable environments, safeguarding social welfare, and strengthening sustainable development information disclosure. Implementation status is as follows:</p> <p>1. Formulation and amendment of sustainable development regulations:</p> <p>Formulate and amend sustainable development regulations in accordance with competent authority requirements, and be responsible for regulation interpretation, consultation services, reporting content logging and filing, and other associated operations. Formulated regulations include the "Ethical Code of Conduct", "Major Internal Information Handling Procedures", "Procedures for Prevention of Insider Trading", "Ethical</p>	In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>Corporate Management Best Practice Principles", and "Sustainable Development Best Practice Principles".</p> <p>2. Implementation of sustainable development promotion:</p> <p>(1) Implement corporate governance: Promote various operations such as enhancing information transparency, distributing dividends, establishing communication channels, providing employee welfare measures, etc. to protect the rights and interests of shareholders, customers, suppliers, employees and other stakeholders.</p> <p>(2) Develop sustainable environments: In operational activities and internal management, we strive to achieve environmental sustainability goals such as product design, processes, and waste disposal, that comply with environmental regulations, and have introduced the ISO 14001 environmental management system to implement environmental management through actual systems and fulfill corporate social responsibility for environmental protection.</p> <p>(3) Safeguard social welfare: Establish healthy work environments, hold various activities, build communication channels to protect employee rights. Provide disaster relief for major social disasters. Over the</p>	

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies																							
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			<p>years, we have made relentless efforts towards public welfare and academic donations, with notable donations as follows:</p> <table> <tr> <th>Year</th> <th>Description</th> <th>Amount</th> </tr> <tr> <td>2009</td> <td>Typhoon Morakot disaster relief in Kaohsiung</td> <td>\$400,000</td> </tr> <tr> <td>2014</td> <td>Kaohsiung gas explosions</td> <td>\$500,000</td> </tr> <tr> <td>2015</td> <td>New Taipei City Formosa Water Park explosion</td> <td>\$300,000</td> </tr> <tr> <td>2016</td> <td>Rebuilding after Typhoon Nepartak in Taitung</td> <td>\$200,000</td> </tr> <tr> <td rowspan="2">2018</td> <td> <ul style="list-style-type: none"> <li>Hualien 7.0 earthquake disaster relief</li> <li>Ming Chuan University International College development fund</li> </ul> </td> <td>\$325,000</td> </tr> <tr> <td colspan="2">Supported government policy to assist with agricultural oversupply by purchasing bananas and cabbage for employee distribution</td> </tr> <tr> <td>2019</td> <td> <ul style="list-style-type: none"> <li>Sino- Arabian Culture and Economic Association in Taiwan scholarship for learning Arabic</li> <li>The Association for no crime R.O.C prevention and criminal rehabilitation</li> </ul> </td> <td>\$360,000</td> </tr> </table>	Year	Description	Amount	2009	Typhoon Morakot disaster relief in Kaohsiung	\$400,000	2014	Kaohsiung gas explosions	\$500,000	2015	New Taipei City Formosa Water Park explosion	\$300,000	2016	Rebuilding after Typhoon Nepartak in Taitung	\$200,000	2018	<ul style="list-style-type: none"> <li>Hualien 7.0 earthquake disaster relief</li> <li>Ming Chuan University International College development fund</li> </ul>	\$325,000	Supported government policy to assist with agricultural oversupply by purchasing bananas and cabbage for employee distribution		2019	<ul style="list-style-type: none"> <li>Sino- Arabian Culture and Economic Association in Taiwan scholarship for learning Arabic</li> <li>The Association for no crime R.O.C prevention and criminal rehabilitation</li> </ul>	\$360,000	
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Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>4. Board of Directors supervision of sustainable development:</p> <p>(1) Recent sustainable development regulations formulated and amended and approved by the Board of Directors include: 2020 amendment of "Ethical Code of Conduct", "Ethical Corporate Management Best Practice Principles", and 2022 amendment of "Sustainable Development Best Practice Principles".</p> <p>(2) The 2023 implementation status of sustainable development was reported at the February 27, 2024 Board of Directors meeting.</p>	
2. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to company operations based on the materiality principle, and formulated associated risk management policies or strategies?	✓		<p>Since the subsidiary mainly engages in sales operations, the risk assessment boundary is based primarily on the Company in consideration of relevance and materiality to operations. The Company conducts assessments on risks of material environmental, social and corporate governance issues that may affect operations, analyzes, tracks, and responds to them in order to strengthen risk management mechanisms. Please refer to page 105 for associated risk management organizational structures and policies.</p>	In compliance with the Principles.
3. Environmental issues (1) Has the Company established appropriate environmental management systems based on	✓		<p>(1) The Company has introduced the ISO 14001 environmental management system in the hopes of contributing corporate social responsibility towards environmental protection.</p>	(1) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>the characteristics of its industries?</p> <p>(2) Does the Company endeavor to improve energy use efficiency and use renewable materials with low environmental impact?</p>	✓		<p>Certification was obtained on May 12, 2016, with validity until April 19, 2027.</p> <p>(2) The Company's policies on improving energy use efficiency and using renewable materials are as follows:</p> <ol style="list-style-type: none"> <li>1.Products comply with EU environmental regulations, emphasizing green energy-saving designs and improving recycling efficiency to reduce the harm of e-waste pollution to the environment.</li> <li>2.All scrap items are strictly reviewed for reuse value in accordance with "Scrap Item Management Regulations" before being scrapped. Reports of industrial waste clearance plans are also filed with the Environmental Protection Administration as required. Information on waste is logged monthly, and when actual clearance is conducted, qualified Class A waste clearance vendors are responsible for removal to improve resource reuse in compliance with environmental regulations.</li> <li>3.The Company has set up recycling bins, promoted waste sorting and recycling, advocated waste reduction, and paper recycling and reuse in order to improve utilization efficiency of resources.</li> </ol>	<p>(2) In compliance with the Principles.</p>

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			4.The 2023 environmental management goal was: Reduce non-recyclable waste (non-hazardous waste) by more than 1% of target value per quarter. Overall actual achievement: Actual non-recyclable waste for the full year was 11% less than the target, an outstanding result.	
(3) Has the Company evaluated the potential risks and opportunities that climate change presents to current and future operations, and adopted corresponding response measures?	✓		<p>(3) In view of the greenhouse gas emissions generated by human activities that have caused global climate change and impacts on ecological environments and human survival, also posing huge economic risks, environmental protection measures are imperative. To achieve sustainable management goals, the Company evaluates potential current and future climate change risks and opportunities, with consideration of the following aspects and response measures:</p> <p>1.Legal aspect:</p> <p>1) Risks:</p> <p>A. To comply with the "Greenhouse Gas Reduction and Management Act" and meet greenhouse gas reduction goals, operating costs will increase.</p> <p>B. Risk of non-compliance with international and local environmental laws or environmental assessment requirements.</p>	(3) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>2) Opportunities:</p> <p>A. The current international trend leans towards utilizing green taxes to protect the environment. The increased costs to comply with energy conservation and carbon reduction policies can reach competitive parity with future tax system developments.</p> <p>B. Continuously cooperate with customers targeting green supply chains to achieve energy conservation and carbon reduction effects.</p> <p>3) Response implementation in 2023:</p> <p>A. Implemented energy conservation and carbon reduction policies and continued self-inspection and review of greenhouse gas emissions.</p> <p>B. Gradually replaced lighting equipment with energy-saving lights.</p> <p>C. Gradually replaced air conditioning equipment with energy-saving inverter models.</p> <p>D. Turned off lights during lunch break to conserve energy.</p> <p>2.Climate disaster aspect:</p> <p>1) Risks:</p> <p>A. When typhoons approach, strong winds and heavy rains may damage buildings and equipment.</p> <p>B. Shutdowns may increase operational labor costs.</p>	

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>2) Opportunities:</p> <p>A. Increase response capabilities for climate change adaptation and reduce disaster impacts to enhance corporate competitiveness.</p> <p>B. Focus on issues of environmental sustainability to improve corporate image.</p> <p>3) Response implementation in 2023: Taiwan is an island and located in the subtropical monsoon region, with obvious island maritime climate characteristics. Typhoons often affect the region. To prevent and eliminate losses in the workplace caused by various disasters, the Company has formulated "Emergency Response Management Regulations" and "Disaster Recovery Management Regulations" for compliance. The 2023 "Emergency Response Drill" was held on April 13, 2022 to conduct response drills for potential disasters, in order to achieve the goal of disaster mitigation.</p> <p>3. Other Aspects</p> <p>1) Risks: Suppliers use hazardous substances.</p> <p>2) Opportunities: Cultivate good supplier partnerships to improve product quality.</p> <p>3) Response implementation in 2023: To prevent suppliers from using hazardous substances, the Company has</p>	

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			required suppliers to sign "Hazardous Substance Compliance Commitment Letters" since 2016 to guarantee products supplied meet stipulated limits for hazardous substances. The Company's products comply with RoHS, PFOS, and REACH regulations.	
(4) Has the Company collected statistics on greenhouse gas emissions, water consumption and total weight of waste in the most recent two years, and formulated policies on reducing greenhouse gas emissions, water consumption or other waste management?	✓		(4) To align with Taiwan's greenhouse gas reduction targets, the Company (excluding subsidiaries) began conducting greenhouse gas emissions inspections in 2016. The Company's direct emissions from sources owned or controlled (Scope 1) are only from company vehicles and fugitive emissions sources such as refrigerants and fire extinguishers. The activity data is minimal, while energy indirect emissions (Scope 2) are calculated by converting electricity usage based on the power emissions factors of the Bureau of Energy. Self-inspection results for 2022 and 2023 were 276,210 kg CO <sub>2</sub> e and 288,507 kg CO <sub>2</sub> e respectively. Greenhouse gas emission intensity calculated based on sales revenue, in 2022 and 2023, was 0.2547 tons of CO <sub>2</sub> e each million of sales revenue and 0.1610 tons of CO <sub>2</sub> e each million of sales respectively. The increase in 2022 emissions was mainly due to the addition of new office areas. The increase in emissions in 2023 is mainly due to the increase in business activities with revenue, but the emission intensity is declining year by year. Self-inspections	(4) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>and review of greenhouse gas emissions will continue on an ongoing basis. In addition, there is currently no relevant statistical data for other indirect emissions (Scope 3).</p> <p>The Company conducts water usage inspections periodically. Water usage in 2022 and 2023 was 1,657 metric tons and 1,871 metric tons respectively. The increase in 2023 was due to the addition of new office areas.</p> <p>Waste clearance of monitored items has reporting requirements stipulated by the Company. Waste materials are classified into scrap wires and cables, scrap electronic components, and scrap printed circuit boards. Tonnage reported in clearance applications in 2022 and 2023 were 0.639 metric tons and 0.587 metric tons respectively. Qualified Class A waste clearance vendors were responsible for removal on April 22, 2022, December 12, 2022, July 12, 2023 and July 14, 2023 with waste clearance receipts obtained from the EPA Industrial Waste Control Center. The decrease in waste output in 2023 is mainly due to the effective reduction in the proportion of waste printed circuit boards in production input. Waste output will continue to be controlled according to the clearance plan.</p> <p>The Company implements various energy conservation and carbon reduction measures and introduced the ISO 14001 environmental management system in 2016, committing to a process of continuous environmental improvement. By</p>	



Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>formulating environmental policies, setting goals, implementing and auditing them, tangible environmental improvement objectives can be achieved. Internal promotion of ISO 14001 was also held on May 18, 2023 and November 16, 2023 with 17 and 23 attendees respectively.</p> <p>Starting in 2019, the environmental management goal has been: Reduce non-recyclable waste (non-hazardous waste) by more than 1% of target value per quarter. Statistics show total weight of non-hazardous waste in 2022 and 2023 was 1.62 metric tons and 1.59 metric tons respectively, which were 13% and 11% less than the target amounts, an outstanding result. Planned measures to achieve reducing non-recyclable waste by 1% of target value per quarter in 2024:</p> <ol style="list-style-type: none"> <li>1. Promote waste sorting and use of eco-friendly utensils.</li> <li>2. Regional supervisors regularly review waste sorting status.</li> <li>3. Analyze waste reduction status each quarter and remind non-compliant areas to pay attention.</li> </ol>	
<p>4. Social issues</p> <p>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and international human rights conventions?</p>	✓		<p>(1) The Company has reported work rules to the Labor Affairs Bureau for approval in accordance with labor laws, and implemented them to safeguard employee legal rights. Various HR regulations have also been formulated and posted on the company intranet for employees to look up their rights anytime.</p>	<p>(1) In compliance with the Principles.</p>

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (including compensation, leave and other benefits), and appropriately reflected business performance or results in employee compensation?	✓		<p>The Company has formulated human rights policies in accordance with internationally recognized human rights standards such as the "International Covenant on Civil and Political Rights" and "International Covenant on Economic, Social and Cultural Rights", and is committed to providing employees with a safe, healthy and dignified working environment. Please refer to page 159 for human rights policies and specific management plans.</p> <p>(2) The Company has established and implemented reasonable employee welfare measures, and appropriately reflected business performance or results in employee compensation. Relevant regulations and implementation status are as follows:</p> <p>1.Compensation:</p> <p>1) Remuneration management: The Company has formulated "Remuneration Management Regulations" that classify positions based on the different nature of work, and establish appropriate remuneration standards for each position according to complexity and level of responsibility.</p> <p>2) Year-end bonus distribution: The Company has formulated "Year-End Bonus Distribution Regulations" whereby the base amount for year-end bonus distribution</p>	(2) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>is set according to the Company's business performance or results for the year, and distributed based on performance appraisal and length of service. The 2023 year-end bonus was approved by Board resolution on December 15, 2023 and distributed on February 2, 2024.</p> <p>3) Employee compensation distribution: In accordance with Article 26 of the Company's Articles of Incorporation, if the Company records profit in a fiscal year (referring to net profit before tax, after deducting employee and director compensation), 7%~10% shall be set aside as employee compensation. The 2022 employee compensation was approved by Board resolution on March 10, 2023 to appropriate 10% of before-tax net profit as employee compensation, and distributed in cash on September 5, 2023.</p> <p>4) Performance appraisal: The Company has formulated "Performance Appraisal Regulations" to regularly evaluate achievement of performance targets by employees, in order to appropriately reflect business performance or results in employee compensation. The 2023 first and second half appraisals were completed on July 14, 2023, and January 10, 2023, respectively.</p>	

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(3) Has the Company provided employees with a safe and healthy work environment, and regularly provided health and safety education for employees?	✓		<p>2. Leave: The Company has formulated "Leave and Time-Off Management Regulations" to provide a clear basis and norms for employee leave and time-off. The various leave categories and payment standards comply with relevant laws and regulations.</p> <p>3. Other benefits: Please refer to page 159 for the Company's employee welfare measures, training, implementation status, retirement system, agreements between labor and management, employee rights protection measures, etc.</p> <p>(3) The Company's employee work environment safety and health and education and training are described as follows: 1. The Company has formulated "Workplace Safety and Health Codes of Conduct", appointed occupational safety and health management personnel and first-aid personnel who are responsible for promoting and implementing safety and health management, conducting new employee and annual regular employee safety and health education and training, and implementing regular monthly fire safety inspections and noise measurements, quarterly drinking water E. coli testing, semiannual carbon dioxide and n-</p>	(3) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(4) Has the Company established effective career development and training plans for employees?	✓		<p>hexane environmental testing, etc. to ensure a safe and healthy work environment for employees. Regular annual employee health checks are held. For special operations involving n-hexane, lead, and ionizing radiation, relevant personnel undergo required health checks and complete legally mandated education and training to protect employee health. In addition, the Welfare Committee organizes recreational activities such as group tours and meals annually to relieve employee stress.</p> <p>2. Please refer to page 163 for specific implementation details.</p> <p>3. There were no occupational injuries in 2023.</p> <p>4. There were no fire incidents in 2023.</p> <p>(4) The Company has formulated "Education and Training Management Regulations" for compliance, and provides education and training subsidies. Each employee can choose internal or external training courses relevant to their own work. Please refer to page 161 for 2023 training status.</p>	(4) In compliance with the Principles.
(5) Has the Company established relevant policies and complaint procedures to protect consumer or customer rights with regard to customer health and safety, customer privacy, marketing,	✓		<p>(5) The Company maintains thorough communication channels with customers, and has formulated procedures including "Customer Complaint Handling", "Customer Satisfaction Survey Management", "Customer Service Management", and "Continuous Improvement Operations" to resolve customer</p>	(5) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>and labeling of products and services, in accordance with relevant laws, regulations and international standards?</p> <p>(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor rights, and disclosed implementation status?</p>	✓		<p>issues quickly and safeguard customer rights. The Company has formulated "Ethical Corporate Management Best Practice Principles" that expressly stipulate punishments for unethical conduct. Relevant laws and international standards that should be followed for provided products and services should be continuously researched and understood to ensure transparency and safety of product and service information.</p> <p>The Company website provides customer contact windows and email inboxes. A stakeholder section has been set up to provide channels for customer inquiries, complaints or suggestions. The Company handles these appropriately according to the principle of integrity and provides feedback to safeguard customer rights.</p> <p>(6) The Company's supplier management policies and implementation status are described as follows: 1. The Company has formulated "Ethical Corporate Management Best Practice Principles" that expressly stipulate punishments for unethical conduct. The legality and ethical management policies of suppliers or other business partners are evaluated before business relationships are established, to avoid transactions with unethical</p>	(6) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>suppliers. If unethical conduct is discovered in business interactions or cooperation, commercial dealings will be immediately halted and the party will be added to the list of refused transactions. Contracts may be unconditionally terminated or dissolved at any time to ensure business operations of counterparts are conducted fairly and transparently, fully implementing the Company's ethical management policies.</p> <p>2.The 2023 supplier self-evaluations have been completed for reference in business interactions. The company selected 4 additional suppliers for on-site supplier evaluations.</p>	
5. Has the Company prepared reports disclosing corporate non-financial information such as sustainability reports based on internationally accepted report preparation standards or guidelines? Have the above reports obtained reasonable assurance or limited assurance from third party certification units?		✓	The Company does not meet the criteria for mandatory preparation of sustainability reports and has not voluntarily prepared any.	The Company does not meet the criteria for mandatory preparation of sustainability reports.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
6.	If the Company has stipulated its own sustainable development principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", please describe differences between operations and the stipulated principles: The Company has always been committed to implementing corporate governance, developing sustainable environments, and safeguarding social welfare. Overall corporate operations for sustainable development are in compliance with relevant principles in the Best Practice Principles, except for not voluntarily preparing sustainability reports. There are no other material differences.			
7.	Other important information to help understand the status of sustainable development promotion implementation: (1) The Company proactively creates employment opportunities and exclusively hires local labor. It has formulated various employee welfare policies, employee rights protection measures, and promoted harmonious labor relations. Please refer to page 159 for implementation details. (2) The Company's products are ISO 9001 certified and comply with EU RoHS, PFOS, and REACH environmental regulations. (3) The Company has established a public information network reporting system. Dedicated personnel are responsible for collecting and disclosing corporate information, establishing sound mechanisms for handling, disclosing and remediating deficiencies in major internal information. After rigorous assessment processes with records retained, information that may impact shareholder and stakeholder decisions can be disclosed appropriately and in a timely manner.			



(4) The 2023 implementation status of sustainable development was reported to the Board of Directors on February 27, 2024. Communication status with various stakeholders, actual implementation content and frequency were as follows:

Stakeholder	Key concerns	Communication channels	Response methods	Frequency	Actual implementation
Shareholders and investors	<ul style="list-style-type: none"> <li>• Business performance of Corporate governance</li> <li>• Corporate governance</li> <li>• Ethical management and sustainable development</li> <li>• Shareholder equity</li> <li>• Environmental protection</li> </ul>	Wang, Peng-Sen, Deputy Chief Executive (Note) Tel: (02) 2785-3961 Email: <a href="mailto:spokesman@mail.rubyttech.com.tw">spokesman@mail.rubyttech.com.tw</a>	• Shareholder meeting	Annually	2023 shareholder meeting held on June 9, 2023
			<ul style="list-style-type: none"> <li>• Material information announced in real time on the Market Observation Post System and corporate website</li> <li>• Open communication channels and contact methods established</li> </ul>	As needed	15 material information announcements in 2023, with simultaneous English versions
Employees	<ul style="list-style-type: none"> <li>• Labor relations</li> <li>• Compensation and benefits</li> <li>• Workplace safety and health</li> <li>• Opinion feedback mechanisms</li> <li>• Talent cultivation and career development</li> </ul>	Deputy Spokesperson: Chen, Yun-Chen Assistant Vice President of Administration Div. Tel: (02) 2785-3961 Email: <a href="mailto:admin@mail.rubyttech.com.tw">admin@mail.rubyttech.com.tw</a>	• Performance appraisals	Biannually	Conducted once each in 1H and 2H 2023.
			• Labor-management meetings	Quarterly	Held total of 4 meetings in 2023
			• Employee Welfare Committee	Quarterly	Held total of 6 meetings in 2023

Stakeholder	Key concerns	Communication channels	Response methods	Frequency	Actual implementation
Customers	<ul style="list-style-type: none"> <li>• Sales service and support</li> <li>• Product quality and safety</li> <li>• After-sales service</li> <li>• Brand image</li> <li>• Customer satisfaction</li> </ul>	Customer section: Sales Div. Assistant Vice President Liao / Sales Div. Assistant Vice President Huang Tel: (02) 2785-3961 Email: <a href="mailto:sales@mail.rubyttech.com.tw">sales@mail.rubyttech.com.tw</a>	• Dedicated sales service team	As needed	Completed 2023 customer after-sales service and satisfaction surveys
			• Customer after-sales service and satisfaction surveys	Annually	
Suppliers	<ul style="list-style-type: none"> <li>• Supplier management</li> <li>• Green processes</li> </ul>	Supplier section: Mr. Wang, Vice President of Manufacture Div. Tel: (02) 2785-3961 Email: <a href="mailto:vendor@mail.rubyttech.com.tw">vendor@mail.rubyttech.com.tw</a>	• Dedicated procurement service window	As needed	Completed 2023 supplier self-evaluations. The company selected 4 additional suppliers for on-site evaluations .
			• Supplier evaluations	Annually	

Note: Former director Wang, Peng-Sen retired on January 12, 2024, and the Company's spokesman changed to General Manager Young, Yu-Che.

- (5) In accordance with the principle of materiality, conducting risk assessments related to environmental, social, and corporate governance issues relevant to the company's operations, and establishing corresponding risk management strategies:
1. Risk management organizational structure and responsibilities:
    - 1) Board of Directors: Supervises formulation and amendments to sustainable development regulations including "Ethical Code of Conduct", "Major Internal Information Handling Procedures", "Procedures for Prevention of Insider Trading", "Ethical Corporate Management Best Practice Principles", and "Sustainable Development Best Practice Principles", and hears annual reports on implementation status of sustainable development.

- 2) General Manager's Office: Evaluates and responds to management decision risks and operational risks as the unit responsible for coordinating relevant matters with each division.
- 3) Internal Audit Office: Regularly audits if risk control is effectively implemented in each division according to internal control and audit plans, and prepares audit reports based on actual audit findings. Proactively assists management in handling risks interrelated across the entire enterprise.
- 4) Each division: Division heads bear responsibility for risk management and oversee analyzing and monitoring associated risks within their divisions to ensure risk control mechanisms and procedures can be effectively implemented.

2. Description of risks faced by the Company and associated management strategies:

Key issue	Risk assessment items	Risk description	Risk management strategies and measures
Environmental aspect	Environmental	<ul style="list-style-type: none"> <li>• Legal aspect: Includes risks of non-compliance with international and local environmental laws or environmental assessment requirements.</li> <li>• Climate disaster aspect: Includes risks of reduced or interrupted production capacity due to wind disasters, floods or droughts.</li> <li>• Other aspects: Includes risks of supplier use of hazardous substances affecting the Company's products.</li> </ul>	Please refer to page 89 Sustainable Development Promotion Item - Environmental Issues for details.
Social aspect	Occupational safety and health	<ul style="list-style-type: none"> <li>• Legal aspect: Includes risks of non-compliance with various occupational safety and health laws and regulations.</li> <li>• Operational aspect: Includes risks of losses to the Company due to improper human resource management, operations or errors.</li> </ul>	Please refer to page 96, Sustainable Development Promotion Item - Social Issues for details.
	Human resources	<ul style="list-style-type: none"> <li>• Labor relations aspect: Includes risks arising from the Company's employee welfare measures, training, retirement system, agreements between labor and management, human rights policies and other issues.</li> <li>• Talent development and management aspect: Includes risks arising from recruitment and retention of talent, talent development mechanisms, and succession plans.</li> </ul>	

Key issue	Risk assessment items	Risk description	Risk management strategies and measures
Economic aspect (including corporate governance aspect)	Market	<ul style="list-style-type: none"> <li>• Technology and industry aspect: Includes risks of resources invested in continuous new product development and new service applications to meet market demand.</li> <li>• Financial aspect: Includes risks of fluctuations in values due to market risk factors (exchange rates, stock prices, inflation, etc.)</li> </ul>	Please refer to page 304 for details.
	Operations	<ul style="list-style-type: none"> <li>• Operational aspect: Includes risks faced from excessively concentrated procurement or sales.</li> <li>• Financial aspect: Includes risks of impacts on the Company from credit ratings, credit assessment terms, changes in accounting policies, etc.</li> <li>• Intellectual property aspect: Includes risks that may arise from patent applications, maintenance and management.</li> <li>• Supply chain aspect: Includes risks of quality, pricing and delivery time of supplied goods.</li> <li>• Information security aspect: Includes risks of impacts on the Company from email phishing attacks, outdated software versions, storage without adequate protections or improperly configured settings, employees lacking information security awareness or inadequate skills.</li> </ul>	
	Investments	<ul style="list-style-type: none"> <li>• Investment aspect: Includes risks of impacts on the company from poorly regulated operations of investees under long-term investments.</li> </ul>	
	Regulatory compliance	<ul style="list-style-type: none"> <li>• Regulatory aspect: Includes risks of impacts on the Company from major domestic and foreign policy and legal changes.</li> </ul>	

## Implementation of Climate-Related Information

Item	Budget Execution
1. Describe the Board of Directors' and management's oversight of climate-related risks and opportunities.	The Company's Administration Department oversees sustainable development initiatives, with the Assistant Vice President of Administration Div. also serving as the Corporate Governance Officer. Quarterly reports on greenhouse gas inventory and verification disclosure are provided to the Board of Directors. Additionally, progress updates are regularly presented at management meetings to supervise the Company's overall climate change management measures.
2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finances (short-term, medium-term, long-term).	The Company evaluates current and future climate change risks and opportunities comprehensively, considering various factors and response measures. For detailed information, please refer to Page 91. In the short term, the company faces challenges such as controlling total greenhouse gas emissions and potential carbon taxes or fees. In the medium term, compliance with regulations may necessitate transitioning to low-carbon or plastic reduction technologies. In the long term, the company anticipates the shift towards achieving net-zero carbon emissions.
3. Describe the impact of extreme climate events and transition actions on finances.	<p>(1) Impact of extreme climate events on finances:  Extreme high temperatures increase the operating costs of air conditioning equipment; if heavy rain causes flooding, work stoppages or equipment damage, there is a risk of temporary inability to ship, resulting in reduced revenue; if there is a drought and water shortage, it may be necessary to transport water across regions, resulting in increased operating costs.</p> <p>(2) Impact of transition actions on finances:  Under the transition to a low-carbon economy, increased policies and regulations may elevate production, development, and management costs.</p>
4. Description of the Process of Identifying, Evaluating, and Managing Climate Risks and its Integration into the Overall Risk Management System:	The Company's Administration Department concurrently promotes sustainable development, with the Associate Administrator also serving as the corporate governance officer. Policies and improvement goals are formulated in accordance with relevant laws and regulations. The implementation of sustainable development is reported to the Board of Directors at least annually to achieve the purpose of risk management.

Item	Budget Execution
5. If scenario analysis is employed to assess resilience to climate change risks, explanations should be provided regarding the scenarios, parameters, assumptions, analysis factors, and major financial impacts utilized.	The Company has not yet utilized scenario analysis to assess resilience to climate change risks, but will remain attentive to this matter and implement appropriate measures. Regarding the management of climate-related risks, the Company has not developed a transition plan at present. However, it will continue to monitor this issue closely and take suitable actions as necessary.
6. If there is a transition plan to address climate-related risk management, please describe the content of the plan, as well as the indicators and goals used to identify and manage physical risks and transition risks.	The company has not yet used scenario analysis to assess resilience against climate change risks, but we will continue to pay attention to this issue in order to respond.
7. If internal carbon pricing is utilized as a planning tool, an explanation of the pricing basis should be provided.	The Company has not yet employed internal carbon pricing as a planning tool, but will remain attentive to this matter and implement appropriate measures.
8. If climate-related targets have been established, details such as the covered activities, greenhouse gas emissions scope, planning period, and annual progress should be provided. If carbon offsets or Renewable Energy Certificates (RECs) are utilized to achieve related targets, details regarding the source and quantity of offset carbon reductions or the number of Renewable Energy Certificates (RECs) should be provided.	For information on the Company's climate-related targets, please refer to Page 94.

(6) Implementation of ethical management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
1. Adoption of ethical management policies and plans				
(1) Has the Company adopted ethical management policies approved by the board of directors, and stated in its guidelines and external documents the ethical management policies and practices, as well as the commitment by the board of directors and management team to implement the policies rigorously and thoroughly?	✓		(1) The Company has formulated "Ethical Corporate Management Best Practice Principles and Procedures" and "Ethical Code of Conduct", with the latest amended versions approved by the Board of Directors on March 13, 2020 and November 4, 2020 respectively, serving as guidelines for conduct of all Company personnel (including the Board of Directors and management team). Directors and managers have also signed declarations that they have not engaged in unethical conduct.	(1) In compliance with the Principles.
(2) Has the Company established assessment mechanisms for risks of unethical conduct, regularly analyze and assess business activities within the scope of business that are at relatively high	✓		(2) The Company's formulated "Ethical Corporate Management Best Practice Principles and Procedures" encompass the conducts stipulated in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and other business activities within the business scope that are at relatively high risk of	(2) In compliance with the Principles.



Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>risk of being involved in unethical conduct, and accordingly adopted preventive measures for such activities which at a minimum cover the conducts stipulated in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Has the Company stipulated in the ethical management prevention programs the operating procedures, conduct guidelines, punishment systems, and appeal systems for violations, and faithfully implemented the programs, and regularly reviewed and revised the programs?</p>	✓		<p>being involved in unethical conduct. Related preventive measures have been adopted, with regular or irregular audits and analyses conducted to prevent unethical conduct.</p> <p>(3) The Company has formulated "Ethical Corporate Management Best Practice Principles and Procedures" and "Employee Reward and Disciplinary Regulations" which stipulate operating procedures, guidelines, punishment systems and appeal systems for violations. These are faithfully implemented to prevent unethical conduct and reviewed at least once annually for necessary amendments.</p>	(3) In compliance with the Principles.
<p>2. Implementation of ethical management</p> <p>(1) Does the Company evaluate the ethical records of counterparties it engages with and stipulate ethical</p>	✓		<p>(1) The Company's formulated "Ethical Corporate Management Best Practice Principles and Procedures" expressly stipulate punishments for unethical conduct. The legality, ethical</p>	(1) In compliance with the Principles.

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>conduct clauses in the transaction terms and conditions with such counterparties?</p> <p>(2) Has the Company set up a dedicated unit that is subordinate to the Board of Directors and reports its ethical management policy and prevention of unethical conduct programs as well as implementation status to the Board of Directors at least once per year?</p>	✓		<p>management policy and records of unethical conduct are evaluated before establishing business relationships. Credit checks or investigations are conducted in accordance with "Supplier Evaluation Regulations" and "Credit Management Regulations" before transactions. Purchase orders or agreements stipulating ethical conduct are signed with suppliers and customers for fair and transparent business activities.</p> <p>(2) The Company's Administration Division serves as the dedicated unit for promoting ethical management. The Assistant Vice President, one person each from the HR Department and General Affairs Department, and two people from the Finance Department are responsible for operations to promote the main functions of formulating and amending ethical management regulations and supervising implementation of ethical management policies, unethical conduct prevention programs and implementation status. Implementation is as follows:</p> <p>1. Formulation and amendment of ethical management regulations: Ethical management regulations are formulated and amended in accordance with competent authority</p>	(2) In compliance with the Principles.

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>requirements. Responsibilities also include interpretation and consultation services for the regulations along with reporting content logging, filing and other associated operations. Formulated regulations include the "Ethical Code of Conduct", "Major Internal Information Handling Procedures", "Procedures for Prevention of Insider Trading", and "Ethical Corporate Management Best Practice Principles and Procedures".</p> <p>2. Ethical management policies and unethical conduct prevention programs and implementation supervision:</p> <p>1) The Company may not provide or accept any form of improper benefits or facilitation payments.</p> <p>2) Credit checks or investigations are conducted for suppliers and customers respectively in accordance with "Supplier Evaluation Regulations" and "Credit Management Regulations" before transactions. Written records are produced for all transactions, which are conducted fairly and transparently. Market pricing is understood through tendering procedures during procurement to comply with ethical principles.</p> <p>3) Directors comply with recusal principles for conflicts of interest.</p>	

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(3) Has the Company established policies for preventing conflicts of interest and provided appropriate channels for filing complaints, and faithfully implemented the policies?	✓		<p>4) Major internal information handling procedures have been established to ensure information symmetry.</p> <p>5) The formulated "Ethical Corporate Management Best Practice Principles and Procedures" stipulate whistleblowing procedures and are posted on the Company website. In addition, contact windows for investors, customers, suppliers and employees have been set up on the company website to maintain open communication channels.</p> <p>6) Regular annual education and training on ethical management is held.</p> <p>3. Implementation status is reported to the Board of Directors annually: The 2023 ethical management implementation status was reported at the February 27, 2024 Board of Directors meeting.</p> <p>(3) The Company's formulated "Ethical Corporate Management Best Practice Principles and Procedures" serve as guidelines for all employees, who can communicate with management through email at any time.</p>	(3) In compliance with the Principles.

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>(4) To implement ethical management, has the Company created effective accounting and internal control systems that are audited by internal auditors or reviewed by CPAs periodically?</p> <p>(5) Does the Company regularly hold internal and external ethical management education and training?</p>	<p>✓</p> <p>✓</p>		<p>(4) The Company has established effective accounting and internal control systems. Internal auditors formulate associated audit plans based on unethical conduct risk assessment results to audit unethical conduct prevention. The 2023 internal audit found the compliance status of ethical management policies and unethical conduct prevention to be normal.</p> <p>(5) The dedicated unit regularly holds internal promotions to communicate the importance of integrity and incorporates ethical management into administration, establishing clear and effective reward/disciplinary systems. The 2023 "Promotion of Ethical Corporate Management and Sustainable Development" was held on May 18, 2023 and November 16, 2023 for 30 minutes each time, with 17 and 23 attendees respectively to promote implementation of various corporate plans.</p>	<p>(4) In compliance with the Principles.</p> <p>(5) In compliance with the Principles.</p>
<p>3. Whistleblowing system implementation</p> <p>(1) Has the Company established specific whistleblowing and reward systems, set up convenient whistleblowing channels, and assigned appropriate personnel to</p>	<p>✓</p>		<p>(1) The Company's formulated "Ethical Corporate Management Best Practice Principles and Procedures" contain whistleblowing procedures and are disclosed on the Company website. Communication mailboxes have also been set up on the company website which internal and external</p>	<p>(1) In compliance with the Principles.</p>

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>handle whistleblowing cases?</p> <p>(2) Has the Company established standard operating procedures for investigating accusation cases, subsequent measures after investigations, and related confidentiality mechanisms?</p>	✓		<p>personnel can use for whistleblowing. The Administration Division has been assigned as the dedicated unit to handle associated matters.</p> <p>(2) The Company's formulated "Ethical Corporate Management Best Practice Principles and Procedures" expressly stipulate standard operating procedures for investigating reported cases, subsequent measures after investigations, and associated confidentiality mechanisms. When handling reported cases, the dedicated unit should ascertain relevant facts of the accusation. Assistance from the legal compliance or other associated units may be sought if necessary. If investigations confirm the whistleblowing allegations to be true, the implicated party will be asked to cease the relevant conduct immediately, undergo proper disciplinary actions, and compensation sought through legal proceedings where necessary, in order to uphold the Company's reputation and rights.</p> <p>For reported cases confirmed to be true after investigation, relevant Company units should be ordered to review associated internal control systems and procedures and propose improvement measures, to prevent recurrences of the same conduct.</p>	<p>(2) In compliance with the Principles.</p>

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(3) Has the Company adopted proper measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing?	✓		<p>The Company's dedicated unit should report the whistleblowing cases, handling methods and subsequent review improvements to the Board of Directors.</p> <p>(3) The Company's formulated "Ethical Corporate Management Best Practice Principles and Procedures" expressly stipulate that the identity of whistleblowers and the content of their allegations will be kept confidential, and that whistleblowers are protected from being inappropriately disciplined for their whistleblowing.</p>	(3) In compliance with the Principles.
4. Enhanced disclosure of ethical management information Has the Company disclosed its guidelines for ethical management conduct and the status of implementation on its website and the MOPS?	✓		The Company's website <a href="https://www.rubytch.com.tw">https://www.rubytch.com.tw</a> has a corporate governance section disclosing the Ethical Corporate Management Best Practice Principles and Procedures.	In compliance with the Principles.
<p>5. If the Company has stipulated its own ethical management code of conduct in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancies between the operations and the stipulated code: All Company operations are handled in accordance with laws and regulations. The Company proactively implements ethical corporate management with no discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>				

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
6. Any other important information to facilitate better understanding of the Company's implementation of ethical corporate management operations (such as review and amendments to the Company's adopted ethical management code of conduct):				
(1) The Company's formulated "Ethical Corporate Management Best Practice Principles and Procedures" were approved by the Board of Directors on March 19, 2015, with the latest amended version approved on March 13, 2020 to implement an ethical corporate culture.				
(2) The Company's Administration Division serves as the concurrent unit responsible for promoting ethical management. Main implementation details are as follows:				
No.	Implementation item		Implementation status	
1	Regular reviews of relevant laws.		Relevant laws and regulations were reviewed this year, with amendments to the " Corporate Governance Practice Principles" approved by the Board of Directors on March 10, 2023.	
2	Annual reports to the Board of Directors.		The 2023 implementation status was reported to the Board of Directors on February 27, 2024.	
3	Review of whether any money, gifts, commissions, positions, services, preferential treatment, rebates, facilitating payments, entertainment, dining or other valuable items have been provided to others in any form or name.		Where business needs require polite receptions, application is made for hospitality expenses as stipulated, with costs conforming to normal social etiquette values. No abnormalities have been discovered.	
4	Review of whether any person has directly or indirectly provided or promised to provide the aforementioned benefits and reported accordingly.		Not applicable.	



Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

No.	Implementation item	Implementation status
5	Review of whether the Company has provided or promised any facilitating payments.	Not applicable.
6	Whether political donations have been made and properly reported to the Chairman for approval and notification to the dedicated unit, with amounts conforming to laws and regulations.	In 2023, a political donation of \$100,000 was provided to the Members of the Legislative Yuan, which was reported to the chairman for approval and notified to the dedicated unit in accordance with procedures, and the amount comply with legal requirements.
7	Whether charitable donations or sponsorships have been made, properly reported to the Chairperson for approval and notification to the dedicated unit, with amounts conforming to laws and regulations.	In 2023, a donation of \$200,000 was made to the National Taiwan University Hospital Yunlin Branch and \$400,000 to the Fu Jen Catholic University Hospital in accordance with approval procedures and notification to the dedicated unit, with amount in compliance with laws and regulations.
8	Whether directors, managers and other stakeholders attending or serving as proxies for Board meetings have recused themselves if the meeting agenda involves their own interests or interests of the legal entities they represent.	<ol style="list-style-type: none"> <li>At the August 1, 2023 Board meeting discussing the 2022 manager and employee compensation distribution plan, Chairman Lin, Kuan-Ming and his spouse Director Lin, Ling-Yu, Director Wang, Peng-Sen (Note) and Director Young, Yu-Che all recused themselves as required.</li> <li>At the December 15, 2023 Board meeting discussing the 2023 year-end bonus distribution plan, Chairman Lin, Kuan-Ming and his spouse Director Lin, Ling-Yu, Director Wang, Peng-Sen (Note) and Director Young, Yu-Che all recused themselves as required.</li> </ol>

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

No.	Implementation item	Implementation status
9	Whether unfair trading of undisclosed information has been avoided, and information not disclosed externally has been prevented from leaking to others, in order to prevent others from unfair trading of undisclosed information.	The Company has formulated "Major Internal Information Handling Procedures" to prevent information asymmetry, and "Procedures for Prevention of Insider Trading" to prevent insider trading.
10	Whether directors and management have provided statements undertaking to comply with ethical management policies, and employment terms require employees to comply with ethical management policies.	The Company's directors and managers have signed statements that they have not engaged in unethical conduct. Employees have signed "Employment Agreements" containing stipulations on compliance with ethical management policies.
11	Whether supplier and customer integrity records have been evaluated, with those discovered to have engaged in unethical conduct immediately restricted from business dealings and added to the list of refused transactions.	<ol style="list-style-type: none"> <li>1. Credit checks or investigations are conducted in accordance with "Supplier Evaluation Regulations" and "Credit Management Regulations" before transactions.</li> <li>2. Written records are produced for all transactions, which are conducted fairly and transparently.</li> <li>3. Market pricing is understood through tendering procedures during procurement to comply with ethical principles.</li> <li>4. No circumstances of unethical conduct by suppliers or customers have been discovered this year.</li> </ol>

Evaluation item	Implementation status			Deviations from and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

No.	Implementation item	Implementation status
12	Whether whistleblowing systems have been set up.	1. Whistleblowing procedures have been stipulated in the Company's "Ethical Corporate Management Best Practice Principles and Procedures" and disclosed on the website 2. Reported cases are handled in accordance with the "Employee Reward and Disciplinary Regulations" based on severity. 3. No whistleblowing has been received this year.
13	Whether proper statement channels have been established to protect stakeholder rights.	The Company website provides contact windows for investors, customers, suppliers and employees to maintain open communication channels.
14	In cases of unethical conduct towards the Company, relevant facts should be disclosed to judicial and prosecutorial agencies if involving illegalities, and to government anti-corruption authorities if involving civil servants or government personnel.	Not applicable.
15	Annual education and training to communicate the importance of integrity, incorporate ethical management into the Company's management, and establish clear and effective reward/disciplinary systems.	1. Annual education and training to communicate the importance of integrity, incorporate ethical management into the Company's management, and establish clear and effective reward/disciplinary systems. 2. The 2023 "Promotion of Ethical Corporate Management and Sustainable Development" was held on May 18, 2023 and November 16, 2023 for 30 minutes each session, with 17 and 23 attendees respectively to promote implementation of various corporate plans.

Note : Former director Wang, Peng-Sen retired on January 12, 2024, and resigned on March 29, 2024.

- (7) If the Company has formulated a code of corporate governance and related regulations, the Company should disclose the means of inquiry thereof

The Company's corporate governance principles and related regulations have been approved by the Board of Directors, with full disclosure of corporate governance information on the Company's website in the corporate governance section: <https://www.rubyttech.com.tw>

1. The "Ethical Code of Conduct"

Stipulates conduct guidelines for directors, supervisors and employees to prevent improper behavior.

2. The "Major Internal Information Handling Procedures"

Establish sound mechanisms for handling and disclosing major internal information to ensure consistency and accuracy of externally disclosed information. New employees sign employment agreements containing non-disclosure clauses to protect information security.

3. The "Procedures for Prevention of Insider Trading"

In order to prevent the Company or insiders from violating insider trading regulations inadvertently or intentionally due to unfamiliarity with the regulations, the Company has established this procedure to prevent insider trading in order to protect investors rights and the Company.

4. The "Ethical Corporate Management Best Practice Principles and Procedures"

In order to implement ethical business practice policies and actively prevent non-ethical behavior, we have formulated these operating procedures and behavioral guidelines to specifically regulate the matters that should be observed by our personnel in the execution of our business. Other important information to help understand the status of corporate governance operations:

- (8) Please refer to item 8 in " Implementation of Corporate Governance and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".

(9) Implementation internal control system

a. Internal Control System Statement

Ruby Tech Corporation

Internal Controls System Statement Date: February 27, 2024

Based on results of self-assessments, the internal control system of Ruby Tech Corporation for 2023 is hereby stated as follows:

1. The Company is fully aware that establishing, implementing, and maintaining an internal control system are the responsibilities of the Board of Directors and management team. An internal control system has been established by the Company. Its purpose is to provide reasonable assurance in achieving the goals of operational effectiveness and efficiency (including profitability, performance and safeguarding of assets), reliable, timely and transparent reporting, and compliance with relevant regulations and associated laws and regulations.
2. Internal control systems inherently have limitations. Regardless of how perfectly they are designed, effective internal control systems can only provide reasonable assurance in achieving the above three goals. Moreover, the effectiveness of internal control systems may change along with changes in environment and circumstances. However, the Company's internal control system contains self-monitoring mechanisms. Once deficiencies have been identified, corrective actions are taken immediately.
3. The Company has adopted the criteria for determining effectiveness of internal control systems stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether design and implementation of the internal control system are effective. The internal control system determination criteria adopted in the "Regulations" are based on the process of management control, with the internal control system divided into five elements: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Each element further contains several items. Please refer to the "Regulations" for these items.
4. The Company has adopted the above criteria for determining internal control system effectiveness to assess whether design and implementation of the internal control system are effective.
5. Based on results of the above assessments, the Company believes that the design and implementation of its internal control system (including supervision and management of subsidiaries) as of December 31, 2023, including understanding the extent of achieving operational effectiveness and efficiency goals, reliability, timeliness and transparency of reporting, and compliance with relevant regulations and associated laws and regulations, are effective and can provide reasonable assurance in achieving the above goals.
6. This Statement will become a major part of the Company's annual report and prospectus, and will be publicly disclosed. If the above public disclosures contain misrepresentations, concealments or other illegalities, legal liabilities will be incurred under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement was approved by the Board of Directors on February 27, 2024, with 0 objections from the 10 attending directors, and the rest in agreement with the content of this Statement. This is hereby stated.

Ruby Tech Corporation

Chairman: Lin, Kuan-Ming

President: Young, Yu-Che

- b. If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.
- (10) If any penalties are imposed on the Company and its personnel or punishments are imposed by the Company on personnel in violation of internal control system regulations in the past year and up to the date of report, and the results of the penalty may have a material effect on shareholders equity or stock price, specify the contents of the penalty, major deficiencies and improvement: None.
- (11) Important resolutions adopted in shareholders meeting and Board of Directors' meeting in the past year and up to the date of report:
- a. Major resolutions of the shareholders' meeting and implementation:

Date	Important Shareholder Meeting Resolutions	Implementation status of resolved motions
06.09.2023	1. Acceptance of the Company's 2022 business report and financial statements.	Announced on the Market Observation Post System as required.
	2. Acceptance of the Company's 2022 earnings distribution plan.	Carried out according to the resolution. The dividend distribution, ex-rights, and capital increase record date was set as July 12, 2023. The cash dividend distribution was completed on July 28, 2023, with total amount of NT\$119,665 thousand (NT\$2.2 per share).
	3. Approved the company's 2022 profit conversion and capital increase plan for the issuance of new shares	In accordance with the resolution, July 12, 2023, was set as the record date for dividend distribution, ex-rights, and capital increase. The shares will be officially listed for trading at TPEx on August 11, 2023. The total amount distributed was \$16,318 thousand (NT\$0.3 per share, or 30 shares per 1,000 shares)."

- b. Major resolutions of the Board of Directors:

Date	Important Board Resolutions
03.10.2023	<ol style="list-style-type: none"> <li>1. The Company's proposal for 2022 director compensation distribution.</li> <li>2. The Company's proposal for 2022 employee compensation distribution.</li> <li>3. The Company's proposal for 2022 business report and financial statements.</li> <li>4. The Company's proposal for 2022 earnings distribution amendment and the issue new shares through capitalization of earnings</li> <li>5. Issuance of 2022 report of internal control system effectiveness assessment and Declaration of Internal Control System.</li> </ol>

Date	Important Board Resolutions
	<ol style="list-style-type: none"> <li>The Company's 2023 CPA appointment, remuneration, independence and suitability assessment.</li> <li>Amendments to partial articles of the Company's " Corporate Governance Practice Principles ".</li> <li>Amendments to partial articles of the Company's " Rules Governing Financial and Business Matters Between this Corporation and its Related Parties " and change the Chinese name.</li> <li>Proposal for 2023 Annual Shareholder Meeting date, location, manner, agenda, period for accepting shareholder proposals from shareholders holding 1% or more of shares, handling location, and other associated matters.</li> </ol>
05.04.2023	<ol style="list-style-type: none"> <li>The Company's 2023 Q1 consolidated financial report.</li> <li>The Company has appointed the Corporate Governance Manager.</li> </ol>
06.09.2023	<ol style="list-style-type: none"> <li>Setting of the record date for dividend distribution, ex-rights, and capital increase.</li> </ol>
08.01.2023	<ol style="list-style-type: none"> <li>The Company's 2023 Q2 consolidated financial report.</li> <li>The Company's proposal for Remuneration Committee reviewed the 2022 manager and employee compensation distribution.</li> <li></li> </ol>
11.01.2023	<ol style="list-style-type: none"> <li>The Company's 2023 Q3 consolidated financial statements.</li> <li>The Company has appointed one dedicated Chief Information Security Officer and one dedicated Information Security Officer.</li> <li></li> </ol>
12.15.2023	<ol style="list-style-type: none"> <li>The Company's proposal for 2024 audit plan.</li> <li>The Company's proposal for Remuneration Committee reviewed the 2023 year-end bonus distribution.</li> <li>The Company's proposal for 2024 budget.</li> <li>The Board of Directors has authorized the internal auditor to execute audit tasks regarding changes in the board members.</li> </ol>
02.27.2024	<ol style="list-style-type: none"> <li>The Company's proposal for 2023 director compensation distribution.</li> <li>The Company's proposal for 2023 employee compensation distribution.</li> <li>The Company's 2023 business report and financial report.</li> <li>The Company's proposal for 2023 earnings distribution.</li> <li></li> <li>The Company's Proposal to issue new shares through capitalization of 2023 earnings. Issuance of 2023 report of internal control system effectiveness assessment and Declaration of Internal Control System.</li> <li>The Company's 2024 CPA appointment, remuneration, independence and suitability assessment.</li> <li>Amendments to partial articles of the Company's " Rules of Procedure for Shareholders Meetings ".</li> </ol>

Date	Important Board Resolutions
	9. Amendments to partial articles of the Company's " Rules of Procedure for Shareholders Meetings ". 10. Proposal for the Election of Directors 11. Proposal for 2024 Annual Shareholder Meeting date, location, manner, agenda, period for accepting shareholder proposals from shareholders holding 1% or more of shares, handling location, and other associated matters. 12. The Board of Directors has authorized the internal auditor to execute audit tasks regarding changes in the board members.
05.02.2024	1. The Company's 2024 Q1 consolidated financial report. 2. Proposal for release the prohibition on directors and their authorized representatives from participation in competitive business. 3. Proposal for the nomination of directors and independent directors. 4. Proposal for reviewing the qualifications of nominees for directors and independent directors of the Company.

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

(13) Resignation and dismissal of managerial officers related to the financial report (including chairperson, president, chief accounting officer, chief financial officer, chief internal auditing officer, corporate governance supervisor, and R&D supervisor) in the past year and up to the date of report: None.

April 30, 2024

Position	Name	Arrived Date	Resigned Date	Reason for Resignation or Dismissal
Deputy Chief Executive	Wang, Peng-Sen	September 18, 1985	January 1, 2024	Retired



## 5. Information on Professional Fees of CPA

### (1) Information on Professional Fees of CPA

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA	CPA Audit Period	Audit Fees	Non-audit Fees	Total	Notes
Deloitte & Touche	Lin, Shu-Ju	2023	1,630	270 (Note)	1,900	
	Chang, Chun-I	2023				

Note: Details of non-audit fees are as follows:

1. 2023 tax certification fees of \$200 thousand.
2. Fees for issuing the 2023 non-managerial full-time employee salary information checklist of \$10 thousand.
3. 2022 undistributed profit substantive investment tax credit certification fees of NT\$10 thousand.
4. The certification fees for issuing new shares through the capitalization of 2022 earnings is \$50 thousand.

- (2) If the accounting firm was changed and the audit fees paid in the fiscal year of change was less than that of the previous fiscal year, the audit fees before and after the change and the reasons shall be disclosed: Not applicable.
- (3) If the audit fee is reduced by 10% or more from the previous year, the amount, percentage, and reasons for the reduction in the audit fee shall be disclosed: Not applicable.

6. Information on Replacement of CPA: There has been no replacement of CPA in the most recent 2 fiscal years and subsequent periods.
7. The Chairperson, President, or Financial or Accounting Manager of the Company Who Had Worked for the certifying Accounting Firm or Its Affiliated Enterprises in the Past Year: None.

8. Share transfer by directors, supervisors, managers and shareholders holding more than 10% interests and changes to share pledging by them in the past year and up to the date of report

- (1) Share transfer by directors, supervisors, managers and shareholders holding more than 10% interests and changes to share pledging by them

Unit: Shares

Title	Name	2023		As of Apr 30, 2024	
		No. of Shares Held Increase (Decrease)	No. of Shares Pledged Increase (Decrease)	No. of Shares Held Increase (Decrease)	No. of Shares Pledged Increase (Decrease)
Chairman and Chief Executive	Lin, Kuan-Ming	39,840	-	110,000	-
Director and Deputy Chief Executive	Wang, Peng-Sen	(1,415,888)	-	(Note 1)	(Note 1)
Director	Wang, Wkang-Hsiang	14,850	-	-	-
Director	Lin, Ling-Yu	23,151	-	-	-
Director	Fu Ho Investment Co., Ltd.	13,132	-	-	-
Director	Tung, Chin-Chuan	2,062	-	-	-
Director	Young, Yu-Che	13,195	-	-	-
Independent Director	Huang, Chin-Tan	-	-	-	-
Independent Director	Wu, Yung-Sheng	-	-	-	-
Independent Director	Wang, Chi-Chiao	775	-	-	-
President and Head of Sales Div. and Head of RD Div.	Young, Yu-Che	13,195	-	-	-
Vice President of Manufacture Div.	Wang, Wen-Chang	(36,343)	-	-	-
Assistant Vice President of Sales Div.	Liao, Li-Fen	(37,463)	-	(47,000)	-
Assistant Vice President of Sales Div. and Vice President of Subsidiary in China	Huang, Chien-Cheng	-	-	-	-
Assistant Vice President of Product Planning Div.	Lai, Yong-Sheng	(8,330)	-	(14,000)	-
Assistant Vice President of Product Planning Div.	Tseng, Hung-Min	618	-	-	-
Assistant Vice President of RD Div.	Cheng, Cheng-Lung	(5,900)	-	(10,000)	-
Senior Assistant Vice President of Innovation & Development Div.	Hung, Chin-Piao	-	-	-	-

Title	Name	2023		As of Apr 30, 2024	
		No. of Shares Held Increase (Decrease)	No. of Shares Pledged Increase (Decrease)	No. of Shares Held Increase (Decrease)	No. of Shares Pledged Increase (Decrease)
Senior Assistant Vice President of Innovation & Development Div.	Lin, Chih-Hung	(11,297)	-	-	-
Senior Assistant Vice President of RD Div.	Chen, Kuo-Hsiung	2,938	-	-	-
Assistant Vice President of RD Div.	Wang, Chin-Yi	1,112	-	-	-
Assistant Vice President of Administration Div. and Assistant Vice President of Finance Div. and Corporate Governance Officer	Chen, Yun-Chen	(43,336)	-	(10,000)	-

Note 1: Former director and deputy chief executive Wang, Peng-Sen retired on January 12, 2024, and resigned on March 29, 2024.

- (2) Transfer of shares by directors, supervisors, managers and shareholders holding over 10% to related parties: None.
- (3) Share pledges by directors, supervisors, managers and shareholders holding over 10% with related parties as counterparties: None.

## 9. Information on Relationship between any of the Top ten Shareholders (Related Party, Spouse, or Kinship within the Second Degree)

April 20, 2024

Name	Personal No. of Shares Held		Spouse and Minor Children No. of Shares Held		Total No. of Shares Held in Others Names		Names of shareholders who are related parties or spouses, or within two degrees of kinship		Note
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %	Name (or Surname)	Relationship	
Premier Venture Capital Corp.	5,020,717	8.95%	-	-	-	-	Lin, Kuan-Ming Shou Chia Investment Hui Yu Investment Sanya Investment Lin, Hsin-Hui Lin, Chia-Hui	Chairman and president of the shareholder of the corporation. Director of the corporate shareholder. The relationship between its chairman and the chairman and president of the corporate shareholder is within the second degree of kinship. The supervisor of the corporate shareholder. The chairman of the board is in a spouse relationship with the chairman and president of the corporate shareholder. Director of the corporate shareholder. The relationship with the chairman and president of the corporate shareholder is within the second degree of kinship. The relationship with the chairman and president of the corporate shareholder is within the second degree of kinship.	
Premier Venture Capital Corp. Representative-Lin, Kuan-Ming (Top 10 Shareholders)	1,477,858	2.63%	794,868	1.42%	-	-	Premier Venture Capital Shou Chia Investment Hui Yu Investment Lin, Chia-Hui	Chairman and president of the corporation. The relationship with the chairman and directors is within the second degree of kinship, and the relationship with the supervisor is spouse. Director of the company The relationship with the chairman is spouse, and the relationship with the director is within the second degree of kinship. The relationship is within the second degree of kinship.	

Name	Personal No. of Shares Held		Spouse and Minor Children No. of Shares Held		Total No. of Shares Held in Others Names		Names of shareholders who are related parties or spouses, or within two degrees of kinship		Note
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %	Name (or Surname)	Relationship	
							Lin, Hsin-Hui	The relationship is within the second degree of kinship.	
Shou Chia Investment Corp.	2,559,080	4.56%	-	-	-	-	Premier Venture Capital Lin, Kuan-Ming Hui Yu Investment Lin, Hsin-Hui	The corporate shareholder is its director. The relationship between its chairman and president and the chairman of the corporate shareholder is within the second degree of kinship. The relationship with the chairman of the corporate shareholder is within the second degree of kinship. The relationship with the supervisor of the corporate shareholder is spouse. The relationship between the chairman and the chairman of the corporate shareholder is within the second degree of kinship. Director of the corporate shareholder.	
Shou Chia Investment Corp. Representative-Lin, I-Ching	98,153	0.18%	-	-	-	-	Premier Venture Capital Lin, Kuan-Ming Hui Yu Investment	The relationship between its chairman and president and the chairman of the corporate shareholder is within the second degree of kinship. The director of Shou Chia Investment Corp. representative. The relationship is within the second degree of kinship. Supervisor of the company and the relationship between its chairman is within the second degree of kinship.	
Hui Yu Investment Corp.	2,464,386	4.39%	-	-	-	-	Premier Venture Capital Lin, Kuan-Ming Shou Chia Investment Lin, Hsin-Hui	The corporate shareholder is its supervisor. The relationship between its chairman and president and the chairman of the corporate shareholder is spouse. Director of the corporate shareholder. The relationship between the chairman of the corporate shareholder is spouse. The relationship between the chairman and the chairman of the corporate shareholder is within the second degree of kinship. Director of the corporate shareholder.	
Hui Yu Investment Corp. Representative-Lin, Ling-Yu	794,868	1.42%	1,477,858	2.63%	-	-	Premier Venture Capital Lin, Kuan-Ming Shou Chia Investment Lin, Chia-Hui Lin, Hsin-Hui	The supervisor of Hui Yu Investment Corp. representative. The relationship between its chairman and president is a spouse, and between the director is within the second degree of kinship. The relationship is spouse. Supervisor of the company and the relationship between its chairman and director is within the second degree of kinship. The relationship is within the second degree of kinship. The relationship is within the second degree of kinship.	
Wang, Peng-Sen	1,795,115	3.20%	36,682	0.07%	-	-	None		
Sanya Investment Co.	1,174,854	2.09%	-	-	-	-	Premier Venture Capital	Director of the company.	
Sanya Investment Co. Representative-Wang, Ya-Feng	-	-	-	-	-	-	None		
Lin, Chia-Hui	1,081,263	1.93%	-	-	-	-	Premier Venture Capital Lin, Kuan-Ming Shou Chia Investment Hui Yu Investment Lin, Hsin-Hui	The relationship between the chairman, president, director of the corporate shareholder, and the supervisor of corporate shareholder representative is within the second degree of kinship. The relationship is within the second degree of kinship. The relationship between the director and the supervisor of the corporate shareholder is within the second degree of kinship. The relationship between the director and the supervisor of the corporate shareholder is within the second degree of kinship. The relationship is within the second degree of kinship.	

Name	Personal No. of Shares Held		Spouse and Minor Children No. of Shares Held		Total No. of Shares Held in Others Names		Names of shareholders who are related parties or spouses, or within two degrees of kinship		Note
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %	Name (or Surname)	Relationship	
Lin, Hsin-Hui	914,508	1.63%	-	-	-	-	Premier Venture Capital Shou Chia Investment Hui Yu Investment Lin, Kuan-Ming Lin, Chia-Hui	Director of the corporate shareholder. The relationship between the chairman and president of the corporate shareholder, and the supervisor of corporate shareholder representative is within the second degree of kinship. Director of the corporate shareholder The relationship with the supervisor of the corporate shareholder is within the second degree of kinship. Director of the corporate shareholder. The relationship with the chairman and director of the corporate shareholder is within the second degree of kinship. The relationship is within the second degree of kinship. The relationship is within the second degree of kinship.	
Lin, Chin-Cheng	839,759	1.50%	-	-	-	-	None		
Hsu, Heng-Fu	798,000	1.42%	-	-	-	-	None		

Note: The calculation of shareholding percentage includes shares held in own name, in the name of spouse and underage children, or in others' names.

# 10. The Number of Shares of the same invested Company held by the Company, the Company's Directors, Supervisors, and Executive Officers, and the Businesses controlled directly or indirectly by the Company, and the Consolidated Shareholding Ratio

December 31, 2023

Unit: Shares; %

Investees (Note)	Investments of the Company		Investments of directors, supervisors, managers and directly or indirectly controlled businesses		Total investments	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding	No. of Shares	% Shareholding
GRAND IMPACT TECHNOLOGY LIMITED	1,800,000	100	-	-	1,800,000	100

Note: Long-term investments accounted for using the equity method

## 4. Capital Review

### 1. Capital and Shares

#### (1) Source of Capital

##### a. Categories of Issued Shares in the recent year and as of the date of publication of the Annual Report

May 17, 2024

Unit: Thousand share/ NT \$ Thousand

Year/ Month	Issue Price (NT\$)	Approved Capital Stock		Actual Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital Stock	Paid-in by Assets Other Than Cash	Approval Date and Document No.
1981/07	10	200	2,000	200	2,000	Company inception	None	-
1998/05	10	30,000	300,000	19,000	190,000	Cash capital increase of NT\$60,580 thousand Retained earnings capital increase of NT\$9,480 thousand Employee bonuses capital increase of NT\$1,440 thousand	None	June 5, 1998 (87) authorized No. 113580
1999/07	10	30,000	300,000	19,650	196,500	Retained earnings capital increase of NT\$5,700 thousand Employee bonuses capital increase of NT\$800 thousand	None	August 18, 1999 (88) authorized No. 130216
2000/08	10	30,000	300,000	20,723	207,229	Retained earnings capital increase of NT\$7,860 thousand Employee bonuses capital increase of NT\$904 thousand Capital surplus capital increase of NT\$1,965 thousand	None	July 25, 2000 (89) authorized (I) No. 64754
2001/09	10	30,000	300,000	22,109	221,092	Retained earnings capital increase of NT\$12,434 thousand Employee bonuses capital increase of NT\$1,429 thousand	None	August 3, 2001 (90) authorized (I) No. 149928
2002/06	10	38,000	380,000	27,986	279,860	Cash capital increase of NT\$30,000 thousand (incl. NT\$12,000 thousand technology shares) Retained earnings capital increase of NT\$24,320 thousand Employee bonuses capital increase of NT\$4,448 thousand	Technology shares NT\$12,000 thousand	January 10, 2002 (91) Tai-Tsai-Cheng (I) No. 180440 June 17, 2002 (91) Tai-Tsai-Cheng (I) No. 0910132453
2003/09	10	38,000	380,000	29,701	297,014	Retained earnings capital increase of NT\$13,993 thousand Employee bonuses capital increase of NT\$3,161 thousand	None	August 13, 2003 (92) authorized (I) No. 0920136707
2004/09	10	38,000	380,000	30,763	307,631	Retained earnings capital increase of NT\$8,910 thousand Employee bonuses capital increase of NT\$1,707 thousand	None	August 16, 2004 (93) authorized (I) No. 0930136449
2006/09	10	38,000	380,000	32,751	327,515	Retained earnings capital increase of NT\$15,382 thousand Employee bonuses capital increase of NT\$4,502 thousand	None	August 28, 2006 (95) authorized (I) No. 0950138237
2007/09	10	50,000	500,000	34,129	341,294	Retained earnings capital increase of NT\$9,825 thousand Employee bonuses capital increase of NT\$3,954 thousand	None	July 12, 2007 (96) authorized (I) No. 0960036228
2008/08	10	50,000	500,000	36,052	360,523	Retained earnings capital increase of NT\$10,239 thousand Employee bonuses capital increase of NT\$8,990 thousand	None	June 19, 2008 (97) authorized (I) No. 0970030766

Year/ Month	Issue Price (NT\$)	Approved Capital Stock		Actual Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital Stock	Paid-in by Assets Other Than Cash	Approval Date and Document No.
2009/07	10	50,000	500,000	38,426	384,257	Retained earnings capital increase of NT\$18,026 thousand Employee bonuses capital increase of NT\$5,708 thousand	None	June 22, 2009 (98) authorized 0980031011
2009/09	10	50,000	500,000	43,549	435,487	Cash capital increase of NT\$51,230 thousand	None	August 5, 2009 (98) authorized No. 0980039307
2010/04	10	50,000	500,000	43,948	439,477	Employee stock options exercised NT\$3,990 thousand	None	April 15, 2010 (99) authorized No. 09982677210
2010/05	10	50,000	500,000	44,010	440,102	Employee stock options exercised NT\$625 thousand	None	May 31, 2010 (99) authorized 09984469600
2010/07	10	50,000	500,000	47,894	478,940	Retained earnings capital increase of NT\$35,158 thousand Employee bonuses capital increase of NT\$3,680 thousand	None	August 9, 2010 (99) authorized No. 09986578610
2011/07	10	70,000	700,000	48,991	489,910	Employee stock options exercised NT\$10,970 thousand	None	July 8, 2011 (100) authorized 10084923220
2011/09	10	70,000	700,000	50,177	501,774	Retained earnings capital increase of NT\$9,798 thousand Employee bonuses capital increase of NT\$2,066 thousand	None	September 22, 2011 (100) authorized No. 10001222670
2011/12	10	70,000	700,000	50,188	501,879	Employee stock options exercised NT\$105 thousand	None	December 29, 2011 (100) authorized No. 10001291200
2012/03	10	70,000	700,000	50,271	502,709	Employee stock options exercised NT\$830 thousand	None	March 26, 2012 (101) authorized No. 10101052060
2013/03	10	70,000	700,000	50,321	503,209	Employee stock options exercised NT\$500 thousand	None	March 19, 2013 (102) authorized No. 10201050180
2013/12	10	70,000	700,000	50,327	503,274	Employee stock options exercised NT\$65 thousand	None	December 19, 2013 (102) authorized No. 10201256420
2014/08	10	70,000	700,000	53,711	537,105	Retained earnings capital increase of NT\$33,831 thousand	None	August 26, 2014 (103) authorized No. 10301167300
2014/12	10	70,000	700,000	53,401	534,005	Treasury stock cancellation of NT\$3,100 thousand	None	December 10, 2014 (103) authorized No. 10301255570
2015/02	10	70,000	700,000	52,684	526,835	Treasury stock cancellation of NT\$7,170 thousand	None	February 17, 2015 (104) authorized No. 10401021040
2015/06	10	70,000	700,000	52,008	520,075	Treasury stock cancellation of NT\$6,760 thousand	None	June 24, 2015 (104) authorized No. 10401122580
2015/09	10	70,000	700,000	51,933	519,325	Treasury stock cancellation of NT\$750 thousand	None	September 30, 2015 (104) authorized No. 10401206600
2016/02	10	70,000	700,000	51,714	517,135	Treasury stock cancellation of NT\$2,190 thousand	None	February 24, 2016 (105) authorized No. 10501034460
2016/08	10	70,000	700,000	53,265	532,649	Retained earnings capital increase of NT\$15,514 thousand	None	August 15, 2016 (105) authorized No. 10501192200
2020/08	10	70,000	700,000	52,886	528,869	Treasury stock cancellation of NT\$3,780 thousand	None	August 12, 2020 (109) authorized No. 10901144120
2021/10	10	70,000	700,000	54,471	544,712	Retained earnings capital increase of NT\$15,843 thousand	None	October 13, 2021 (110) authorized No. 11001180570
2023/07	10	70,000	700,000	56,103	561,030	Retained earnings capital increase of NT\$16,318 thousand	None	July 25, 2023 (112) authorized No. 11230141190

May 17, 2024

Unit: Share

Share Categories	Approved Capital Stock			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common Stock	56,103,002 shares (Note)	13,896,998 shares	70,000,000 shares	The Company's shares are listed on the Taipei Exchange

Note: Includes 78,000 treasury shares from employee stock buyback

b. Information on shelf registration: None.

## (2) Shareholder Structure

April 20, 2024

Shareholding Structure Number	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Foreigners	Total
Number of Shareholders	-	-	27	13,502	28	13,557
Shares Held	-	-	12,642,887	42,721,304	738,811	56,103,002
Percentage of Ownership	-	-	22.53	76.15	1.32	100.00

## (3) Dispersion of Share Ownership

April 20, 2024

Share Class	Number of Shareholders	Shares Held	Percentage of Ownership
1 - 999	6,420	565,450	1.01
1,000 - 5,000	5,865	11,290,876	20.13
5,001 - 10,000	746	5,630,677	10.04
10,001 - 15,000	209	2,615,575	4.66
15,001 - 20,000	95	1,707,842	3.04
20,001 - 30,000	71	1,775,955	3.17
30,001 - 40,000	46	1,636,229	2.92
40,001 - 50,000	17	752,576	1.34
50,001 - 100,000	41	3,014,665	5.37
100,001 - 200,000	16	2,203,276	3.93
200,001 - 400,000	16	3,892,391	6.94
400,001 - 600,000	3	1,413,782	2.52
600,001 - 800,000	3	2,276,168	4.06
800,001 - 1,000,000	2	1,754,267	3.13
More than 1,000,001	7	15,573,273	27.74
Total (Note)	13,557	56,103,002	100.00

Note: Includes 78,000 treasury shares from employee stock buyback



(4) Major Shareholders

Major Shareholders with more than 5% ownership: If less than 10, disclose the top 10 shareholders, the shares, percentage of ownership.

April 20, 2024

Major Shareholders	Shares	Shares Held	Percentage of Ownership
Premier Venture Capital Co., Ltd.		5,020,717	8.95
Shou Chia Investment Co., Ltd.		2,559,080	4.56
Hui Yu Investment Co., Ltd.		2,464,386	4.39
Wang, Peng-Sen		1,795,115	3.20
Lin, Kuan-Ming		1,477,858	2.63
Sanya Investment Co., Ltd.		1,174,854	2.09
Lin, Chia-Hui		1,081,263	1.93
Lin, Hsin-Hui		914,508	1.63
Lin, Chin-Cheng		839,759	1.50
Hsu, Heng-Fu		798,000	1.42

(5) Share Price, Net Worth, Earnings, and Dividends in the Previous Two Years

Unit: NT thousand/ share

Item			Year	2022	2023	2024 Q1 (Note 8)
Share Price (Note 1)	Highest			37.65	102.50	71.90
	Lowest			28.15	32.10	64.00
	Average			33.50	75.17	69.18
Net Worth Per Share (Note 2)	Before Distribution			19.65	21.54	22.41
	After Distribution			17.45	18.54 (Note 9)	-
Weighted Average	Shares			56,025,002	56,025,002	56,025,002
	Earnings Per Share (Note 3)	Before Retrospective Adjustment		2.43	4.38	1.05
		After Retrospective Adjustment		2.36	-	-
Dividends Per Share	Cash Dividends			2.20	3.00 (Note 9)	-
	Stock dividends	Earnings distribution		0.30	0.30 (Note 9)	-
		Capital Surplus Dividends		-	-	-
	Cumulative Unpaid Dividends (Note 4)			-	-	-
Investment Return Analysis	Price/Earnings Ratio (Note 5)			14.19	17.16	-
	Price/Dividend Ratio (Note 6)			15.23	25.06	-
	Cash Dividend Yield (Note 7)			6.57%	3.99%	-

Note 1: Shows highest and lowest share prices for each year and calculates average share price based on annual turnover value and volume.

Note 2: Use year-end outstanding shares based on allocations resolved by the board or shareholders meeting next year.

Note 3: Retrospectively adjusted earnings per share should be disclosed if occurring due to stock dividends.

Note 4: Disclose cumulative unpaid dividends up to the current year if conditions allow accumulated annual dividends to be paid in profit-making years.

Note 5: Price/Earnings Ratio = Average closing price per share for the year / Earnings per share

Note 6: Price/Dividend Ratio = Average closing price per share for the year / Cash dividends per share

Note 7: Cash Dividend Yield = Cash dividends per share / Average closing price per share for the year

Note 8: Q1 2024 data reviewed by CPAs.

Note 9: 2023 earnings distribution pending approval at 2024 shareholder's meeting.

## (6) Company's Dividend Policy and Implementation

### a. Company's Dividend Policy

The company's dividend policy is stated in Article 27 of the Articles of Incorporation:

If the company has earnings after the annual final account, after paying taxes and making up losses, 10% of the earnings shall be set aside as legal reserve unless the legal reserve has reached the company's paid-in capital. Then special reserve shall be set aside or reversed according to law and regulations before the remaining earnings plus prior period undistributed earnings shall be used to propose an earnings distribution plan for approval at the shareholder's meeting.

The company's dividend policy is as follows:

To ensure sustainable operations, capital expenditures, business development, and to protect shareholder equity, dividend distribution considers factors such as retained earnings, capital surplus, financial structure, and business performance. At least 30% of distributable earnings shall be distributed as shareholder dividends each year, unless cumulative distributable earnings are less than 30% of paid-in capital, then no dividends will be issued. Dividends are issued in cash and stock, with cash dividends accounting for at least 10% of the total. However, the shareholders' meeting may resolve to adjust the distribution method and percentages.

b. Dividend Distribution Proposed to the Shareholders' Meeting

The proposal of 2023 earning distribution has been resolved by the Board of Directors on February 27, 2024 as follows:

Ruby Tech Corp.  
2023 Earnings Distribution Statement

Unit: NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings from the previous year		150,645,733
Remeasurements of defined benefit plan	714,239	
Disposal of investments in equity instruments at fair value through other comprehensive income	9,164,612	
Net income of 2023	245,224,302	
After-tax net profit plus other profit items included in undistributed earnings of 2023	255,103,153	
Less: 10% Legal reserve	(25,510,315)	
Add (Less): Special reserve (Note 1)	0	
Earnings in 2023 Available for Distribution	229,592,838	
Retained Earnings Available for Distribution as of December 31, 2023		380,238,571
Distribution Items:		
Shareholder Dividends (Distribution of dividends is based on 56,025,002 shares) (Note 2)		184,882,507
- Stock Dividends (NT\$ 0.3 per share)	16,807,500	
- Cash Dividends (NT\$ 3.0 per share)	168,075,007	
Undistributed earnings		195,356,064

Note: Cash dividends are rounded to the nearest whole number, and the total amount of cash dividends less than NT\$ 1 will be adjusted and remitted to the Company and recorded as other income.

Chairman: Lin, Kuan-Ming,      President: Young, Yu-Che,      Accounting Officer: Chen Yun-Jen

c. Description of Expected Material Changes in Dividend Policy: None.

(7) Effect of the Proposed Stock Dividends on the Company's Business Performance and Earnings Per Share: N/A

(8) Remuneration to Employees and Directors

a. Percentage or scope of remuneration to Employees and Directors provided in Company's Articles of Incorporation

When the company has profits before tax and before deducting remuneration of employee and director, 7% ~ 10% shall be distributed to employee and no more than 2% to director. However, that when the Company has accumulated losses, the profits shall be preserved to make up for losses.

The remuneration of employees may be distributed by stock or cash to eligible employees, which may include employees of subordinate companies with certain qualifications.

b. Basis for estimating the amount of remuneration for employees, directors and supervisors, basis for calculating the number of shares to be distributed as stock remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

1) The distribution of remuneration to employees and directors is subject to the requirements of the Company's Articles of Incorporation. The appropriated amount is recognized as operating expenses for the current year.

2) If the remuneration to employees distributed in the form of stock, the number of shares shall be calculated based on the closing price the day before the shareholder's meeting.

3) If the actual distribution amount resolved by the Board of Directors is different from the estimated amount, it is recognized as profit or loss in the following year.

c. Distribution of remuneration passed by the Board of Directors:

1) Employee and Director Remuneration Distributed in Cash or Stock

The Board of Directors resolved the remuneration distribution of 2023 employees and directors on February 27, 2024 as follows:

Unit: NT\$

Item	Distribution Method	2023 Estimated Expenses	Board Approved Distribution Amount Difference	Difference	Reason for Difference	Treatment
Employee Remuneration	Cash	34,765,657	34,765,657	0	No difference	None
Director Remuneration	Cash	6,953,131	6,953,131	0		

2) Amount of employee remuneration distributed in the form of stock and as a percentage of the after-tax profit provided in this year's standalone financial statements and total employee remuneration combined: N/A

- d. Actual remuneration distribution of employees' and directors' in the previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of remuneration distribution of employees' and directors' previously recognized, and the causes and treatments for the discrepancies:

Unit: NT\$

Item	Distribution Method	2022 Estimated Expenses	Board Approved Distribution Amount	Difference	Reason for Difference	Treatment
Employee Remuneration	Cash	17,667,109	17,667,109	0	No difference	None
Director Remuneration	Cash	3,533,422	3,533,422	0		

(9) Stock Buyback:

- a. Execution completed:

May 17, 2024

Period	Buyback Period
Purpose	Transfer shares to employees
Period	03/24/2020 - 05/22/2020
Price Range	NT\$25.0 - NT\$32.0 per share; continue buyback when below NT\$25.0
Classes and Number of Shares	Common Stock / 78,000 shares
Amount	NT\$2,340,963
Number of Shares of cancellation and transferration	0 shares
Cumulative holding quantity	78,000 Shares
Percentage of Total Outstanding Shares	0.15%

- b. In Progress: None

2. Issuance of Corporate Bonds: None
3. Issuance of Preferred Shares: None
4. Issuance of Global Depositary Receipts: None

5. Issuance of Employee Stock Options and New Restricted Employee Shares

(1) Employee Stock Options: None

(2) Restricted Employee Shares: None

6. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of other Companies: None

7. Financing Plans and Implementation

(1) Description of Plan

Any uncompleted previous issuance or private placement, or any completed within 3 recent years but without effect seen: None

(2) Implementation: None

## 5. Business Overview

### 1. Business Activities

#### (1) Business Scope

##### a. Major business activities

- 1) CC01060 Wired Communication Equipment Manufacturing
- 2) CC01070 Wireless Communication Equipment Manufacturing
- 3) CC01080 Electronic Component Manufacturing
- 4) CC01110 Computer and Peripheral Equipment Manufacturing
- 5) E605010 Computer Equipment Installation
- 6) F113070 Telecom Equipment Wholesale
- 7) F119010 Electronic Material Wholesale
- 8) F213060 Telecom Equipment Retail
- 9) I501010 Product Design Services
- 10) F401021 Telecom Radio Frequency Equipment Import
- 11) CC01101 Telecom Radio Frequency Equipment Manufacturing
- 12) ZZ99999 In addition to licensed business, the Company may operate business that is not prohibited or restricted by law.

##### b. Percentage of sales revenue:

Unit: NT\$ thousands

Product Items	2023	
	Net Operating Revenue	Operating Contribution
Fiber NIC	24,279	1.36%
Fiber Switch	1,660,496	92.69%
Fiber Converter	32,146	1.79%
Network cards and related products	4,642	0.26%
Others	69,883	3.90%
Total	1,791,446	100.00%

Note: Network cards and related products include media converters and network switches. Others include sales of fiber optic transceivers, components, third party hardware, service income, maintenance income, and other operating income.

c. Current product items:

Product Category		Key Specifications
Interface Cards	Fiber Optic	100M Ethernet : PCI , PCI-E , Cardbus , Express Card Gigabit Ethernet : PCI , PCI-E , mini PCI-E , Express Card 10G Ethernet : PCI-E
	Copper	Arcnet : ISA
Switch	Fiber Optic	24-port 100Base-FX Switch 8/16/24 SFP ports Gigabit Switch 8/16/24 SFP ports Carrier Ethernet Gigabit Fiber Switch with 4-port 10G SFP+ 12 SFP ports Carrier Ethernet Gigabit Fiber Switch with 12-port GbE RJ45 6/4 SFP ports Carrier Ethernet Gigabit Fiber Switch NID with 0/2-port GbE RJ45 8/12/14 SFP+ ports with 0/2-port 10G RJ45 16-port 10GSFP + 4-port mGbE/10GSFP Combo + 4-port 50GSFP-DD + 2- port 40QSFP/4-port 25GSFP28
	Copper	5/8/16/24-port 10/100 Switch 5/8/16/24/48-port Gigabit Switch 24/48-port Gigabit Switch with 4-port 10G SFP+ 16-port Gigabit Switch with 2-port SFP 8-port Carrier Ethernet Gigabit Switch with 2-port SFP 8/24-port 2.5G Switch with 2/4-port 10G SFP+ 8/24-port PoE 10/100 Switch 8/12/24/48-port PoE 10/100/1000M Switch 24/48-port PoE Gigabit Switch with 4-port 10G SFP+ 24-port Carrier Ethernet Gigabit Switch with 4-port 10G SFP+ 8/24-port PoE 2.5G Switch with 2/4-port 10G SFP+ 8/24-port PoE++ Gigabit Switch 8/16-port 10GbE Switch 36-port PoE GbE RJ45 + 12-port PoE 2.5GbE RJ45 + 4-port 10GSFP + 2-port 40QSFP+ 10-port PoE++ 10GbE RJ45 + 2-port 25G SFP28 (Sync-E + 1588 PTPv2)
Transceiver	Fiber Optic	Gigabit SFP Fiber Transceiver 10G SFP+ Fiber Transceiver
	Copper	Gigabit SFP Copper Transceiver 10G SFP+ Copper Transceiver



Product Category		Key Specifications
Converters	Fiber Optic	10Base-T/FL Converter 100Base-TX/FX Converter 10/100Base-TX/FX Converter PoE 10/100Base-TX/FX Converter 1000Base-T/SX/LX Converter RS-232/422/485 to Fiber Converter Multi-/Single-mode Converter 100Base-FX , Gigabit , OC-3 , OC-12 , 10G OLT Converter Module ONU Converter Converter Rack Chassis
	Copper	10Base-T/2 Converter
Industrial Networking		100Base-TX/FX Converter 1000Base-T/SX/LX Converter RS-232/422/485 to Fiber Converter 8-port GbE RJ45 + 4-port GbE SFP Switch 8-port GbE RJ45 + 2-port GbE RJ45/SFP Switch 8-port GbE PoE+ RJ45 + 4-port GbE SFP Switch 8-port GbE PoE+ RJ45 + 2-port GbE RJ45/SFP Switch 6/4 SFP ports Carrier Ethernet Gigabit Fiber Switch NID with 0/2-port GbE RJ45 19" Rack Mount GbE Switch
Automotive Ethernet		8-port NBASE-T 4 pairs 2.5G RJ45 + 4-port one pair 2.5G Coax (FAKRA) + 4-port one pair 2.5G STP (HSD) + 1-port NBASE-T 4 pairs 10G RJ45 + 2-port 10G SFP+ Cage + 1-port 4 pairs 10G AutoLink II Automotive Switch

d. New products to be developed:

- (1) 40\*1GP+8\*10GPbt+2\*25GF L3 advanced network managed switch
- (2) 16\*1GP+8\*10GPbt+2\*25GF L3 advanced network managed switch
- (3) 4\*1GP+4\*10GPbt+2\*25GF L3 advanced network managed switch
- (4) 12\*1GPbt+12\*2.5GPbt+4\*10GF L3 advanced network managed switch
- (5) 24\*2.5GPbt+2\*10GF+4\*25GF L3 advanced network managed switch
- (6) 8\*10GPbt+4\*10GF L2+ intelligent network managed switch
- (7) 24\*2.5GPbt+4\*10GF L2+ intelligent network managed switch
- (8) 8\*2.5GPbt+2\*10GF L2+ intelligent network managed switch
- (9) 10\*10GPbt+2\*25GF L3 advanced network managed switch
- (10) 8-port 10G SFP + 4-port 1G Copper Fiber L3 network managed switch
- (11) 48\*1GF+4\*10GF+2\*40GF L3 advanced high-speed managed switch
- (12) 24\*25GF+4\*100GF L3 advanced ultra-high-speed managed switch
- (13) 48\*25GF+4\*100GF L3 advanced ultra-high-speed managed switch
- (14) 12\*40GF+4\*100GF L3 advanced ultra-high-speed managed switch

- (15) 16\*100GF L3 advanced ultra-high-speed network managed switch
- (16) 32\*100GF L3 advanced ultra-high-speed network managed switch
- (17) 2U/3U Switch Server Integrated satellite communication floor equipment application server

## (2) Industry Overview

### a. Current industry trends and future outlook

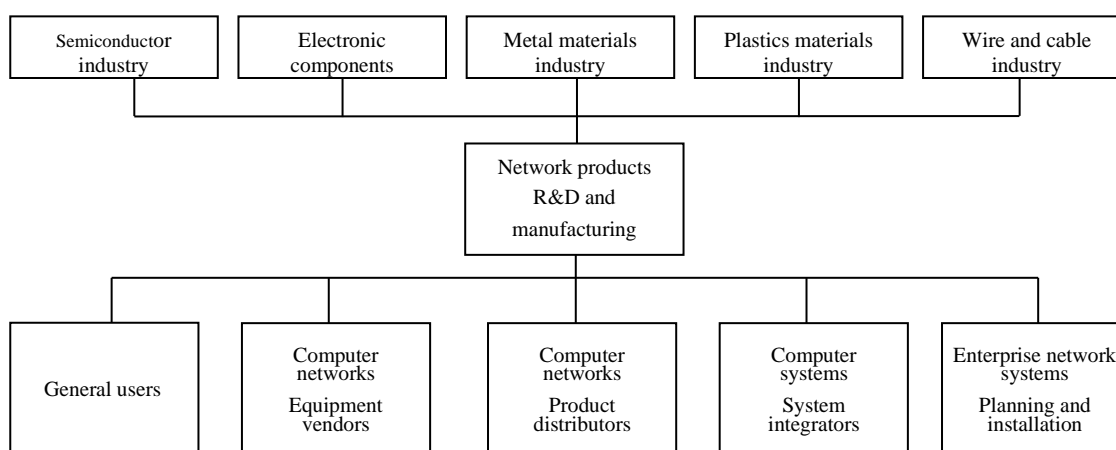
#### 1) Wired Network Equipment

With the increased prevalence of internet applications such as 5G/AIoT/Mobile Backhaul/Online Games/Video Conferencing/Cloud Services/Internet of Things the online population has grown exponentially and has caused a surge in network traffic. This has rapidly increased the demand for aggregated network capacity in metropolitan areas. As a result, the demand for networks and equipment designed specifically for data transmission services will inevitably grow. . Fiber optic Ethernet networks featuring low cost, high speed, simplicity and reliability are the key to resolving network bottlenecks in metropolitan areas.

#### 2) Industrial Wired Network Equipment

Due to the many advantages of Ethernet communication and transmission, especially seamless IT integration and unmatched bandwidth, industrial Ethernet is gradually replacing traditional fieldbuses and being applied in factory production monitoring, transportation monitoring, power monitoring and other industrial automation controls and various IoT applications. In addition, as IP cameras are also gradually replacing traditional analog surveillance cameras for security monitoring, there will be an inevitable growth in demand for industrial-grade fiber optic network equipment designed for harsh environments. An estimated 5-10% CAGR is expected in the next 5 years.

### b. The correlation between upper, middle and downstream in the industries



### c. Product trends

#### 1) Network Interface Cards (NICs)

LOM (LAN on Motherboard) has replaced the demand for 10/100 and Gigabit network cards. However, for industrial and military applications that require stability, security and long distance wired data transmission, fiber optic network cards are still used.

## 2) Hubs

The overall production volume of hubs is expected to continue to decline, with switches replacing them.

## 3) Switches

Sales of Gigabit (1000M) switches have exceeded 10/100M switches and have become the mainstream in the market. 5G infrastructure applications and industrial smart applications are markets with higher growth potential for switch demand in the future. Higher speed switches of 2.5G/10G/25G/40G/100G are also gradually developing in the market. Unmanaged switches are used in SOHO environments. Smart switches with one or more fiber optic ports and VLAN functions have been widely used in Fiber to the Building (FTTB) and Fiber to the Curb (FTTC) applications. However, due to operation, management and maintenance requirements, telecom operators will gradually require L2 switches with fiber optic ports with SNMP network management features. 2 x GbE Combo + 8 x 10/100/1000 is the most suitable configuration for FTTH clients; 2 x GbE Combo + 24 x 10/100/1000 and 2 x GbE Combo + 48 x 10/100/1000 with network management have become the mainstream products for enterprise users. FTTX telecom operator sites widely deploy fully fiber optic 2/4 x 10G + 24 x GbE managed L2/L3 switches, and managed L2/L3 GbE switches with high port count and 10G SFP+ uplinks are also in great demand in large enterprises and telecom operations. Carrier Ethernet - 802.3ah Link OAM, 802.1ag end-to-end Service OAM, Y.1731 Performance Monitoring, 1588v2 PTP and Sync-E will gradually become essential features of FTTX access network switches at operator sites and subscriber sites. PoE (Power over Ethernet) switches supply power to connected PD devices such as IP phones, IP cameras, Wifi APs, smart lighting and HDMI over IP through Ethernet cables. With the thriving development of Internet of Things and 5G networks, demand will increase significantly.

## 4) Copper-Fiber Conversion Equipment

Copper-fiber conversion equipment was originally used for long-distance wired connections between local area networks (LANs) and for backbones of large local area networks, with limited demand. However, with the increasing popularity of the Internet and the growing demand for real-time transmission of data, audio and video content through the Internet, the bandwidth provided by existing broadband transmissions such as ADSL and Cable Modem cannot meet the demand. Therefore, advanced countries are actively promoting FTTX plans. Copper-fiber conversion equipment mainly consists of copper-fiber converters, which can be divided into 10M, 100M, Gigabit and 10G copper-fiber converters by transmission speed; and into multi-mode and single-mode fiber-copper converters by fiber type. Single-mode fiber-copper converters include dual-core fiber-copper converters and single-core fiber-copper converters. Copper-fiber converters are used in pairs. Telecom FTTX applications have gradually begun to require managed copper-fiber converters for operations, management and maintenance. The next generation of copper-fiber converters are also required to support Carrier Ethernet capabilities.

## 5) Industrial Network Equipment

Commercial network products work in environments from 0-40°C and are not designed to protect against dust and humidity. As Ethernet has gradually become the standard for industrial networks, the demand for industrial grade network

products from applications such as industrial controls, outdoor environments, and military continues to increase. Industrial grade network products are generally divided into two grades: the basic grade supports operating temperatures from -10°C to +60°C and dust/water resistance grade IP31 and above; the advanced grade supports operating temperatures from -40°C to +75°C and dust/water resistance grade IP53 and above. The products with higher market demand are 100M Ethernet fiber optic converters, Gigabit fiber converters, RS-232/422/485 fiber converters, and 5~8-port 10/100/1000 switches that support fast fiber optic redundant chain links. DIN-RAIL mounting and redundant power supplies are also indispensable features of industrial grade network equipment.

d. Competition

1) Network Interface Cards (NICs)

In 2009, due to the merger of HP and 3COM, 3COM, which previously accounted for most of the market share of fiber optic NICs, has gradually faded out. Globally, there are few professional manufacturers active in this market other than the company and Allied Telesys in the United States. Allied Telesys products mainly use Broadcom chips with higher costs and longer lead times compared to the company.

2) Network Switches

The company's switches are mainly used in FTTH operator sites and subscriber sites and enterprise networks. Major foreign competitors are Cisco, HP, Extreme, Netgear, Alcatel-Lucent, and Juniper, while major domestic competitors are Accton, Alpha, and D-Link.

3) Fiber Converters

The company's fiber converters are used in FTTH access networks. Major foreign competitors are Telco Systems, Omnitron, Transition, and MRV, and major domestic competitors are Gemtek and Sercomm.

(3) Overview of Technology and R&D:

a. R&D expenditures in recent years and as of the date of this annual report

Unit: NT\$ thousands

Year	2023	May 17, 2024
R&D Expense	95,812	30,014

b. Successfully developed technologies and products

- (1) 36-port PoE+(30W) 1G RJ45 + 12-port PoE+(30W) 2.5G RJ45 + 4-port 10G SFP+ L3 network managed switch
- (2) 36-port 1G RJ45 + 12-port 2.5G RJ45 + 4-port 10G SFP+ L3 network managed switch
- (3) 12-port PoE+(30W) 1G RJ45 + 12-port PoE+(30W) 2.5G RJ45 + 4-port 10G SFP+ L3 network managed switch
- (4) 8-port PoE(30W) 1G RJ45 + 2-port 1G SFP basic managed switch

- (5) Industrial 8-port PoE++(90W) 1G RJ45 + 2-port 1G SFP telecom-grade managed switch
- (6) 36-port 1G PoE+(30W) 1G RJ45 + 12-port PoE++(90W) 2.5G RJ45 + 4-port 10G SFP+ L3 network managed switch
- (7) Industrial 4-port PoE++(90W) 1G RJ45 + 4-port PoE++(90W) 2.5G RJ45 + 2-port 10G SFP+ L3 network managed switch
- (8) 8-port PoE++(30W) 1G RJ45 + 2-port 1G RJ45/SFP network managed switch
- (9) 24-port PoE+(30W) 1G RJ45 + 4-port 10G SFP+ intelligent network managed switch
- (10) 24-port PoE++(30W) 1G RJ45 + 12-port PoE++(90W) 1G RJ45 + 12-port PoE++(90W) 2.51G RJ45 + 4-port 10G SFP + 2-port 40G QSFP+ L3 advanced network managed switch
- (11) 8-port PoE+(30W) 1G RJ45 + 2-port 1G RJ45 + 2-port 1G SFP intelligent network managed switch
- (12) 8-port PoE+(30W) 1G RJ45 + 2-port 1G RJ45 + 2-port 1G SFP intelligent network managed switch
- (13) 8-port PoE+(30W) 1G RJ45 + 2-port 1G RJ45/SFP basic managed switch
- (14) 36-port PoE+(30W) 1G RJ45 + 12-port 1G RJ45 + 4-port 1G SFP L3 network managed switch
- (15) 12-port 1G RJ45 + 12-port 2.5G RJ45 + 4-port 10G SFP+ L3 network managed switch
- (16) 10-port PoE++(90W) 10G RJ45 + 2-port 25G SFP28 telecom-grade network managed switch (Sync-E + 1588 PTP)
- (17) 12-port PoE++(90W) 1G RJ45 + 12-port PoE++(90W) 2.5G RJ45 + 4-port 10G SFP + 2-port 40G QSFP+ L3 advanced network managed switch
- (18) Industrial 16-P PoE+(30W) 1G RJ45 + 4-P 1G SFP + 2-P 10G SFP+ L3 advanced network managed switch (with AC+DC dual power supply)
- (19) 24-port PoE+(60W) 1G RJ45 + 2-port 1G RJ45/SFP network managed switch (dual power supply)
- (20) 48-port PoE+(30W) 1G RJ45 + 4-port 10G SFP+ L3 network managed switch
- (21) 24-port PoE+(30W) 1G RJ45 + 4-port 10G SFP+ L3 network managed switch
- (22) 36-port PoE+(30W) 1G RJ45 + 12-port PoE++(90W) 2.5G RJ45 + 4-port 10G SFP+ L3 network managed switch
- (23) Industrial 24-port PoE+(30W) 1G RJ45 + 4-port 1G SFP + 4-port 10G SFP+ telecom-grade network managed switch (with AC+DC dual power supply)
- (24) Industrial 16-port PoE+(30W) 1G RJ45 + 4-port 1G SFP + 2-port P 10G SFP+ telecom-grade network managed switch (with AC+DC dual power supply)
- (25) 8-port 10G SFP + 2-P 10G RJ45 fiber optic L3 network managed switch
- (26) 48-port PoE+(30W) 1G RJ45 + 4-port 10G SFP+ intelligent network managed switch
- (27) 48-port PoE+(30W) 1G RJ45 + 4-P 1G SFP intelligent network managed switch

- (28) 24-port PoE+(30W) 1G RJ45 + 2-port 1G RJ45/SFP intelligent network managed switch (370W)
- (29) 24-port PoE+(30W) 1G RJ45 + 2-port 1G RJ45/SFP intelligent network managed switch (185W)
- (30) 4-port PoE+(30W) 1G RJ45 + 4-port PoE+(30W) 2.5G RJ45 + 2-port 10G SFP+ advanced network managed switch
- (31) 48-port PoE+(30W) 1G RJ45 + 4-port 10G SFP+ L3 network managed switch (740W)
- (32) 16-port PoE+(30W) 1G RJ45 + 2-port 1G RJ45/SFP intelligent network managed switch
- (33) 12-port PoE+(30W) 1G RJ45 + 12-port PoE+(30W) 2.5G RJ45 + 4-port 10G SFP+ advanced network managed switch

(4) Short-term and Long-term Business Development Plans

a. Short-term business development plans

1) Marketing strategies

- a) Strengthen e-Marketing, exhibition participation and direct customer visits to expand potential customers and further increase market share.
- b) In line with market trends and customers' product plans, actively develop next-generation network products to consolidate and expand the business of existing customers.
- c) Leverage existing customers' sales networks to promote new product lines and expand business scale.
- d) Establish a customer issue tracking system so customers can check the status of issue resolution anytime to improve customer satisfaction.

2) Production policies

- a) Improve productivity, production efficiency and expand production capacity.
- b) Strictly control product quality, delivery dates, and actively manage material status with suppliers and customers.
- c) Coordinate product R&D progress and production and sales to shorten the timeline for launching new products into mass production.
- d) Comprehensively enhance personnel quality and continue to improve quality to increase product yields and reduce manufacturing costs.
- e) Empower and assign responsibilities at all levels to promptly resolve production issues, keeping track of production progress and delivery dates.

3) Product development direction

- a) Switches  
In response to market demands for higher bandwidth, applications and

energy saving/carbon reduction needs, the Company has developed a series of products as the base for derived designs of project-specific managed switches going upwards, and at the same time, cost-effective Web Smart switches going downwards. In addition, various 802.3bt PoE++, high speed 2.5G/5G/10G/25G/40G/100G, L3 and SDN switches have been developed targeting the high growth potential 5G infrastructure and industrial smart application markets. This is to build a complete and competitive product line to serve customers with one-stop shopping and increase customer stickiness and loyalty. In addition, cloud-based application services have been developed to further enhance the competitiveness of the Company's products by providing sales and technical support to customers.

b) Fiber Optic Network Products

For the various fiber converters and network cards developed, focus models will be selected for design review to develop more cost-effective products to increase market competitiveness and further improve gross margins.

c) Industrial Network Products

Continue to develop basic grade industrial network products supporting -20°C to +60°C operating temperatures, such as managed Web Smart 8/24-port Gigabit PoE switches, managed L2+ 2-port 10G SFP+ + 8/24-port 10/100/1000 PoE/Carrier Ethernet switches. Develop advanced grade 8-port 10/100/1000/10G PoE switches, 8/24-port 10/100/1000 switches and managed L2+ 2-port 10G SFP+ + 8/24-port 10/100/1000 switches operating from -40°C to +75°C.

4) Operating scale

a) Expand operating scale across the board in response to future growth needs by purchasing equipment and introducing new production technologies.

b) Conduct human resource training and utilization and introduce new ERP/PLM systems to assist in information management.

b. Long-term business development plans

1) Marketing strategies

a) Establish marketing offices in major markets to quickly respond to and satisfy customer needs.

b) Seek strategic alliances with competent component vendors to establish advanced development technologies and maintain competitive advantages.

c) Continuously strengthen new business development operations and coordinate with R&D personnel to expand business development with reputable manufacturers.

2) Production policies

a) Expand production scale and construct automated production test equipment to obtain OEM and ODM orders.

- b) Plan overseas manufacturing sites, nurture international talents, and reduce domestic production costs to enhance overall competitiveness.
  - c) Leverage information systems to integrate customer orders, procurement, production scheduling, manufacturing to shipment, finance, as well as costing and other operations to keep track of production progress, costs, quality and delivery dates.
  - d) Continuously strengthen training on production, process and quality control to provide customers with better quality assurance.
- 3) Product development directions
- a) Include Network products with high value-add software, such as L3 switches, 10G/25G/40G/100G switches, 802.3bt PoE++ switches, SDN OpenFlow switches, Carrier Ethernet network switches.
  - b) Develop industrial grade network products with dustproof and waterproof features that support -40°C to +75°C operating temperatures for outdoor, military and industrial environments.
  - c) Continuously develop related application platforms for network products, launch and operate services for existing customer base, and timely develop new features based on customer needs.
- 4) Operating scale
- a) Develop towards an enterprise cluster model to cope with operational scale expansion.
  - b) Plan and work towards adding overseas manufacturing sites to enhance competitiveness and meet customer needs.
  - c) Continuously expand market share, launch new product lines and promote international operations.



## 2. Market, Production and Sales Overview

### (1) Market analysis

#### a. Sales regions of main products

Unit: NT\$ thousands

Year Sales region		2022		2023	
		Net Operating Revenue	%	Net Operating Revenue	%
Port Sales	Asia	125,760	11.60	226,911	12.67
	Americas	524,497	48.37	649,062	36.23
	Europe	317,028	29.24	787,195	43.94
	Others	103	0.01	10,163	0.57
	Subtotal	967,388	89.22	1,673,331	93.41
Domestic Sales		116,911	10.78	118,115	6.59
Total		1,084,299	100.00	1,791,446	100.00

#### b. Market share

Rubytech focuses on the R&D, manufacturing and marketing of fiber optic communication products. The main products include fiber NICs, converters and switches. By early investments in R&D on PoE, 10G and Carrier/Sync Ethernet technologies and being first to market with a complete line of fiber optic switches, Rubytech provides quality products and services for the world's most in-demand applications such as FTTH, IP Surveillance, and Wireless Backhaul that require reliable connectivity and power. In response to IoT and Industry 4.0 application trends, Rubytech has built-in DMS (Device Management System) in our switches, providing MIS personnel management by mobile devices and tablets to maintain and manage all IoT devices connected to the switches. The patented DMS technology in the U.S., Japan, Europe, and Taiwan since late 2018 continually enhances our product and sales strengths to achieve growth in performance and profits.

#### c. The future supply and demand situation and growth of the market

##### 1) Network Interface Cards

The demand for twisted pair network cards has been replaced by LOM. Domestically, the Company is one of the few suppliers that provide a full line of fiber NICs, a niche product with higher gross margins.

##### 2) Network Switches

As the sales prices of Gigabit switches have fallen to less than 2 times that of 10/100M switches, demand has increased significantly. Unmanaged Gigabit switches face intense market competition due to the large number of suppliers. Managed Gigabit and 10G switches are expected to have greater growth potential in the future. 5G infrastructure applications and industrial smart applications are markets with higher switch demand growth potential in the future. In addition, with the rapid increase in the integration of voice, video and imaging applications in offices in recent years, coupled with the continued decline in Gigabit MAC costs, it is expected that Gigabit will completely replace 10/100Mbps Ethernet in the next few years and market demand for speeds of 2.5G/10G/25G/40G will

continue to accelerate. Fully fiber optic switches have grown rapidly due to the popularity of fiber optics and the demand for industrial, military, and broadband Internet access. With the rapid growth of IP phones, IP surveillance, and wireless network applications, the demand for 10/100Mbps & Gigabit PoE switches will also increase exponentially each year. For telecom access networks, operator site and user site switches already require Carrier Ethernet OAM capabilities: 802.3ah Link OAM, 802.1ag end-to-end Service OAM, Y.1731 Performance Monitoring, 1588v2 PTP and Sync-E.

- 3) Network Transceivers  
SFP (Small Form Factor Pluggable) fiber transceivers support different transmission speeds and distances, have industry standards, and with the thriving global FTTX infrastructure construction, the SFP fiber transceiver market will see explosive growth.
- 4) Fiber Media Converters  
The demand for traditional UTP to Coax media converters has reached saturation. However, UTP to Fiber converters have grown by about 30% due to FTTX (Home/Building/Curb) application needs. Demand for single mode fiber-copper converters and WDM single fiber-copper converters is also increasing daily. The Company is one of the few domestic companies that can provide a full range of fiber converters.
- 5) Industrial Network Equipment  
As Ethernet gradually becomes the standard for industrial networks, industrial grade equipment such as industrial computers, industrial monitoring, and industrial networks have seen explosive growth in recent years. The Company has developed industrial grade Ethernet fiber optic converters, RS-232/422/485 fiber converters and switches with higher market demand.

d. Competitive niche

- 1) Comprehensive product line and integration enhances competitiveness  
The Company's products emphasize integration, with a comprehensive product line and strong integration capabilities to increase product value-add and provide complete solutions to customers, which is advantageous for market competition.
- 2) Strong R&D capabilities, leading technology domestically and internationally  
The Company has always emphasized R&D and has continuously built up core technologies and excellent R&D capabilities for wired and wireless network products over the years.
- 3) Sound management performance enhances corporate competitiveness  
The Company's management team and key personnel all have more than 10 years of expertise and experience in the network industry. With an honest and pragmatic attitude and solid organizational structure, the Company has strong foundations and keeps abreast of industry trends and market demands, maintaining optimal status within the organization at all times to respond to fierce competition in the industry environment.
- 4) Early entry into the fiber optic field  
Product quality and performance have been recognized by customers. The integration of voice, video, and imaging over fiber optics in local area networks will soon be realized. Non-fiber-optics will not suffice, and the need for fiber optics will continue to grow.

e. Favorable and unfavorable factors for long-term growth and response strategy

1) Favorable factors

- a) Arrival of broadband era with continued growth in network market  
With the thriving development of global Internet, e-commerce, communications services and other high-tech industries, the number of Internet users is rising rapidly. In order to meet users' ever-increasing demands for network product transmission speeds and transmission quality, the network industry is gradually moving towards broadband. Coupled with the vigorous promotion of Intranet integrated with Internet by enterprises around the world in recent years, the prospects for the network industry look promising. The Company's focus on developing broadband network products, combined with future developments, will continue to grow.
- b) Strong R&D capabilities, leading technologies domestically and internationally  
The Company has always emphasized R&D and has continuously built up core technologies and excellent R&D capabilities for wired and wireless network products over the years. In particular, R&D and manufacturing focuses on the technically more advanced fiber optic network cards, including 10M, 100M, Gigabit and 10G fiber NICs. In addition, various advanced managed switches have been developed, with customers covering industrial, military, telecom and large enterprises, mostly leading over peers in terms of specifications and technologies. The Company's advanced management software has also obtained a number of R&D patents in the US, Japan, Europe, and Taiwan, further enhancing product competitiveness.
- c) Comprehensive product line and integration enhances competitiveness  
The Company's products emphasize integration, with a comprehensive product line covering network cards, switches, industrial network application products and copper-fiber conversion equipment, focusing on smart broadband network products with management functions that have strong integration capabilities to increase product value-add and provide complete solutions to customers, which is advantageous for market competition. In addition to obtaining patents in major countries/markets, the related cloud-based application service platforms for network products have also officially launched services and are constantly developing new features based on customer needs, comprehensively enhancing product competitiveness.
- d) Focus on operational management performance to strengthen corporate competitiveness  
The Company's management team and key personnel all have more than 10 years of expertise and experience in the network industry. With an honest and pragmatic attitude and solid organizational structure, the Company's team pays close attention to industry trends and market demands, keeping the internal organization in optimal condition at all times to respond to the intense competition in the industry environment.

2) Unfavorable factors and response measures

- a) Price erosion of unmanaged switches and converters, facing competitive pressure with increasingly shorter product life cycles in the electronics industry, pricing pressure and difficulties in operations have increased.

Responsive measures: The Company has improved production and testing methods and invested in production automation to improve production efficiency, reduce production costs, increase in-house production of components, and expand market share to achieve economies of scale. The Company continues to develop new products and value-added products such as Carrier Ethernet, L3, PoE++, SDN, 10G/25G/40G/100G switches as well as EPON/GPON OLT/ONU and industrial wired network equipment, so that low value-added unmanaged equipment accounts for a gradually decreasing percentage of total revenue.

- b) Upward trend in domestic labor costs

In recent years, changes in the social and economic structure have resulted in lack of willingness to work in manufacturing industries, leading to labor shortages and upward pressure on overall domestic labor costs. This has weakened the competitiveness of the manufacturing industry which faces difficulties in cost reduction.

Responsive measures: The Company has adjusted its product mix, phased out obsolete and low-margin products, and increased the production and sales of high value-added products to increase gross margin and alleviate cost pressures.

- c) Difficulty in R&D talent recruitment

In the past, whether the government or private sector focused their resources mainly on the semiconductor industry, squeezing out resources available to other industries such as fiber optic communications. As a result, domestically we are at a disadvantage compared to foreign competitors.

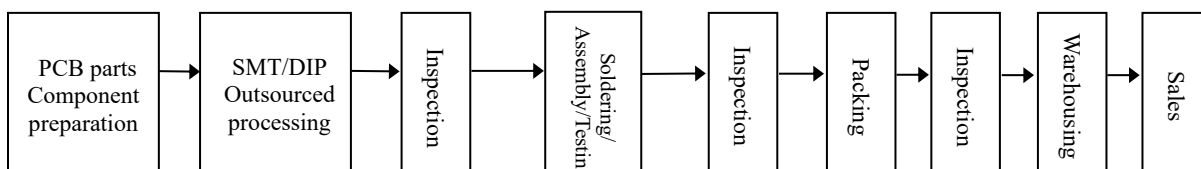
Responsive measures: The Company conducts regular internal and external training for employees to enhance professional knowledge and nurture outstanding talent, as well as improve productivity of existing R&D personnel. We also recruit R&D talent through the alternative military service system for long-term talent cultivation. On the other hand, the Company also provides employees with a good working environment and adopts employee profit sharing and restricted employee rights schemes to allow employees to participate in the Company's growth, thereby increasing their sense of identity and further reducing turnover.

(2) Major applications and manufacturing processes of main products

a. Major applications of main products

Main Products		Major Applications
Interface Card	Fiber Optic	Provide fiber NICs as basic devices for computers to connect to networks and transmit. data.
	Copper	Basic devices for computers to connect to networks and transmit data.
Switch	Fiber Optic	Provide switches as the main transmission equipment for network connections.
	Copper	Main transmission equipment used to connect two or more PCs and various application terminals.
Transceiver	Fiber Optic	Provide Ethernet fiber transceiver interfaces.
	Copper	Provide Ethernet copper transceiver interfaces.
Converter	Fiber Optic	Used for conversion between twisted pair cabling and fiber optics for network transmission.
	Copper	Used for conversion between different copper network media, such as conversion between coaxial cable and twisted pair.
Industrial Networking		Used in harsh environments, requiring ability to withstand high and low temperatures and be dust proof and waterproof.

b. Manufacturing processes



(3) Status of supply of main raw materials

Major Raw Materials	Supply Status
Fiber transceivers	Domestic supply, good
Control chips	Domestic supply, good
Printed circuit boards	Domestic supply, good
Power supplies/ Transformers/ Converters	Domestic supply, good
Enclosures	Domestic supply, good

- (4) Names of customers who accounted for more than 10% of the sales in the last two years, and sales as a percentage of total sales

a. Major suppliers

Unit: NT\$ thousands

Item	2022				2023				FY2024 Q1			
	Name	Amount	% of Total Annual Purchase Amount	Relationship with Issuer	Name	Amount	% of Total Annual Purchase Amount	Relationship with Issuer	Name	Amount	% of Total Annual Purchase Amount	Relationship with Issuer
1	A	102,990	15.60	None	A	206,094	18.15	None	A	41,789	26.88	None
	Others	557,346	84.40	-	Others	929,122	81.85	-	Others	113,665	73.12	-
	Purchase Amount	660,336	100.00	-	Purchase Amount	1,135,216	100.00	-	Purchase Amount	155,454	100.00	-

As revenue grew, the demand increased for control chips purchased from Supplier A.

b. Major customers

Unit: NT\$ thousands

Item	2022				2023				FY2024 Q1			
	Name	Amount	% of Total Annual Sales Amount	Relationship with Issuer	Name	Amount	% of Total Annual Sales Amount	Relationship with Issuer	Name	Amount	% of Total Annual Sales Amount	Relationship with Issuer
1	b	283,824	26.18	None	a	527,321	29.44	None	d	97,044	27.05	None
2	a	206,393	19.03	None	b	251,381	14.03	None	b	67,290	18.76	None
3	d	111,885	10.32	None	c	240,392	13.42	None	a	54,433	15.17	None
4									e	42,138	11.75	None
	Others	482,197	44.47	-	Others	772,352	43.11	-	Others	97,857	27.27	-
	Net Sales	1,084,299	100.00	-	Net Sales	1,791,446	100.00	-	Net Sales	358,762	100.00	-

The customer "a": the high-end models was introduced into mass production in 2022, due to shortage of raw materials, the shipments were postponed to 2023.

The customer "b": due to the shortage of raw materials, safety stock was increased, so shipments increased in 2022.

The customer "c": due to shortage of raw materials, the shipments were postponed to 2023.

The customer "d": due to new project and introduced into mass production, so shipments increased in 2023.

(5) Output volume and value during the most recent two years

Unit: PCS/NT\$ thousands

Major Product	Year Production Volume and Value	2022			2023		
		Production Capacity (Note 3)	Production Volume	Production Value	Production Capacity (Note 3)	Production Volume	Production Value
Fiber NIC		-	22,389	12,492	-	22,753	13,008
Fiber switch		-	125,465	636,515	-	198,481	1,246,866
Fiber converter		-	21,391	29,302	-	19,841	25,341
Network cards and related Product (note 1)		-	-	3,208	-	-	4,022
Others (Note 2)		-	-	14,572	-	-	13,505
Total		335,282	-	696,089	461,001	-	1,302,742

Note 1: Network cards and related products include network media converters and network switches. Sales volume is not calculated due to different product attributes.

Note 2: Others include sales of fiber optic transceivers, third party hardware, etc. Output is not calculated due to different product attributes.

Note 3: As the production of various products is interchangeable, production capacity is calculated in aggregate.

(6) Sales volume and value during the most recent two years

Unit: NT\$ thousands

Major Product	Year Production Volume and Value	2022				2023			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Fiber NIC		-	-	21,889	22,943	500	893	22,753	23,386
Fiber switch		5,059	38,349	119,807	878,694	7,088	60,898	181,965	1,599,598
Fiber converter		9,284	15,595	13,368	32,791	11,140	19,952	9,001	12,194
Network cards and related Product (note 1)		-	-	-	4,015	-	15	-	4,627
Others (Note 2)		-	62,967	-	28,945	-	36,357	-	33,526
Total		-	116,911	-	967,388	-	118,115	-	1,673,331

Note 1: Network cards and related products include network interface cards, fiber media converters and network switches. Sales volume is not calculated due to different product attributes.

Note 2: Others include sales of fiber transceivers, components, third party hardware, service income, maintenance income and other operating income. Sales volume is not calculated due to different product attributes.

### 3. Information on Employees in the Recent Two Years and as of the Printing Date of Annual Report

Year		2022	2023	May 17. 2023
No. of Employees	Direct Labor	16	15	15
	Indirect Labor	26	27	28
	Management	84	80	85
	Total	126	122	128
Average Age		46.16	47.47	46.17
Average Years of Service		14.23	15.19	14.12
Education Distribution Ratio	PhD	0.00%	0.00%	0.00%
	Master	11.11%	10.66%	10.16%
	Bachelor	71.43%	71.31%	73.43%
	High School	13.49%	13.93%	12.50%
	Below High School	3.97%	4.10%	3.91%

### 4. Information on Environmental Protection Expenditure

In recent years and up till the date of publication of the annual report, the Company has not suffered any losses (including compensation and violations of environmental regulations) and discloses estimated current and future amounts as well as responsive measures. If the impact cannot be reasonably estimated, the factual reasons for inability to reasonably estimate should be stated:

The Company has not been penalized or compensated by environmental protection authorities for environmental pollution in recent years and up till the date of publication of the annual report.

### 5. Labor Relations

Ruby Tech attaches great importance to the rights and interests of employees. In addition to formulating human rights policies in accordance with internationally recognized human rights standards such as the "International Covenant on Civil and Political Rights" and the "International Covenant on Economic, Social and Cultural Rights", the Company is committed to providing employees with a safe, healthy and dignified working environment, implementing equal employment opportunities, fair compensation and promotion opportunities, ensuring that employees are not discriminated against, harassed or treated unequally due to race, gender, religious beliefs, age, nationality, political inclination or any other status protected by applicable laws and regulations. The Company has also formulated the "Measures for Complaints and Disciplinary Actions for Workplace Sexual Harassment" and provided complaint channels to safeguard the rights and interests of female employees.

The Company's guidelines and specific management measures for implementing the human rights policy are as follows:

- (1) Human rights, diversity in the workplace and gender equality policies:
  - a. Provide employees with a safe and healthy working environment.
  - b. Eliminate illegal discrimination to ensure equal employment opportunities.



- c. Implement gender equality and strictly prohibit sexual harassment.
- d. Prohibit child labor.
- e. Prohibit forced labor.
- f. Attach importance to employees' mental and physical health and work-life balance.
- g. Good communication between labor and management.
- h. Regularly review and evaluate relevant systems and operations.

(2) Management measures:

The Company's implementation of various employee welfare measures, training, retirement systems and status of agreements with labor and measures to safeguard employee rights and interests:

a. Employee welfare measures

To safeguard employee welfare, the Company has established employee welfare measures in accordance with the law and set up an employee welfare committee in 1999. In addition, in order to enhance labor-management cooperation, improve work efficiency, and share the fruits of operations between labor and management, the Company provides comprehensive welfare systems and measures so that every employee can achieve balanced development at work and in life.

- 1) Labor insurance, National Health Insurance, group insurance and occupational accident insurance.
- 2) Year-end bonuses.
- 3) Employee rewards, treasury stock transfers, employee stock options, and new shares with restricted employee rights.
- 4) Annual employee tours, cultural and festival parties, and departmental dinners.
- 5) Holiday bonuses for 3 major holidays, marriage bonuses, childbirth bonuses, birthday cash gifts, injury and illness condolences and funeral condolences.
- 6) Special paid leave in accordance with the Labor Standards Act, with remaining leave days compensated in wages upon expiry, and written notification to employees.
- 7) Annual health examination for employees.
- 8) Arrange occupational health nurse for consultation every week; occupational doctors provide health services in the field every quarter.
- 9) Provide lactation room and contracts signed with qualified kindergartens to assist staff with childcare matters.

b. Training, further education

To work towards sustainable development and maintain competitiveness, the Company has established education and training management measures for employees to follow and provides education and training subsidies. Each employee can freely choose internal or external training courses relevant to work profession.

- 1) New employee training  
Training courses are planned for new employees to understand the Company's rules, regulations and overview.
- 2) Professional competence training

Internal training courses are planned, or employees are sent for external courses based on the professional competence of each department, to enhance personal expertise and skills, including professional technical training and business training.

- 3) Training and further studies for supervisors
  - a) Various management talent training is arranged for supervisors at all levels based on their characteristics to build common visions and consensus.
  - b) For information on manager training relating to corporate governance, please refer to page 76 of this annual report.
- 4) General education
  - a) Fire safety training is planned every year to maintain employee safety.
  - b) Education and training on business integrity and sustainable development is conducted annually to advocate relevant policies, including the "Code of Ethical Conduct", "Major Internal Information Handling Procedures", "Business Integrity Operational Procedures and Code of Conduct", "Insider Trading Prevention Management Measures", and "Sustainable Development Best Practice Principles". Relevant information is posted on the Company's electronic bulletin board for employees' reference.
- 5) Licensing, further studies and training relating to transparent financial reporting
  - a) The Company's Head of Finance and Accounting continues to participate in "Continuing Education Courses for Heads of Finance and Accounting" organized by the Accounting Research and Development Foundation in Taiwan.
  - b) The Company's internal audit staff continue to participate in training courses organized by the Institute of Internal Auditors, ROC.
  - c) A finance staff of the Company continues to participate in "Continuing Education Courses for Internal Auditors (including representatives) of Public Companies" organized by the Accounting Research and Development Foundation in Taiwan.
- 6) Status of further studies and training is as follows

Item	No. of Classes	Total Attendees	Total Hours	Total Expenses
New Employee Training	4	8	16	148
Professional Competence Training	38	119	308	
Management Talent Training	2	2	6	
General Education	2	141	254	
Total	53	270	584	148

c. Retirement system

The Company has established a labor retirement reserve supervisory committee in accordance with regulations to supervise retirement fund appropriations and related

matters. Meetings are held quarterly to review contribution status. It was resolved at meetings to appropriate 3% of total monthly salaries to the old system retirement fund each month, deposited into a dedicated account at Bank of Taiwan. At each year end, the estimated retirement funds for employees meeting retirement conditions in the following year are calculated and any shortfall is appropriated. Payment and calculation methods for retirement funds follow Labor Standards Act regulations.

The Company has established “Employee Retirement Measures” that clearly define the application procedures and conditions for retirement and procedures for claiming retirement payments under the old system.

The Labor Pension Act has been in effect since July 1, 2005 and adopts a defined contribution plan. After implementation, employees can choose to apply the retirement pension provisions of the Labor Standards Act or the Labor Pension Act. For employees who choose to apply the Labor Pension Act, the company contributes 6% of the employee's monthly insured salary every month.

d. Code of conduct for employees

For codes of conduct and ethics for employees, the Company has formulated a number of relevant measures and provisions that are announced on the Company's internal network for employees to refer to at any time as the code of conduct. The related measures and main contents are summarized as follows:

1) Work rules

In accordance with relevant laws, the Company has formulated work rules to clearly define the rights and obligations of labor and management. The main provisions include: recruitment, employment, service discipline and communication, working hours and attendance, leave, salary and bonuses, employee benefits, performance appraisal, promotion, rewards and penalties, termination and retirement, occupational hazard compensation, bereavement, safety, health, labor-management meetings.

2) Personnel employment management measures

Upon employee onboarding, an employment contract is signed, which specifies job duties, positions, entitlements, etc. To protect the Company's business assets, employees are required to comply with trade secret rules, non-competition, and non-disclosure of trade secrets with others.

3) Authorization limits

Implementation of accountability, deputies at all levels, and formulated authorization limit tables for compliance by all departments to ensure normal operations of the Company's businesses.

4) Performance appraisal measures

To enable fair, impartial, and transparent performance appraisals and work performance of all employees and achieve clear rewards and penalties to improve overall work efficiency and management performance, performance appraisal measures have been formulated for compliance.

5) Employee rewards and disciplinary measures

In addition to rewards being categorized into commendations, small credits and major credits, and penalties being categorized into reprimands, minor faults and major faults in the work rules, employee reward and disciplinary measures have been separately formulated. Rewards lead to score additions and deductions that affect year-end bonuses.

- 6) Measures for complaints and disciplinary actions for workplace sexual harassment  
To provide a work and service environment free of sexual harassment for employees and job seekers, and take appropriate preventive, corrective, disciplinary and handling measures, the Company has formulated measures and employee complaint channels to regulate employee conduct in the workplace.
  - 7) Measures to prevent unlawful infringement when performing duties  
To prevent employees from being subjected to physical or mental infringement by others when performing their duties, the Company has formulated these measures to avoid occurrence of violent acts.
- e. Measures to protect the working environment and personal safety of employees  
To prevent occupational hazards and protect labor safety and health, the Company has appointed occupational safety and health management personnel, and formulated Safety and Health Work Rules in accordance with Article 34 of the Occupational Safety and Health Act, defining safety management matters for employee compliance.
- 1) Work environment safety
    - a) Office areas are kept tidy, clean, adequately ventilated and with suitable temperature and humidity. Disinfection is carried out annually.
    - b) Indoor and outdoor lighting is kept bright with clear visibility in all areas, especially at night near entrances, exits and parking lots.
    - c) Public building safety inspections are conducted regularly.
    - d) Access control and visitor registration are implemented to ensure employee safety.
    - e) Noise decibel tests are conducted monthly to ensure employee health.
    - f) Fire drills are conducted monthly to check functionality of emergency lighting, safety doors, fire extinguishers and escape routes.
    - g) Radiation site monitoring, drinking water E. coli tests, carbon dioxide concentration measurements and n-hexane measurements are conducted as required each quarter, half-yearly and yearly respectively.
    - h) Regulated workspace environment monitoring is conducted regularly to ensure compliance with standards.
  - 2) Equipment safety
    - a) Installation and maintenance of electrical equipment (including repairs, fuse replacements, etc.) is handled by licensed electricians or experienced electrical workers.
    - b) Electrical appliances, wires, switches, and insulation should be checked for damage immediately. Operations should cease and supervisors informed in case of damage or leakage.
    - c) Inspections of all electrical equipment are conducted annually.
    - d) Company vehicles undergo regular maintenance, with pre-departure checks to ensure driving safety.
    - e) Operation of radioactive materials and equipment capable of emitting ionizing radiation is only handled by personnel who have undergone prescribed training and obtained radiation safety certificates or licenses.

- 3) Employee personal safety
- a) Education courses are held annually, with 17 and 23 attendees in courses held on May 18 and November 16, 2023, respectively.
  - b) "Disaster Emergency Response Management Measures" and "Emergency Response Management Procedures" have been formulated to ensure emergency response capabilities. Disaster response drills are held annually, with a drill conducted on April 13, 2023.
  - c) Sufficient first aid medicines and equipment are prepared according to the size and layout of workplaces, hazard conditions and number of employees. First aiders are appointed to provide first aid. First aid medicines and equipment are checked and replenished/replaced monthly. First aider training is conducted in accordance with Occupational Safety and Health Education and Training Regulations.
  - d) Employees undergo general health checks and special health checks for specific operations annually. Health checks were conducted on August 17, 2023.
  - e) "Hazard Prevention Plan for Work-related Musculoskeletal Disorders" has been formulated to avoid repetitive motion injuries to employees performing repetitive tasks due to poor posture, exertion and high operation frequency through regular questionnaires to identify and assess high risk groups, conduct interviews and provide guidance during weekly nurse on-site services, document implementation status and retain records as per regulations.
  - f) "Disease Prevention Plan for Abnormal Workloads" has been formulated to avoid illness from employees working long hours due to abnormal workloads through regular questionnaires to identify and assess high risk groups, conduct interviews and provide guidance during weekly nurse on-site services, document implementation status and retain records as per regulations.
  - g) "Measures to Prevent Unlawful Infringement when Performing Duties" have been formulated to prevent employees from being subjected to physical or mental infringement by others when performing their duties. Annual education courses are held to provide information on reporting channels and procedures. 17 and 23 employees participated in courses held on May 18 and November 16, 2023, respectively.
  - h) A "Workplace Maternity Health Protection Plan" has been formulated to implement hazard assessment, control, and tiered management of maternity health protection measures for female employees with workplace maternity health hazards, to protect the health of expectant mothers and fetuses. A dedicated breastfeeding room has also been set up to provide a friendly maternal workplace.
  - i) To provide a work and service environment free from sexual harassment for employees and job seekers, appropriate preventive, corrective, disciplinary and handling measures have been formulated along with the Measures for Complaints and Disciplinary Actions for Workplace Sexual Harassment and employee complaint channels to regulate employee conduct in the workplace. Education courses are held annually, with 17 and 23 attendees in courses held on May 18 and November 16, 2023, respectively.

- j) In accordance with the Labor Health Protection Rules, healthcare professionals have been engaged since 2020 to provide services in the field to care for employee health. Based on employees' health examination results, occupational health nurse for consultation every week; occupational doctors provide health services in the field every quarter.
- f. Agreements between labor and management
- The Company has always complied with government laws and regulations, valued labor rights and interests, and handled matters such as employee recruitment, termination, retirement, and welfare measures based on relevant laws and regulations as the foundation. As such, labor-management relations have always been harmonious without any losses due to labor-management disputes since the Company's establishment.
- g. Measures to safeguard employee rights
- 1) "Labor-Management Conference Implementation Measures" require regular quarterly labor-management conferences to communicate and coordinate on important matters through labor and management representatives, to safeguard labor rights and interests and labor-management harmony. Employees are also notified through internal memos of any major operational changes that significantly impact them. Labor-management conferences were held on January 10, April 10, July 10, and October 8, 2022.
  - 2) The Company's labor retirement reserve supervisory committee holds quarterly meetings to review contribution status and safeguard employee rights and interests. Meetings were held on January 10, April 17, July 10, and October 16, 2023.
  - 3) In accordance with relevant laws, the Company has formulated work rules to clearly define the rights and obligations of labor and management. The main provisions include: recruitment, employment, service discipline and communication, working hours and attendance, leave, salary and bonuses, employee benefits, performance appraisal, promotion, rewards and penalties, termination and retirement, occupational hazard compensation, bereavement, safety, health, labor-management meetings.
  - 4) Employee complaint channels have been established, with a hotline and email address to handle issues accordingly and safeguard employee rights and strengthen workplace safety.
- h. Workplace diversity and gender equality
- 1) The Company values diversity. As of the date of publication of the annual report, the percentage of foreign employees is 1% of total employees and 7% of management. Distribution by age group is as follows:

Age	<30 years old	30-50 years old	>50 years old	Total
No.	10	71	43	124
Percentage	8%	57%	35%	100%

- 2) Equal promotion opportunities are implemented regardless of gender. As of the date of publication of the annual report, the percentage of female employees is 47% while percentage of female management is 15%.

- 3) The Company has set up a "Remuneration Committee" which distributes corporate operating results to employees based on the remuneration policy. Equal pay for equal work is implemented. For grassroots employees in the same position, compensation packages are the same. For personnel with relevant expertise and work experience, compensation packages are determined based on academic qualifications, expertise, and certifications, without any differentiation due to gender or ethnicity.
- i. Local employment where operations are based  
The Company is located in Nangang, the easternmost district of Taipei City. In recent years, the Taipei City Government has been promoting the "Eastern Gateway Project" to spur industrial takeoff in Nangang, with the "five centers" concept focusing on software, exhibitions, transportation, startups, and biotechnology, making it an area of high future development potential. The Company also employs local manpower appropriately to enhance community identity and achieve common development. As of the date of publication of the annual report, locally hired employees account for 15% of total employees.
- (3) Losses (including compensation and penalties) suffered in recent years and up till the date of publication of the annual report due to labor disputes (including date of penalty, document number, violated regulation, content, and disposition): None.

## 6. Cyber Security Management

- (1) Description of information security risk management framework, policies, specific management measures and resources invested in information security management:
  - a. Information security risk management framework  
The Information Technology department is responsible for coordinating formulation, implementation and risk management of information security policies and measures to prevent unauthorized access through networks that compromise information systems and data. The President is the most senior supervisor, with regular compliance audits by the Audit Office. In addition, an Information Security Committee has been established, with the President as the convenor and the top managers of each division (department), totaling 7 members, to manage the resolution of information security-related systems and issues, and each division (department or office) assigns members to form an internal audit team to receive education and training and to assist in the implementation, which is expected to minimize the weaknesses of information security and to improve the ability of risk control.
  - b. Information security policies  
The Company has established information security policies to prevent unauthorized access through networks that compromise the Company's information systems and data, ensuring the security, integrity, confidentiality and availability of information systems and data connected to networks, maintaining smooth computer operations, equipment and data security, integrity, confidentiality and facilitating future management, providing an information environment for the Company's information operations continuity, and complying with relevant laws and regulations to avoid intentional or accidental internal and external threats.  
To enhance information security management, the Company implemented the ISO 27001 Information Security Management System certification in 2019 and obtained certification. The latest certificate is valid from October 9, 2022 to October 8, 2025, covering 14 areas and 114 security control measures. By applying the risk

management framework, information confidentiality, integrity and availability are protected.

c. Specific management measures

The Company's information security considerations cover areas including network security education and training, personnel management, network security management, internet access controls, emergency response and disaster recovery, and network security audits. Taking into account cost-effectiveness and convenience for network users, the Company has established information security mechanisms, implemented endpoint antivirus measures on important hosts, and strengthened malicious software behavioral detection. Network firewalls and controls have been enhanced to prevent the spread of computer viruses between hosts and across plants. In addition, information security education and training are conducted annually for all employees. Information security is an annual audit item, and the Company has been a member of TWCERT/CC since 2022 in order to effectively receive and disseminate information security intelligence.

d. Resources invested in information security management

A summary of the Company's implementation of enterprise information security measures in 2022 is as follows:

- 1) Business continuity plans were implemented on May 6 for engine room maintenance and operation services, July 31 for ERP system services, and October 16 for enterprise storage services. A total of 3 drills were conducted, with no major anomalies in drill results.
  - 2) ISO 27001 internal audits were conducted on July 3 and 7 without any major issues.
  - 3) Information security is an annual audit item. Information and communications security inspections were completed in May and November 2023 without any major issues.
- (2) Losses, potential impacts, and responsive measures due to major information security incidents in recent years and up till the date of publication of the annual report. If the impact cannot be reasonably estimated, explain the factual reasons: None.

7. Material Contracts: None.



## 6. Financial Overview

### 1. Condensed Balance Sheet and Statement of Comprehensive Income for the past 5 fiscal years

#### (1) Condensed Balance Sheets (Consolidated)

Unit: NT\$ thousands

Year Item		Financial Information for the past 5 fiscal years					2024 Q1 Financial Information (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Current Assets		\$964,839	\$993,980	\$1,177,454	\$1,122,217	\$1,377,776	\$1,318,752
Property, Plant and Equipment		236,401	245,889	255,903	255,519	257,100	259,412
Intangible Assets		3,252	3,146	4,651	6,162	5,041	4,908
Other Assets		18,191	13,485	14,562	14,395	26,829	21,597
Total Assets		1,222,683	1,256,500	1,452,570	1,398,293	1,666,746	1,604,669
Current Liabilities	Before	280,631	237,946	310,764	314,127	444,705	342,110
	After	412,653	343,564	430,429	433,792	(Note 3)	(Note 3)
Non-current Liabilities		25,757	24,616	22,374	15,485	15,203	7,271
Total Liabilities	Before	306,388	262,562	333,138	329,612	459,908	349,381
	After	438,410	368,180	452,803	449,277	(Note 3)	(Note 3)
Equity Attributable to Owners of Parent		916,295	993,938	1,119,432	1,068,681	1,206,838	1,255,288
Share Capital		532,649	528,869	544,712	544,712	561,030	561,030
Capital Surplus		45,029	38,969	38,969	38,969	38,969	38,969
Retained Earnings	Before	348,876	357,906	395,294	472,103	591,223	650,128
	After	216,854	236,445	275,629	336,120	(Note 3)	(Note 3)
Others Equity		(419)	70,535	142,798	15,238	17,957	7,502
Treasury Shares		(9,840)	(2,341)	(2,341)	(2,341)	(2,341)	(2,341)
Non-controlling Interests		-	-	-	-	-	-
Total Equity	Before Distribution	916,295	993,938	1,119,432	1,068,681	1,206,838	1,255,288
	After Distribution	784,273	888,320	999,767	949,016	(Note 3)	(Note 3)

Note 1: Financial information for 2019-2023 has been audited by CPA.

Note 2: 2024 Q1 financial information has been reviewed by CPA.

Note 3: 2023 Earnings distribution plan will be resolved in the 2024 shareholders' meeting.

## (2) Condensed Statements of Comprehensive Income (Consolidated)

Unit: NT\$ thousands (EPS in NT\$)

Item \ Year	Financial Information for the past 5 fiscal years					2024 Q1 Financial Information (Note 2)
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Operating Revenue	\$1,119,980	\$781,171	\$884,326	\$1,084,299	\$1,791,446	\$358,762
Gross Profit	373,191	256,964	275,149	326,014	510,877	104,617
Operating Profit (Loss)	183,197	84,725	96,953	142,537	278,467	54,657
Non-operating Income and Expenses	16,144	66,872	80,679	12,933	27,471	19,122
Profit Before Tax	199,341	151,597	177,632	155,470	305,938	73,779
Net Profit (Loss) from Continuing Operations Continuing Operations	167,250	141,886	160,010	132,228	245,225	58,905
Loss from Discontinued Operations	-	-	-	-	-	-
Net Profit (Loss) for the Year	167,250	141,886	160,010	132,228	245,225	58,905
Other Comprehensive Income (Loss), Net of Tax	7,890	70,120	71,102	(63,314)	12,597	(10,455)
Total Comprehensive Income (Loss) for the Year	175,140	212,006	231,112	68,914	257,822	48,450
Net Profit Attributable to Owners of Parent	167,250	141,886	160,010	132,228	245,225	58,905
Net Profit Attributable to Non-controlling Interests	-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of Parent	175,140	212,006	231,112	68,914	257,822	48,450
Total Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	-
Earnings Per Share (Note 3)	2.99	2.53	2.86	2.36	4.38	1.05

Note 1: Financial information for 2019-2023 has been audited by CPA.

Note 2: 2024 Q1 financial information has been reviewed by CPA.

Note 3: The dilution from shares issued by surplus transferred to capital increase has been adjusted to each year.

(3) Condensed Balance Sheet (Parent Company Only)

Unit: NT\$ thousands

Year Item		Financial Information for the past 5 fiscal years					2024 Q1 Financial Information (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Current Assets		\$958,981	\$988,239	\$1,170,506	\$1,115,284	\$1,370,079	NA
Property, Plant and Equipment		211,331	221,937	232,697	232,894	235,905	NA
Intangible Assets		3,252	3,146	4,651	6,162	5,041	NA
Other Assets		48,244	42,722	44,253	43,318	54,533	NA
Total Assets		1,221,808	1,256,044	1,452,107	1,397,658	1,665,558	NA
Current Liabilities	Before Distribution	279,951	237,689	310,504	313,676	443,693	NA
	After Distribution	411,973	343,307	430,169	433,341	(Note 3)	NA
Non-current Liabilities		25,562	24,417	22,171	15,301	15,027	NA
Total Liabilities	Before Distribution	305,513	262,106	332,675	328,977	458,720	NA
	After Distribution	437,535	367,724	452,340	448,642	(Note 3)	NA
Share Capital		532,649	528,869	544,712	544,712	561,030	NA
Capital Surplus		45,029	38,969	38,969	38,969	38,969	NA
Retained Earnings	Before Distribution	348,876	357,906	395,294	472,103	591,223	NA
	After Distribution	216,854	236,445	275,629	336,120	(Note 3)	NA
Other Equity		(419)	70,535	142,798	15,238	17,957	NA
Treasury Shares		(9,840)	(2,341)	(2,341)	(2,341)	(2,341)	NA
Non-controlling Interests		-	-	-	-	-	NA
Total Equity	Before Distribution	916,295	993,938	1,119,432	1,068,681	1,206,838	NA
	After Distribution	784,273	888,320	999,767	949,016	(Note 3)	NA

Note 1: Financial information for 2019-2023 has been audited by CPA.

Note 2: No parent company only financial information for 2024 Q1.

Note 3: 2023 Earnings distribution plan will be resolved in the 2024 shareholders' meeting.

(4) Condensed Statement of Comprehensive Income (Parent Company Only)

Unit: NT\$ thousands (EPS in NT\$)

Item \ Year	Financial Information for the past 5 fiscal years					2024 Q1 Financial Information (Note 2)
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Operating Revenue	\$1,119,807	\$781,171	\$884,291	\$1,084,299	\$1,791,446	NA
Gross Profit	373,052	256,940	275,112	326,014	510,877	NA
Operating Profit (Loss)	185,243	86,945	98,982	144,864	280,692	NA
Non-operating Income and Expenses	14,098	64,652	78,650	10,606	25,246	NA
Profit Before Tax	199,341	151,597	177,632	155,470	305,938	NA
Net Profit (Loss) from Continuing Operations	167,250	141,886	160,010	132,228	245,225	NA
Loss from Discontinued Operations	-	-	-	-	-	NA
Net Profit (Loss) for the Year	167,250	141,886	160,010	132,228	245,225	NA
Other Comprehensive Income (Loss), Net of Tax	7,890	70,120	71,102	(63,314)	12,597	NA
Total Comprehensive Income (Loss) for the Year	175,140	212,006	231,112	68,914	257,822	NA
Earnings Per Share (Note 3)	2.99	2.53	2.86	2.36	4.38	NA

Note 1: Financial information for 2019-2023 has been audited by CPA.

Note 2: No parent company only financial information for 2024 Q1.

Note 3: The dilution from shares issued by surplus transferred to capital increase has been adjusted to each year.

(5) CPAs' Names and Audit Opinions for the most recent 5 years

Year	Accounting Firm	CPA Name	Audit Opinion
2019	Deloitte & Touche	Yao, Sheng-Hsiung, Chang Rui-Na	Unmodified opinion
2020	Deloitte & Touche	Chang, Chun-I, Lin, Shu-Ju	Unmodified opinion
2021	Deloitte & Touche	Lin Shu-Ju, Chang, Chun-I	Unmodified opinion
2022	Deloitte & Touche	Lin Shu-Ju, Chang, Chun-I	Unmodified opinion
2023	Deloitte & Touche	Lin Shu-Ju, Chang, Chun-I	Unmodified opinion

## 2. Financial Analysis for the Past 5 Fiscal Years

### (1) Financial Analysis (Consolidated)

Year Analysis Items		Financial Analysis for the Past 5 Fiscal Years					2024 Q1 Financial Information (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Financial Structure (%)	Debt Ratio	25.06	20.90	22.93	23.57	27.59	21.77
	Long-term Capital to Property, Plant and Equipment Ratio	398.50	414.23	446.19	424.30	475.32	486.70
Solvency (%)	Current Ratio	343.81	417.73	378.89	357.25	309.82	385.48
	Quick Ratio	303.73	369.66	298.43	259.78	232.21	304.07
	Interest overage Ratio	797,464.00	891,847.06	2,220,500.00	647,891.67	665,182.61	527,092.86
Operating Capacity	Receivables Turnover Rate (times)	9.82	5.57	6.14	5.52	5.85	4.23
	Average Collection Days	37	66	59	66	62	86
	Inventory Turnover Rate (times)	6.84	4.77	3.40	2.76	3.99	3.33
	Payables Turnover Rate (times)	6.74	4.89	4.78	4.72	6.67	5.82
	Average Days in Sales	53	77	107	132	91	110
	Property, Plant and Equipment Turnover Rate (times)	4.73	3.24	3.52	4.24	6.99	5.56
	Total Assets Turnover Rate (times)	0.95	0.63	0.65	0.76	1.17	0.88
Profitabilit y	Return on Assets (%)	14.25	11.45	11.81	9.28	16.00	14.41
	Return on Equity (%)	19.13	14.86	15.14	12.09	21.55	19.14
	Profit Before Tax to Paid-in Capital Ratio (%)	37.42	28.66	32.61	28.54	54.53	13.15
	Net Margin (%)	14.93	18.16	18.09	12.19	13.69	16.42
	Earnings Per Share (NT\$) (Note 3)	2.99	2.53	2.86	2.36	4.38	1.05
Cash Flow	Cash Flow Ratio (%)	36.02	30.76	(3.72)	14.36	41.08	33.02
	Cash Flow Adequacy Ratio (%)	125.31	84.30	50.05	39.36	42.85	44.76
	Cash Reinvestment Ratio (%)	(1.50)	(5.34)	(9.57)	(6.37)	4.83	8.36
Leverage	Operating Leverage	1.05	1.13	1.13	1.11	1.06	1.08
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	1.00
<p>Analysis of changes in ratios (the difference reaches 20%):</p> <ol style="list-style-type: none"> <li>1. Revenue increased as improved material supply. To fulfill ongoing customer orders, both inventories and accounts payable increased, leading to the inventory turnover ratio and accounts payable turnover ratio increased, the average days in sales decrease.</li> <li>2. Revenue increased, leading to property, plant, and equipment turnover ratio and total asset turnover ratio increased.</li> <li>3. Revenue and profit increased, leading to return on assets, return on equity, and ratio of pre-tax net income to paid-in capital increased.</li> <li>4. Revenue increased as improved material supply, leading to net cash inflow, cash flow ratio and cash reinvestment ratio increased.</li> </ol>							

Note 1: Financial information for 2019-2023 has been audited by CPA.

Note 2: 2024 Q1 financial information has been reviewed by CPA.

Note 3: The dilution from shares issued by surplus transferred to capital increase has been adjusted to each year.

## (2) Financial Analysis (Parent Company Only)

Analysis Items \ Year		Financial Analysis for the past 5 fiscal years					2024 Q1 Financial Information (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Financial Structure (%)	Debt Ratio	25.00	20.87	22.91	23.54	27.54	NA
	Long-term Capital to Property, Plant and Equipment Ratio	445.68	458.85	490.60	465.44	517.95	NA
Solvency (%)	Current Ratio	342.55	415.77	376.97	355.55	308.79	NA
	Quick Ratio	302.37	367.64	296.44	257.95	231.00	NA
	Interest Coverage Ratio	797,464.00	891,847.60	2,220,500.00	647,891.67	665,182.61	NA
Operating Capacity	Receivables Turnover Rate (times)	9.82	5.57	6.14	5.52	5.85	NA
	Average Collection Days	37	66	59	66	62	NA
	Inventory Turnover Rate (times)	6.84	4.77	3.40	2.76	3.99	NA
	Payables Turnover Rate (times)	6.74	4.89	4.78	4.72	6.67	NA
	Average Days in Sales	53	77	107	132	91	NA
	Property, Plant and Equipment Turnover Rate (times)	5.31	3.61	3.89	4.66	7.64	NA
	Total Assets Turnover Rate (times)	0.96	0.63	0.65	0.76	1.17	NA
Profitability	Return on Assets (%)	14.27	11.45	11.82	9.28	16.01	NA
	Return on Equity (%)	19.13	14.86	15.14	12.09	21.55	NA
	Profit Before Tax to Paid-in Capital Ratio (%)	37.42	28.66	32.61	28.54	54.53	NA
	Net Margin (%)	14.94	18.16	18.09	12.19	13.69	NA
	Earnings Per Share (NT\$) (Note 3)	2.99	2.53	2.86	2.36	4.38	NA
Cash Flow	Cash Flow Ratio (%)	35.59	30.84	(4.09)	14.42	40.96	NA
	Cash Flow Adequacy Ratio (%)	125.02	83.90	49.57	38.97	42.49	NA
	Cash Reinvestment Ratio (%)	(1.71)	(5.56)	(10.03)	(6.62)	4.92	NA
Leverage	Operating Leverage	1.04	1.11	1.12	1.10	1.06	NA
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	NA
Analysis of changes in ratios (the difference reaches 20%): 1. Revenue increased as improved material supply. To fulfill ongoing customer orders, both inventories and accounts payable increased, leading to the inventory turnover ratio and accounts payable turnover ratio increased, the average days in sales decrease. 2. Revenue increased, leading to property, plant, and equipment turnover ratio and total asset turnover ratio increased. 3. Revenue and profit increased, leading to return on assets, return on equity, and ratio of pre-tax net income to paid-in capital increased. 4. Revenue increased as improved material supply, leading to net cash inflow, cash flow ratio and cash reinvestment ratio increased.							

Note 1: Financial information for 2019-2023 has been audited by CPA.

Note 2: 2024 Q1 financial information has been reviewed by CPA.

Note 3: The dilution from shares issued by surplus transferred to capital increase has been adjusted to each year.

Formulas for calculation of analysis items are as follows:

- 1) Financial structure
  - i. Debt ratio = Total liabilities / Total assets
  - ii. Long-term capital to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment
- 2) Solvency
  - i. Current ratio = Current assets / Current liabilities
  - ii. Quick ratio = (Current assets - Inventories - Prepayments) / Current liabilities
  - iii. Interest coverage ratio = Profit before tax and interest expense / Current period interest expense
- 3) Operating capacity
  - i. Receivables turnover rate (including accounts receivable and notes receivable from operations) = Net sales / Average receivables balance (including accounts receivable and notes receivable from operations)
  - ii. Average collection days = 365 / Receivables turnover rate
  - iii. Inventory turnover rate = Cost of goods sold / Average inventory
  - iv. Payables turnover rate (including accounts payable and notes payable from operations) = Cost of goods sold / Average payables balance (including accounts payable and notes payable from operations)
  - v. Average days in sales = 365 / Inventory turnover rate
  - vi. Property, plant and equipment turnover rate = Net sales / Average net property, plant and equipment
  - vii. Total asset turnover rate = Net sales / Average total assets
- 4) Profitability
  - i. Return on assets = [Net income after tax + Interest expense x (1 - Tax rate)] / Average total assets
  - ii. Return on equity = Net income after tax / Average total equity
  - iii. Net margin = Net income after tax / Net sales
  - iv. Earnings per share = (Net income attributable to owners of the parent - Preferred stock dividends) / Weighted average number of shares outstanding
- 5) Cash flow
  - i. Cash flow ratio = Net cash flow from operating activities / Current liabilities
  - ii. Cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (Capital expenditure + Inventory increase + Cash dividends) in the most recent five years
  - iii. Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital)
- 6) Leverage
  - i. Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating profit
  - ii. Financial leverage = Operating profit / (Operating profit - Interest expense)

3. Audit Committee's Review Report for the Most Recent Year Year's Financial Statement

Ruby Tech Corp. Co., Ltd.

Audit Committee's Review Report

The Board of Directors has submitted the Company's individual and consolidated financial statements for the year 2023, which have been audited and certified by Lin, Shu-Ju and Chang, Chun-I, CPAs of Deloitte & Touche, with the audit report issued. The audit report indicates that the financial statements accurately represent the Company's financial position, operating results, and cash flows. Together with the business report and profit distribution proposal, the Audit Committee has reviewed the statements and found no irregularities. This report is submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Ruby Tech Corp. Co., Ltd.

Convener of Audit Committee: Huang, Chin-Tan

March 12, 2024



4. Financial Statements for the Most Recent Fiscal Year: Please refer to page 177 ~ 238 of this annual report.
5. Financial Statements of Parent Company Only for the Most Recent Fiscal Year audited by the CPAs: Please refer to page 239 ~ 300 of this annual report.
6. The Impact of the Financial Difficulties of the Company and the Affiliated Companies, if any, on the Company's Financial Position in the Past Year and as of the Printing Date of the Annual Report: None.

## **STATEMENT OF CONSOLIDATED FINANCIAL REPORTS FOR AFFILIATED ENTERPRISES**

For 2023 (from January 1, 2023 to December 31, 2023), the companies that shall be included in the preparation of the consolidated financial reports of affiliated enterprises in accordance with the “Principles for the Preparation of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the companies that shall be included in the preparation of the parent-subsidary consolidated financial reports in accordance with International Accounting Standard No. 10 are the same. Furthermore, all relevant information that should be disclosed in the consolidated financial reports of affiliated enterprises has already been disclosed in the aforementioned parent-subsidary consolidated financial reports. Therefore, no separate consolidated financial reports of affiliated enterprises will be prepared.

Hereby declare

Company Name: Ruby Tech Corp.

Person in Charge: Lin, Kuan-Ming

February 27, 2024

## **INDEPENDENT AUDITORS' REPORT**

Ruby Tech Corp.

### **Audit Opinion**

We have audited the consolidated balance sheets of Ruby Tech Corp. and its subsidiaries as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statement of changes in equity, consolidated statements of cash flows for the years then ended January 1, 2023 to December 31, 2023 and January 1, 2022 to December 31, 2022, as well as the notes to the consolidated financial statements and a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ruby Tech Corp. and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Announcements as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conduct the audit work in accordance with the Regulations Governing the Certification of Financial Statements by Certified Public Accountants and auditing standards. The accountant's responsibilities under those standards will be further described in the auditor's responsibilities for the audit of the consolidated financial statements section. The personnel of the firm to which the accountant belongs have remained independent from Ruby Tech Corp. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and have fulfilled other responsibilities stipulated in the said Code. The accountant believes that sufficient and appropriate audit evidence has been obtained to form a basis for the audit opinion.

### **Key Audit Matters**

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Ruby Tech Corp. and its subsidiaries for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters relating to the consolidated financial statements of Ruby Tech Corp. and its subsidiaries for the year ended December 31, 2023 are stated as follows:

### Revenue Recognition from Specific Customers

Management is under pressure to achieve forecasted financial targets, and therefore auditing standards presume the risk of fraud in revenue recognition. Ruby Tech Corp.'s sales of goods from specific customers for the year ended December 31, 2023 amounted to \$1,108,706 thousand representing approximately 62% of their total operating revenue. We believe that there is a significant risk in the authenticity of sales revenue from specific customers, and therefore lists it as a key audit matter. For the accounting policies on revenue recognition, please refer to Note 4(12) of the consolidated financial statements.

The primary audit procedures performed were as follows:

1. Understand and evaluate the design and implementation effectiveness of key internal controls over the revenue recognition process.
2. Select samples from the sales details of specific customers, cross-check them against external sources such as customer orders and customs declarations, and review the payment status to verify the authenticity of the sales transactions.

### **Other Matters**

Ruby Tech Corp. has prepared its parent company only financial statements for the years 2023 and 2022, and this CPA has issued an unqualified audit report on file for reference. We have also audited the parent company only financial statements of Ruby Tech Corp. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion.

### **The Responsibilities of the Management and the Governance Entity for the Consolidated Financial Statements**

The responsibility of management is to prepare consolidated financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and to maintain such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether resulting from fraud or error.

The management, in preparing the consolidated financial statements, is responsible for assessing the ability of Ruby Tech Corp. and its subsidiaries. to continue as a going concern, disclosing matters related to going concern and adopting the going concern basis of accounting unless the management either intends to liquidate Ruby Tech Corp. and its subsidiaries or to cease its operations, or has no practical alternative other than liquidation or suspension of business.

Ruby Tech Corp. and its subsidiaries, the governance entities are responsible for overseeing the financial reporting process.

## **The Auditor's Responsibilities for the Audit of Consolidated Financial Statements**

The audit of the consolidated financial statements by the CPA was intended to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement resulting from fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance but does not guarantee that a properly planned and performed audit will always detect any material misstatement that might exist. Misstatements can arise from fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

The independent auditor applies professional judgment and maintains professional skepticism throughout the audit in accordance with auditing standards. The auditor also performs the following tasks:

1. Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform appropriate responses to those risks; obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ruby Tech Corp. and its subsidiaries internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management, and the reasonableness of accounting estimates and related disclosures made.
4. The auditors are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ruby Tech Corp. and its subsidiaries' ability to continue as a going concern. If the auditors conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. The auditors' conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause Ruby Tech Corp. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, (including the related notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ruby Tech Corp. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit engagement as well as forming the audit opinion on Ruby Tech Corp. and its subsidiaries.

The matters communicated with those charged with governance included the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the governance unit with a statement affirming that personnel at the accountant's firm have adhered to the independence requirements set forth in the professional code of ethics for accountants. Additionally, the accountant communicated with the governance unit regarding all relationships and other factors that could potentially impact the accountant's independence, including the implementation of relevant safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Ruby Tech Corp. and its subsidiaries for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lin, Shu-Ju and Chang, Chun-I.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 12, 2024

Notice to Reader

*For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

RUBY TECH CORP. AND SUBSIDIARIES  
**CONSOLIDATED BALANCE SHEET**

December 31, 2023 and December 31, 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 286,331	17	\$ 290,288	21
1110	Current financial assets measured at fair value through profit or loss (Notes 4 and 7)	33,621	2	34,962	2
1120	Current financial assets measured at fair value through other comprehensive income (Notes 4 and 8)	75,796	5	67,063	5
1136	Current financial assets measured at amortized cost (Notes 4, 9 and 30)	247,831	15	187,420	13
1150	Notes receivable (Notes 4 and 10)	3,547	-	331	-
1170	Accounts receivable (Notes 4, 10 and 23)	351,534	21	96,763	7
1200	Other receivables (Notes 4, 10 and 28)	33,392	2	138,850	10
130X	Inventories (Notes 4, 5, and 11)	339,180	20	303,355	22
1470	Other current assets (Note 16)	6,544	1	3,185	-
<b>11XX</b>	<b>Total current assets</b>	<b><u>1,377,776</u></b>	<b><u>83</u></b>	<b><u>1,122,217</u></b>	<b><u>80</u></b>
	<b>Non-Current Assets</b>				
1600	Property, plant and equipment (Notes 4 and 13)	257,100	16	255,519	18
1755	Right-of-use assets (Notes 4 and 14)	6,351	-	1,788	-
1780	Other intangible assets (Notes 4 and 15)	5,041	-	6,162	1
1840	Deferred income tax assets (Notes 4 and 25)	16,664	1	9,211	1
1990	Other non-current assets (Note 16)	3,814	-	3,396	-
<b>15XX</b>	<b>Total non-current assets</b>	<b><u>288,970</u></b>	<b><u>17</u></b>	<b><u>276,076</u></b>	<b><u>20</u></b>
<b>1XXX</b>	<b>Total Assets</b>	<b><u>\$ 1,666,746</u></b>	<b><u>100</u></b>	<b><u>\$ 1,398,293</u></b>	<b><u>100</u></b>
Code	Liabilities and Equity				
	<b>Current Liabilities</b>				
2130	Contract liabilities - current (Notes 4 and 23)	21,182	1	26,121	2
2150	Notes payable (Note 17)	96,003	6	67,754	5
2170	Accounts payable (Note 17)	120,198	7	100,212	7
2219	Other payables (Note 18)	122,944	8	84,531	6
2230	Income tax payable for the current period (Notes 4 and 25)	74,369	5	30,524	2
2250	Liability provisions - current (Notes 4 and 19)	1,582	-	1,133	-
2280	Current lease liabilities (Notes 4 and 14)	4,717	-	1,270	-
2399	Other current liabilities (Note 18)	3,710	-	2,582	1
<b>21XX</b>	<b>Total current liabilities</b>	<b><u>444,705</u></b>	<b><u>27</u></b>	<b><u>314,127</u></b>	<b><u>23</u></b>
	<b>Non-Current Liabilities</b>				
2570	Deferred income tax liabilities (Notes 4 and 25)	905	-	419	-
2580	Lease liabilities - non-current (Notes 4 and 14)	1,649	-	520	-
2640	Net defined benefit liability - non-current (Notes 4 and 20)	12,450	1	14,338	1
2670	Other non-current liabilities (Note 18)	199	-	208	-
<b>25XX</b>	<b>Total Non-Current Liabilities</b>	<b><u>15,203</u></b>	<b><u>1</u></b>	<b><u>15,485</u></b>	<b><u>1</u></b>
<b>2XXX</b>	<b>Total Liabilities</b>	<b><u>459,908</u></b>	<b><u>28</u></b>	<b><u>329,612</u></b>	<b><u>24</u></b>
	<b>Equity attributable to owners of the Company (Note 21)</b>				
3110	Capital – common stock	561,030	34	544,712	39
3200	Capital surplus	38,969	2	38,969	3
	Retained earnings				
3310	Legal reserve	185,474	11	165,827	11
3350	Undistributed earnings	405,749	24	306,276	22
3300	Total retained earnings	591,223	35	472,103	33
3400	Other equity interest	17,957	1	15,238	1
3500	Treasury shares (Note 22)	( 2,341 )	-	( 2,341 )	-
<b>3XXX</b>	<b>Total Equity</b>	<b><u>1,206,838</u></b>	<b><u>72</u></b>	<b><u>1,068,681</u></b>	<b><u>76</u></b>
	<b>Total Liabilities and Equity</b>	<b><u>\$ 1,666,746</u></b>	<b><u>100</u></b>	<b><u>\$ 1,398,293</u></b>	<b><u>100</u></b>

The accompanying Notes are an integral part of these consolidated financial statements.

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand Except Earnings Per Share (NTD dollars)

Code		2023		2022	
		Amount	%	Amount	%
	Operating Revenue (Notes 4 and 23)				
4100	Sales revenue	\$ 1,747,234	98	\$ 1,016,216	94
4800	Other operating revenue	<u>44,212</u>	<u>2</u>	<u>68,083</u>	<u>6</u>
4000	Total operating revenue	<u>1,791,446</u>	<u>100</u>	<u>1,084,299</u>	<u>100</u>
	Operating Costs (Notes 4, 11, 20 and 24)				
5110	Cost of goods sold	1,239,848	69	694,695	64
5800	Other operating costs	<u>40,721</u>	<u>2</u>	<u>63,590</u>	<u>6</u>
5000	Total operating costs	<u>1,280,569</u>	<u>71</u>	<u>758,285</u>	<u>70</u>
5900	Gross Profit	<u>510,877</u>	<u>29</u>	<u>326,014</u>	<u>30</u>
	Operating Expenses (Notes 20 and 24)				
6100	Marketing expenses	88,650	5	60,567	6
6200	Administrative expenses	46,015	3	38,754	3
6300	Research and development expense	95,812	5	84,127	8
6450	Expected credit impairment losses (Note 10)	<u>1,933</u>	<u>-</u>	<u>29</u>	<u>-</u>
6000	Total operating expenses	<u>232,410</u>	<u>13</u>	<u>183,477</u>	<u>17</u>
6900	Operating Net Profit	<u>278,467</u>	<u>16</u>	<u>142,537</u>	<u>13</u>
	Non-Operating Revenue and Expenses (Note 24)				
7010	Other income	4,789	-	6,048	1
7020	Other gain and losses	11,904	1	2,474	-
7050	Finance costs	( 46 )	-	( 24 )	-
7100	Interest income	<u>10,824</u>	<u>-</u>	<u>4,435</u>	<u>-</u>
7000	Total Non-Operating Income and Expenses	<u>27,471</u>	<u>1</u>	<u>12,933</u>	<u>1</u>
<b>7900</b>	<b>Net Profit Before Tax</b>	<b>305,938</b>	<b>17</b>	<b>155,470</b>	<b>14</b>
7950	Income Tax Expense (Notes 4 and 25)	<u>60,713</u>	<u>4</u>	<u>23,242</u>	<u>2</u>
<b>8200</b>	<b>Net Profit for the Current Year</b>	<b><u>245,225</u></b>	<b><u>13</u></b>	<b><u>132,228</u></b>	<b><u>12</u></b>
	Other Comprehensive Income (Loss) (Notes 20 and 21)				
8310	Items that may not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plan.	892	-	5,910	-
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	12,332	1	( 68,479 )	( 6 )
8349	Income tax related to items that may not be reclassified (Notes 4 and 25)	( <u>178</u> )	<u>-</u>	( <u>1,182</u> )	<u>-</u>
		<u>13,046</u>	<u>1</u>	( <u>63,751</u> )	( <u>6</u> )
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	( 561 )	-	547	-
8399	Income tax related to items that may be reclassified (Notes 4 and 25)	<u>112</u>	<u>-</u>	( <u>110</u> )	<u>-</u>
		( <u>449</u> )	<u>-</u>	<u>437</u>	<u>-</u>
<b>8300</b>	<b>Other comprehensive income (after tax) for the year</b>	<b><u>12,597</u></b>	<b><u>1</u></b>	<b>( <u>63,314</u> )</b>	<b>( <u>6</u> )</b>
<b>8500</b>	<b>The Consolidated Total Comprehensive Income for the Year</b>	<b><u>\$ 257,822</u></b>	<b><u>14</u></b>	<b><u>\$ 68,914</u></b>	<b><u>6</u></b>
8610	Net Profit Attributable to the Owner of the Company	<u>\$ 245,225</u>	<u>13</u>	<u>\$ 132,228</u>	<u>12</u>
8710	The Total Comprehensive Profit and Loss Attributable to the Owner of the Company	<u>\$ 257,822</u>	<u>14</u>	<u>\$ 68,914</u>	<u>6</u>
	Earnings per Share (Note 26)				
9750	Basic	<u>\$ 4.38</u>		<u>\$ 2.36</u>	
9850	Dilution	<u>\$ 4.33</u>		<u>\$ 2.33</u>	

The accompanying Notes are an integral part of these consolidated financial statements.

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen



RUBY TECH CORP. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Code		Capital – Common Stock	Capital Surplus			Retained Earnings		Other Equity Interest		Treasury Shares	Total Equity
			Share Premium	Received Gift(s)	Treasury Share Transactions	Legal Reserve	Undistributed Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income		
A1	Balance as of January 1, 2022	\$ 544,712	\$ 26,756	\$ 173	\$ 12,040	\$ 149,942	\$ 245,352	(\$ 2,486)	\$ 145,284	(\$ 2,341)	\$ 1,119,432
	Appropriation and distribution of earnings for 2021										
B1	Legal reserve	-	-	-	-	15,885	( 15,885 )	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	( 119,665 )	-	-	-	( 119,665 )
D1	Net profit for 2022	-	-	-	-	-	132,228	-	-	-	132,228
D3	Other comprehensive income (loss) after tax for 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,728</u>	<u>437</u>	<u>( 68,479 )</u>	<u>-</u>	<u>( 63,314 )</u>
D5	Total comprehensive income for 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,956</u>	<u>437</u>	<u>( 68,479 )</u>	<u>-</u>	<u>68,914</u>
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,518</u>	<u>-</u>	<u>( 59,518 )</u>	<u>-</u>	<u>-</u>
Z1	Balance as of December 31, 2022	<u>544,712</u>	<u>26,756</u>	<u>173</u>	<u>12,040</u>	<u>165,827</u>	<u>306,276</u>	<u>( 2,049 )</u>	<u>17,287</u>	<u>( 2,341 )</u>	<u>1,068,681</u>
	Appropriation and distribution of earnings for 2022										
B1	Legal reserve	-	-	-	-	19,647	( 19,647 )	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	( 119,665 )	-	-	-	( 119,665 )
B9	Shareholders' share dividends	16,318	-	-	-	-	( 16,318 )	-	-	-	-
D1	Net Profit for 2023	-	-	-	-	-	245,225	-	-	-	245,225
D3	Other comprehensive income (loss) after tax for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714</u>	<u>( 449 )</u>	<u>12,332</u>	<u>-</u>	<u>12,597</u>
D5	Total comprehensive income for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,939</u>	<u>( 449 )</u>	<u>12,332</u>	<u>-</u>	<u>257,822</u>
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,164</u>	<u>-</u>	<u>( 9,164 )</u>	<u>-</u>	<u>-</u>
Z1	Balance as of December 31, 2023	<u>\$ 561,030</u>	<u>\$ 26,756</u>	<u>\$ 173</u>	<u>\$ 12,040</u>	<u>\$ 185,474</u>	<u>\$ 405,749</u>	<u>( \$ 2,498 )</u>	<u>\$ 20,455</u>	<u>( \$ 2,341 )</u>	<u>\$ 1,206,838</u>

The accompanying Notes are an integral part of these consolidated financial statements.

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

January 1 to December 31, 2023 and 2022

		Unit: NT\$ thousand	
Code		<u>2023</u>	<u>2022</u>
	<b>Cash Flows from Operating Activities</b>		
A10000	Net profit before tax for the year	\$ 305,938	\$ 155,470
A20010	Income and expense items:		
A20100	Depreciation expense	14,761	13,468
A20200	Amortization expenses	1,877	2,417
A20300	Expected credit impairment losses	1,933	29
A20400	Net (gains) losses on financial assets at fair value through profit or loss	( 6,827)	20,595
A20900	Finance costs	46	24
A21200	Interest income	( 10,824)	( 4,435)
A21300	Dividend revenue	( 2,918)	( 4,505)
A23700	Loss for inventory depreciation and slow-moving inventories	25,375	7,022
A24100	Unrealized foreign exchange net losses	12,360	1,697
A29900	Net pension costs unprovisioned	( 996)	( 962)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 3,216)	( 328)
A31150	Accounts receivable	( 269,488)	( 35,538)
A31180	Other receivables	104,039	( 32,859)
A31200	Inventories	( 61,200)	( 63,831)
A31240	Other current assets	( 3,214)	448
A32125	Contract liabilities - current	( 4,939)	( 7,456)
A32130	Notes payable	28,249	( 8,873)
A32150	Accounts payable	24,323	25,021
A32180	Other payables	38,577	( 526)
A32200	Provisions for liabilities - current	449	189
A32230	Other Current Liabilities	<u>1,144</u>	<u>327</u>
A33000	Operating cash flows	195,449	67,394
A33100	Interest income	11,178	3,883
A33300	Interest paid	( 46)	( 24)
A33500	Income tax paid	<u>( 23,901)</u>	<u>( 26,147)</u>
AAAA	Net cash inflows from operating activities	<u>182,680</u>	<u>45,106</u>
	<b>Cash Flows from Investing Activities</b>		
B00010	Gain on financial assets at fair value through other comprehensive income	( 29,967)	( 5,577)
B00020	Disposal of financial assets at fair value through other comprehensive income	33,566	76,888
B00040	Obtain financial assets measured at amortized cost	( 61,592)	( 166)
B00050	Disposal of financial assets measured at amortized cost	-	16,267
B00100	Obtain financial assets at fair value through profit or loss	( 766)	( 15,415)
B00200	Disposal of financial assets measured at fair value through profit or loss	8,934	9,140
B02700	Procurement of property, plant, and equipment	( 12,582)	( 9,315)
B03700	Increase in refundable deposits	( 420)	( 1,550)
B04500	Procurement of intangible assets	( 756)	( 3,928)
B07600	Receipt other dividends	<u>2,918</u>	<u>4,505</u>
BBBB	Net cash flows (used in) from investing activities	<u>( 60,665)</u>	<u>70,849</u>
	<b>Cash Flows from Financing Activities.</b>		
C03100	Deposit refunded	( 5)	( 25)
C04020	Repayment of the principal portion of lease liabilities	( 4,177)	( 3,345)
C04500	Distribution of cash dividends	<u>( 119,665)</u>	<u>( 119,665)</u>
CCCC	Cash outflows from financing activities.	<u>( 123,847)</u>	<u>( 123,035)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>( 2,125)</u>	<u>( 1,004)</u>
EEEE	Net decrease in cash and cash equivalents	( 3,957)	( 8,084)
E00100	Cash and cash equivalent balances at the beginning of the year	<u>290,288</u>	<u>298,372</u>
E00200	Cash and cash equivalent balances at the end of the year	<u>\$ 286,331</u>	<u>\$ 290,288</u>

The accompanying Notes are an integral part of these consolidated financial statements.

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP. AND SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the period from January 1 to December 31, 2023 and 2022.**

(Unless otherwise noted, amounts are in thousands of New Taiwan dollars)

**1. Company History**

Ruby Tech Corp. (hereinafter referred to as the “Company”) was established in Taipei in July 1981, and commenced operations in the same month, with its principal business being the research, manufacturing, and trading of optical fiber network equipment for central offices and customer premises, network management switches, and outdoor wireless networking equipment.

The company’s shares have been traded on the TPEX since September 8, 2009.

The consolidated financial statements are expressed in New Taiwan dollars, the functional currency of the Company.

**2. Date and Procedures for Approving Financial Reports**

The consolidated financial report was approved by the Board of Directors on February 27, 2024.

**3. New Standards, Amendments and Interpretations Adoptions**

- (1) First-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as “FSC”).

The revised IFRSs accounting standards endorsed and issued by the FSC and effective for the merged company will not result in significant changes to the accounting policies of the merged company.

- (2) IFRSs approved by the FSC applicable in 2024:

New/Amendment/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024
Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

Note 2: The seller-lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The disclosure requirements are partially exempted when this amendment is applied for the first time.

1. Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”

The amendment clarifies that for a sale and leaseback transaction, if the transfer of an asset satisfies the requirements in IFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale of the asset, the liability arising from the leaseback for the seller-lessee shall be accounted for in accordance with the lease liability requirements under IFRS 16. However, if the lease payments involve payments that are not based on an index or rate, the seller-lessee shall measure the liability in a manner that does not recognize any gain or loss relating to the right of use retained. Subsequently, the difference between the lease payments included in the calculation of the lease liability and the actual payments shall be recognized in profit or loss.

2. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (2020 amendments) and “Non-current Liabilities with Covenants” (2022 amendments)

The amended text in 2020 clarifies that when determining whether a liability shall be classified as non-current, an entity shall assess whether it has the right to defer settlement of the liability for at least twelve months after the reporting period. If the entity has such a right at the end of the reporting period, the liability is classified as non-current, regardless of whether the entity expects to exercise that right.

The amendments in 2020 further stipulates that if the merged company must comply with specific conditions in order to have the right to defer debt settlement, the merged company must have complied with the specific conditions at the end of the reporting period, even if the lender tests whether the merged company complies with these conditions at a later date. The 2022 amendment further clarifies that only the contractual terms that must be complied with before the end of the reporting period will affect the classification of liabilities. While the contractual terms that must be complied with within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable financial statement users to understand the risk that the company may not comply with the contractual terms and have to repay within 12 months after the reporting period.

The 2020 amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to the transfer of cash, other economic resources, or the Company’s equity instruments to the counterparty, resulting in the extinguishment of the liability. However, if the terms of the liability could result in its settlement by the transfer of equity instruments of the consolidating company at the option of the counterparty, and if that option meets the criteria for separate recognition in equity under IAS 32 “Financial Instruments: Presentation,” then such a term does not affect the classification of the liability.

### 3. Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

The characteristics of a supplier finance arrangement are that one or more finance providers undertake to pay amounts owed by an entity to its suppliers, and the entity undertakes to pay the finance providers on the dates that the suppliers are paid, or at a later date, in accordance with the terms and conditions of the arrangement. The amendment requires that a consolidated entity discloses information that enables users of financial statements to evaluate the effect of supplier finance arrangements on the consolidated entity’s liabilities, cash flows and liquidity risk exposure.

In addition to the aforementioned effects, as of the issue date of these consolidated financial statements, the Group assessed that the amendments to other standards and interpretations will not have a material impact on its financial position and financial performance.

#### (3) IFRSs accounting standards issued by the IASB but not yet endorsed and issued into effect by the FSC:

New/Amendment/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be confirmed
IFRS 17 “Insurance Contracts”	January 1, 2023
IFRS 17 “Amendments”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, the cumulative effect will be recognized in retained earnings at the date of initial application. When the consolidated entity has a presentation currency other than its functional currency, the cumulative effect will be recognized as part of the foreign currency translation reserve within equity.

#### 1. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

If the merged company sells or contributes assets to an associate (or joint venture), or if the merged company loses control over a subsidiary but retains significant influence (or joint control) over that subsidiary, and if the aforementioned assets or former subsidiary meet the definition of a “business” under IFRS 3 “Business Combinations,” the merged company shall fully recognize the gains or losses arising from such transactions.

Furthermore, if the merged company sells or contributes assets to an associate (or a joint venture), or if the merged company loses control of a subsidiary in a transaction with an associate (or a joint venture) while retaining significant influence (or joint control) over the subsidiary, and if the aforementioned assets or the former subsidiary

do not meet the definition of a “business” under IFRS 3, the merged company shall recognize the resulting gain or loss only to the extent of the unrelated investors’ interests in that associate (or joint venture), i.e., the portion of the gain or loss attributable to the interest of the merged company shall be eliminated.

## 2. Amendment to IAS 21 “Lack of Exchangeability”

The amendment specifies that when an enterprise can enter into an exchange transaction with an executable right and obligation through the market or exchange mechanism within the normal management delay period to exchange one currency for another, the currency is considered convertible. If a currency is not convertible on the measurement date, the consolidated entity shall estimate the spot exchange rate to reflect the rate that market participants would use in an orderly transaction under the economic conditions at the measurement date. In this case, the consolidated entity shall also disclose information that enables financial statement users to evaluate how the lack of convertibility of the currency affects or is expected to affect its operating results, financial position, and cash flows.

In addition to the aforementioned effects, as of the date of issuance of the consolidated financial statements, the Group is still evaluating the impact of other amendments to standards and interpretations on its financial position and financial performance. The relevant impacts will be disclosed upon completion of the assessment.

## 4. Summary of Significant Accounting Policies

### (1) Statement of Compliance

This consolidated financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS) endorsed and issued into effect by the Financial Supervisory Commission.

### (2) Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets, these consolidated financial statements have been prepared on the historical cost basis.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs refers to an unobservable input for an asset or liability.

(3) The Criteria for Classification of Assets and Liabilities as Current or Non-Current

Current assets including:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within twelve months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities due after more than 12 months from the balance sheet date).

Current liabilities including:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Assets or liabilities that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

(4) Merger Basis

This consolidated financial statement includes the financial statements of the Company and entities controlled by the Company (subsidiaries). The financial statements of the subsidiaries have been adjusted to align their accounting policies with those of the merged company. In preparing the consolidated financial statements, all intra-group transactions, account balances, revenues, and expenses have been fully eliminated.

When the change in the ownership interest of a subsidiary does not result in a loss of control for the parent company, it is accounted for as an equity transaction. The carrying amounts of the parent's equity and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

Details of subsidiaries, shareholding ratios, and business operations are provided in Note 12 and Appendix 3.

## (5) Foreign Currency

At the end of each reporting period, foreign currency monetary items shall be translated using the closing rate; non-monetary items that are measured in terms of historical cost shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value shall be translated using the exchange rates at the date when the fair value was measured.

At the end of each reporting period, foreign currency monetary items are translated at the closing rate of exchange. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of such items are recognized in profit or loss for the period, except for exchange differences arising on the translation of items whose fair value changes are recognized in other comprehensive income, in which case such exchange differences are recognized in other comprehensive income.

At the cost of historical measurement, foreign currency non-monetary items are translated at the exchange rates prevailing on the transaction dates and are not restated.

When preparing consolidated financial statements, the assets and liabilities of the Company and its foreign operations are translated into New Taiwan Dollars at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are recognized in other comprehensive income.

## (6) Inventories

Inventories consist of merchandise, finished goods, work in progress, and raw materials. Inventories are measured at the lower of cost and net realizable value. The comparison between cost and net realizable value is conducted on an item-by-item basis, except for items within the same category of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted-average method.

## (7) Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for self-owned land, which is not depreciated, depreciation of property, plant and equipment is provided on a straight-line basis over the estimated useful lives of each major component. The consolidated entities review the estimated useful lives, residual values and



depreciation methods at the end of each year, with the effect of any changes in estimates accounted for on a prospective basis.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the period.

## (8) Intangible Assets

### 1. Acquired Separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives, and the merged company reviews the estimated useful lives, residual values, and amortization methods at the end of each year, and prospectively applies the effects of changes in accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

### 2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the current period.

## (9) Impairment of Property, Plant and Equipment, Right-Of-Use Assets and Intangible Assets

The merged company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the merged company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets with indefinite useful lives, impairment tests are conducted at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of fair value less costs to sell and its value in use. When the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of that asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years, net of amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

## (10) Financial Instruments

The financial assets and financial liabilities are recognized on the consolidated balance sheet when the merged company becomes a party to the contractual provisions of the instrument.

When originally recognizing financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus directly attributable transaction costs incurred in acquiring or issuing the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### 1. Financial Assets

The conventional trading of financial assets adopts trade date accounting for recognition and derecognition.

#### (1) Types of Measurement

The types of financial assets held by the merged company are financial assets at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investments at fair value through other comprehensive income.

##### A. Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated as at fair value through other comprehensive income.

Through profit or loss, financial assets at fair value are measured at fair value, with dividends and interest recognized as other income and interest income, respectively, while remeasurement gains or losses are recognized as other gains and losses. For the determination of fair value, please refer to Note 28.

##### B. Financial Assets at Amortized Cost

The following sentence is classified as financial assets measured at amortized cost If the merged company's investments in financial assets meet the following two conditions simultaneously:

- a. are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable and other receivables) are measured at amortized cost less any impairment loss after initial recognition, with any foreign exchange gain or loss recognized in profit or loss, using the effective interest method to determine the total carrying amount.

Except for the following two situations, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- b. For financial assets that were not purchased or originated as credit-impaired, but subsequently became credit-impaired, interest revenue should be calculated by applying the effective interest rate to the amortized cost of the financial assets from the reporting period after the credit impairment occurred.

Cash equivalents include time deposits and securities sold under repurchase agreements that are highly liquid and can be converted into fixed amounts of cash at any time with minimal risk of value changes within three months from the date of acquisition, and are used to meet short-term cash commitments.

#### C. Equity Investments Measured at Fair Value Through Other Comprehensive Income

An acquirer may, at initial recognition, irrevocably designate an equity investment that is not held for trading and is contingent consideration in a business combination, to be measured at fair value through other comprehensive income.

The investments in equity instruments at fair value through other comprehensive income are measured at fair value, with subsequent fair value changes presented in other comprehensive income and accumulated in other equity. Upon disposal of the investments, the accumulated gains or losses are directly transferred to retained earnings, not reclassified to profit or loss.

The dividend from investment in equity instruments measured at fair value through other comprehensive income is recognized in profit or loss when the merged company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the investment cost.

## (2) Impairment of Financial Assets

The merged company assess impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

Accounts receivable are recognized with an allowance for expected credit losses over the remaining period. For other financial assets, an assessment is made at each reporting date as to whether the credit risk has increased significantly since initial recognition. If credit risk has not increased significantly, an allowance for 12-month expected credit losses is recognized.

The expected credit loss is a weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss arising from possible default events within 12 months after the reporting date of the financial instrument, while the lifetime expected credit loss represents the expected credit losses arising from all possible default events over the expected life of the financial instrument.

For internal credit risk management purposes, the merged company determines that the following situations represent a default of a financial asset without taking into account any collateral held:

- A. There is internal or external information indicating that it is no longer probable that the debtor will be able to pay its credit obligations in full.
- B. Over 180 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

With respect to impairment of financial assets, impairment losses on all financial assets are deducted through an allowance account from their carrying amounts, except for investments in equity instruments measured at fair value through other comprehensive income, for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

### (3) Derecognition of Financial Assets

The entity derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another enterprise.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. Upon derecognition of an investment in an equity instrument measured at fair value through other comprehensive income in its entirety, the cumulative gain or loss is directly transferred to retained earnings without reclassification to profit or loss.

## 2. Financial Liabilities

### (1) Subsequent Measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### (2) Derecognition of Financial Liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

### (11) Provisions for Liabilities

The amount recognized as a provision for liabilities is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

The obligation for product warranty to ensure that products comply with agreed-upon specifications is recognized as revenue for the related goods is recognized, based on management's best estimate of the expenditure required to settle the merged company's obligation.

### (12) Recognition of Revenue

After identifying the performance obligations in customer contracts, the merged company will allocate the transaction price to the various performance obligations and recognize revenue as each performance obligation is satisfied.

## 1. Sales of Goods Revenue

Revenue from the sale of goods is derived from the sale of optical fiber network equipment. Since after fulfilling the transaction terms for optical fiber network equipment products, customers have determined pricing and usage rights for the goods and bear the primary responsibility for resale, as well as the risk of obsolescence, the merged company recognizes revenue and accounts receivable at that point. Advance receipts from product sales are recognized as contract liabilities prior to satisfying the performance obligations under the transaction terms.

During toll processing, the control of ownership over the processed products does not transfer, so revenue is not recognized at the time of toll processing.

## 2. Provision of Services

The services revenue is derived from commodity inspection services revenue, which is recognized when the services are rendered.

## (13) Leases

The merged Company assesses whether a contract is or contains a lease on the date of establishment of the contract..

### 1. The Combined Company as the Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments, net of lease incentives received, are recognized as income on a straight-line basis over the respective lease terms.

### 2. The Merged Company as the Lessee

Except for low-value asset leases and short-term leases to which recognition exemptions apply, and for which lease payments are recognized as an expense on a straight-line basis over the lease term, right-of-use assets and lease liabilities are recognized for all other leases at the commencement date of the lease.

The right-of-use assets are initially measured at cost (including the initial measurement amount of the lease liabilities, lease payments made before the lease commencement date less any lease incentives received, initial direct costs, and estimated costs for restoring the underlying asset), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for any remeasurement of the lease liabilities. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments (including fixed payments). If the interest rate implicit in the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are allocated over the lease term. The lease liability is presented separately on the consolidated balance sheet.

#### (14) Employee Benefits

##### 1. Short-Term Employee Benefits

The short-term employee benefits related liabilities are measured at the undiscounted amount of the consideration expected to be paid in exchange for that service rendered by employees.

##### 2. Retirement Benefits

The retirement benefits under the defined contribution pension plan are recognized as expenses when employees have rendered services entitling them to the contributions.

The defined benefit costs (including service cost, net interest, and remeasurements) of the defined benefit retirement plan are actuarially calculated using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense when incurred. Remeasurements (including actuarial gains and losses and return on plan assets excluding interest) are recognized in other comprehensive income and included in retained earnings when incurred, and will not be reclassified to profit or loss subsequently.

The net defined benefit liability (asset) is the deficit (surplus) of the defined benefit retirement plan. The net defined benefit asset may not exceed the present value of any available future refund or reduction in contributions to the plan.

## (15) Income Tax

The income tax expense is the sum of current income tax and deferred income tax.

### 1. Current Income tax

The merged company determine the current income based on the regulations established in each income tax filing jurisdiction, and calculate the income tax payable accordingly.

According to the Income Tax Act of the Republic of China, the undistributed earnings additional tax is recognized in the year of shareholders' resolution.

The adjustment of prior years' income tax payable is included in the current income tax.

### 2. Deferred Tax

Deferred income tax is calculated based on the temporary differences between the carrying amounts of assets and liabilities and their respective tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the merged company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to such investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax assets that were previously unrecognized are also reviewed at each balance sheet date, and the carrying amount is increased to the extent that it has become probable that future taxable profit will allow the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted as of the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the merged company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.



### 3. Current and Deferred Income Taxes

The current and deferred income taxes shall be recognized in profit or loss, except for those related to items recognized in other comprehensive income or directly in equity, which shall be respectively recognized in other comprehensive income or directly in equity.

### 5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In applying accounting policies, management of the merged company is required to make judgments, estimates and assumptions about matters that are inherently uncertain due to a lack of available information from other sources, based on historical experience and other relevant factors. Actual results may differ from these estimates.

The management will continually review the estimates and basic assumptions. If the modification of estimates affects only the current period, it is recognized in the period of modification; if the modification of accounting estimates affects both the current period and future periods, it is recognized in the period of modification and future periods.

#### Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

##### Impairment of Inventories

The net realizable value of inventories is estimated based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, which is estimated based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially impact these estimates.

### 6. Cash and Cash Equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on Hand and Working Capital	\$ 368	\$ 373
Checks and demand deposits	21,426	17,405
Cash equivalents		
Bank time deposits with an original maturity within 3 months	149,000	156,672
Securities sold under repurchase agreements	<u>115,537</u>	<u>115,838</u>
	<u>\$ 286,331</u>	<u>\$ 290,288</u>

The market interest rate ranges for bank deposits and securities sold under repurchase agreements on the balance sheet date are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash in Banks	0.005%-1.45%	0.005%-5.20%
Securities sold under repurchase agreements	0.71%-5.50%	0.54%-3.50%

## 7. Current Financial Assets Measured at Fair Value Through Profit or Loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic Investment</u>		
Domestic listed (OTC) and emerging shares	\$ 4,911	\$ 15,430
Domestic unlisted shares	<u>28,710</u>	<u>19,532</u>
	<u>\$ 33,621</u>	<u>\$ 34,962</u>

The merged company recognized dividend income of \$1,042 thousand and \$1,042 thousand for the years 2023 and 2022, respectively, which were entirely related to those still held as of December 31, 2023 and 2022.

## 8. Current Financial Assets Measured at Fair Value Through Other Comprehensive Income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic Investment</u>		
Domestic listed (OTC) and emerging shares	\$ 27,086	\$ 47,531
Domestic unlisted shares	<u>48,710</u>	<u>19,532</u>
	<u>\$ 75,796</u>	<u>\$ 67,063</u>

The merged company invests for medium- and long-term strategic purposes and expects to make profits through long-term investment. The management of the merged company believes that recognizing short-term fair value fluctuations in profit or loss would be inconsistent with the aforementioned long-term investment plans. Therefore, they choose to designate these investments as measured at fair value through other comprehensive income.

The merged Company recognized dividend income of \$1,876 thousand and \$3,463 thousand for the years ended December 31, 2023 and 2022, respectively. Of the dividend income recognized in 2022, \$2,050 thousand was related to investments that have been fully disposed of, while the remaining amounts were related to investments still held as of December 31, 2023 and 2022, respectively.

## 9. Financial Assets at Amortized Cost - Current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturities over 3 months (1)	\$231,831	\$171,420
Pledged time deposit certificates (2)	<u>16,000</u>	<u>16,000</u>
	<u>\$247,831</u>	<u>\$187,420</u>

(1) As of December 31, 2023 and December 31, 2022, the range of interest rates on time deposits with original maturities over 3 months was 1.30% to 5.62% and 1.195% to 1.55% per annum, respectively.

(2) As of December 31, 2023 and 2022, the interest rate ranges for pledged time deposits were 1.16% to 1.565% and 1.035% to 1.44% per annum, respectively. For information on pledged financial assets measured at amortized cost, refer to Note 30.

## 10. Notes Receivable, Accounts Receivable and Other Receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes Receivable</u>		
Arising from operations.	\$ <u>3,547</u>	\$ <u>331</u>
 <u>Accounts Receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 353,706	\$ 96,857
Less: Allowance for loss	( <u>2,172</u> )	( <u>94</u> )
	<u>\$ 351,534</u>	<u>\$ 96,763</u>
 <u>Other Receivables</u>		
Other receivables - Hua Nan Commercial Bank	\$ 28,415	\$ 132,087
Receivable tax refund - business tax	4,665	6,143
Others	<u>312</u>	<u>620</u>
	33,392	138,850
Less: Allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 33,392</u>	<u>\$ 138,850</u>

### Accounts Receivable

The merged company's average credit period for sales of goods and finished products ranges from 30 to 60 days. The policy adopted by the merged company is to rate major customers using available financial information and historical transaction records.

To mitigate credit risk, the management of the merged company assigned a dedicated unit to determine credit limits, approve credit, and implement other monitoring procedures to ensure appropriate actions were taken to recover overdue receivables. Additionally, the merged company reviews the recoverable amount of receivables on the balance sheet date to ensure that appropriate impairment losses are provided for uncollectible receivables. When necessary, the company also purchases factoring contracts or credit insurance to reduce the risk of financial losses arising from defaults. Consequently, the management of the merged company believes that its credit risk has been significantly reduced.

The merged company adopts the simplified approach under IFRS 9 to recognize the allowance for expected credit losses on accounts receivable over the duration. Expected credit losses over the duration are calculated using a provision matrix that considers the customer's past default records, current financial position, industry economic situation, and also takes into account GDP forecasts and industry prospects. As the merged company's credit loss experience shows no significant difference in the loss pattern across different customer groups, the provision matrix is not further differentiated by customer groups, but is determined by the number of days past due of accounts receivable.

If there is evidence that the counterparty is in severe financial difficulty and the merged company cannot reasonably expect to recover the amount, for example, if the counterparty is undergoing

liquidation or the debt is overdue for more than 180 days, the merged company recognizes a 100% allowance for credit losses. However, collection activities will continue, and any amount recovered from the collection will be recognized in profit or loss.

The merged company measures the allowance for doubtful accounts receivable as follows:

#### December 31, 2023

	<u>Not Overdue</u>	<u>1 to 30 Days Overdue</u>	<u>31 to 60 Days Overdue</u>	<u>61 to 90 Days Overdue</u>	<u>91 to 180 Days Overdue</u>	<u>Overdue for More Than 181 Days</u>	<u>Total</u>
Expected credit losses	0.03%	0.13%	1.16%	3.30%	21.16%	100%	
Total carrying amount	\$ 291,979	\$ 58,853	\$ 307	\$ 589	\$ -	\$ 1,978	\$ 353,706
Allowance for losses (expected credit losses during the duration)	( 91 )	( 80 )	( 3 )	( 20 )	-	( 1,978 )	( 2,172 )
Amortized cost	<u>\$ 291,888</u>	<u>\$ 58,773</u>	<u>\$ 304</u>	<u>\$ 569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,534</u>

#### December 31, 2022

	<u>Not Overdue</u>	<u>1 to 30 Days Overdue</u>	<u>31 to 60 Days Overdue</u>	<u>61 to 90 Days Overdue</u>	<u>91 to 180 Days Overdue</u>	<u>Overdue for More Than 181 Days</u>	<u>Total</u>
Expected credit losses	0.03%	0.13%	1.16%	3.30%	13.39%	100%	
Total carrying amount	\$ 66,295	\$ 27,585	\$ 2,975	\$ -	\$ -	\$ 2	\$ 96,857
Allowance for losses (expected credit losses during the duration)	( 21 )	( 36 )	( 35 )	-	-	( 2 )	( 94 )
Amortized cost	<u>\$ 66,274</u>	<u>\$ 27,549</u>	<u>\$ 2,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,763</u>

The changes in allowance for doubtful accounts are as follows:

	<u>2023</u>	<u>2022</u>
Year-begin balance	\$ 94	\$ 65
Add: Provision for impairment losses in the current year	<u>2,078</u>	<u>29</u>
Year-end balances	<u>\$ 2,172</u>	<u>\$ 94</u>

Compared to the beginning balance, the total carrying amount of accounts receivable increased by \$256,849 thousand and \$33,762 thousand as of December 31, 2023 and 2022, respectively, and the allowance for losses increased by \$2,078 thousand and \$29 thousand , respectively.

#### Other Receivables

The other receivables of the merged company as of December 31, 2023 and 2022 mainly consisted of receivables from discounted bills and tax refunds receivable. Except for tax refunds receivable, the remaining receivables were mostly within 90 days (based on the entry date).

The merged company measures the allowance for doubtful accounts for other receivables based on the probability of collection. After evaluating the probability of collection, it is unlikely that the accounts will be uncollectible, so no allowance for doubtful accounts is required.

The merged company shall refer to Note 28 (5) Financial Asset Transfer Information for the amount of accounts receivable sold and related information.

## 11. Inventories

	December 31, 2023	December 31, 2022
Merchandise	\$ 718	\$ 851
Finished good	116,551	22,280
Work in progress	31,097	33,703
Raw materials	<u>190,814</u>	<u>246,521</u>
	<u>\$ 339,180</u>	<u>\$ 303,355</u>

The nature of cost of goods sold is as follows:

	2023	2022
Cost of goods sold	\$ 1,214,473	\$ 687,673
Loss for inventory depreciation and slow-moving inventories	<u>25,375</u>	<u>7,022</u>
	<u>\$ 1,239,848</u>	<u>\$ 694,695</u>

The net realizable value of inventories decreased in 2023 and 2022 due to the recognition of inventory valuation losses resulting from an increase in the age of inventories.

## 12. Subsidiaries

### Subsidiaries Included in the Consolidated Financial Statements

The entities that shall be included in the consolidated financial statements are as follows:

Name of Investee	Name of Subsidiaries	Business Nature	Percentage of Shareholding	
			December 31, 2023	December 31, 2022
Ruby Tech Corp.	GRAND IMPACT TECHNOLOGY LIMITED	Investment in related businesses	100%	100%
GRAND IMPACT TECHNOLOGY LIMITED	Ruby Tech (Beijing) Co., Ltd.	Computer peripheral equipment trading business.	100%	100%

### 13. Property, Plant and Equipment

	Self-Owned Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Lease Improvements	Other Equipment	Equipment Awaiting Inspection (Work in Progress)	Total
<b>Cost</b>									
Balance as of January 1, 2023	\$185,892	\$ 87,080	\$ 37,287	\$ 5,274	\$ 11,954	\$ 974	\$ 29,894	\$ -	\$358,355
Addition	-	-	2,530	-	245	-	9,807	-	12,582
Disposal	-	-	( 163)	-	( 109)	-	( 821)	-	( 1,093)
Net exchange differences	-	( 747)	-	-	( 21)	-	-	-	( 768)
Balance as of December 31, 2023	<u>\$185,892</u>	<u>\$ 86,333</u>	<u>\$ 39,654</u>	<u>\$ 5,274</u>	<u>\$ 12,069</u>	<u>\$ 974</u>	<u>\$ 38,880</u>	<u>\$ -</u>	<u>\$369,076</u>
<b>Accumulated Depreciation</b>									
Balance as of January 1, 2023	\$ -	\$ 39,231	\$ 25,887	\$ 4,262	\$ 8,792	\$ 840	\$ 23,824	\$ -	\$102,836
Depreciation expense	-	2,845	3,155	270	828	134	3,339	-	10,571
Disposal	-	-	( 163)	-	( 109)	-	( 821)	-	( 1,093)
Net exchange differences	-	( 319)	-	-	( 19)	-	-	-	( 338)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 41,757</u>	<u>\$ 28,879</u>	<u>\$ 4,532</u>	<u>\$ 9,492</u>	<u>\$ 974</u>	<u>\$ 26,342</u>	<u>\$ -</u>	<u>\$111,976</u>
Net amount as of December 31, 2023	<u>\$185,892</u>	<u>\$ 44,576</u>	<u>\$ 10,775</u>	<u>\$ 742</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ 12,538</u>	<u>\$ -</u>	<u>\$257,100</u>
<b>Cost</b>									
Balance as of January 1, 2022	\$185,892	\$ 78,132	\$ 33,755	\$ 5,274	\$ 10,550	\$ 974	\$ 33,553	\$ 7,566	\$355,696
Addition	-	3,712	4,060	-	661	-	732	150	9,315
Reclassification	-	4,553	-	-	1,135	-	2,028	( 7,716)	-
Disposal	-	-	( 528)	-	( 411)	-	( 6,419)	-	( 7,358)
Net exchange differences	-	683	-	-	19	-	-	-	702
Balance as of December 31, 2022	<u>\$185,892</u>	<u>\$ 87,080</u>	<u>\$ 37,287</u>	<u>\$ 5,274</u>	<u>\$ 11,954</u>	<u>\$ 974</u>	<u>\$ 29,894</u>	<u>\$ -</u>	<u>\$358,355</u>
<b>Accumulated Depreciation</b>									
Balance as of January 1, 2022	\$ -	\$ 36,053	\$ 23,563	\$ 3,992	\$ 8,413	\$ 620	\$ 27,152	\$ -	\$ 99,793
Depreciation expense	-	2,919	2,852	270	772	220	3,091	-	10,124
Disposal	-	-	( 528)	-	( 411)	-	( 6,419)	-	( 7,358)
Net exchange differences	-	259	-	-	18	-	-	-	277
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 39,231</u>	<u>\$ 25,887</u>	<u>\$ 4,262</u>	<u>\$ 8,792</u>	<u>\$ 840</u>	<u>\$ 23,824</u>	<u>\$ -</u>	<u>\$102,836</u>
Net amount as of December 31, 2022	<u>\$185,892</u>	<u>\$ 47,849</u>	<u>\$ 11,400</u>	<u>\$ 1,012</u>	<u>\$ 3,162</u>	<u>\$ 134</u>	<u>\$ 6,070</u>	<u>\$ -</u>	<u>\$255,519</u>

In 2023 and 2022, as there were no indications of impairment, the merged company did not perform an impairment assessment.

The depreciation expenses are provided on a straight-line basis over the following estimated useful lives:

Buildings	
Plant main buildings	21 - 50 years
Electromechanical Power Equipment	5 - 8 years
Engineering systems	3 - 5 years
Parking Lot	18 years
Machinery and equipment	3 - 5 years
Transportation equipment	5 years
Office Equipment	3 - 8 years
Lease improvements	Over the shorter of the useful life or lease term
Other Equipment	3 years

#### 14. Lease Agreements

##### (1) Right-Of-Use Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use asset		
Buildings	\$ 5,833	\$ 935
Transportation equipment	<u>518</u>	<u>853</u>
	<u>\$ 6,351</u>	<u>\$ 1,788</u>
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 8,753</u>	<u>\$ 1,007</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 3,855	\$ 2,673
Transportation equipment	<u>335</u>	<u>671</u>
	<u>\$ 4,190</u>	<u>\$ 3,344</u>

In addition to the increases and recognition of depreciation expenses as listed above, the merged company did not experience any significant subleases or impairment of its right-of-use assets in 2023 and 2022.

(2) Lease Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 4,717</u>	<u>\$ 1,270</u>
Non-current	<u>\$ 1,649</u>	<u>\$ 520</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	1.00%	0.125% ~ 0.25%
Transportation equipment	0.75%	0.75%

The merged company leased several buildings for use as factories, with a lease term of 2 years. At the end of the lease term, the merged company does not have the preferential right to purchase the leased buildings, and it is agreed that without the consent of the lessor, the merged company shall not sublease, transfer, assign or use the leased property in whole or in part by others in any other way.

The merged company also leases transportation equipment for use as official vehicles, with a lease term of 3 years.

(3) Other Lease Information

	<u>2023</u>	<u>2022</u>
Short-term lease expense	<u>\$ 239</u>	<u>\$ -</u>
Low-value asset lease expenses	<u>\$ 73</u>	<u>\$ 98</u>
Total cash outflow from leases	<u>\$ 4,535</u>	<u>\$ 3,451</u>

The merged company chose to apply the recognition exemption for leases of low-value assets and certain office equipment that qualify as short-term leases, without recognizing the related right-of-use assets and lease liabilities for those leases.



## 15. Other Intangible Assets

	<u>Trademarks</u>	<u>Patents</u>	<u>Computer Software Cost</u>	<u>Golf Club Membership Certificate</u>	<u>Total</u>
<u>Cost</u>					
Balance as of January 1, 2023	\$ 500	\$ 1,705	\$ 27,614	\$ 2,900	\$ 32,719
Acquired separately	-	-	756	-	756
Disposal	-	-	( 871)	-	( 871)
Balance as of December 31, 2023	<u>\$ 500</u>	<u>\$ 1,705</u>	<u>\$ 27,499</u>	<u>\$ 2,900</u>	<u>\$ 32,604</u>
<u>Accumulated Amortization and Impairment</u>					
Balance as of January 1, 2023	\$ 500	\$ 423	\$ 25,634	\$ -	\$ 26,557
Amortization expenses	-	94	1,783	-	1,877
Disposal	-	-	( 871)	-	( 871)
Balance as of December 31, 2023	<u>\$ 500</u>	<u>\$ 517</u>	<u>\$ 26,546</u>	<u>\$ -</u>	<u>\$ 27,563</u>
Net amount as of December 31, 2023	<u>\$ -</u>	<u>\$ 1,188</u>	<u>\$ 953</u>	<u>\$ 2,900</u>	<u>\$ 5,041</u>
<u>Cost</u>					
Balance as of January 1, 2022	\$ 500	\$ 1,705	\$ 27,111	\$ -	\$ 29,316
Acquired separately	-	-	1,028	2,900	3,928
Disposal	-	-	( 525)	-	( 525)
Balance as of December 31, 2022	<u>\$ 500</u>	<u>\$ 1,705</u>	<u>\$ 27,614</u>	<u>\$ 2,900</u>	<u>\$ 32,719</u>
<u>Accumulated Amortization and Impairment</u>					
Balance as of January 1, 2022	\$ 500	\$ 329	\$ 23,836	\$ -	\$ 24,665
Amortization expenses	-	94	2,323	-	2,417
Disposal	-	-	( 525)	-	( 525)
Balance as of December 31, 2022	<u>\$ 500</u>	<u>\$ 423</u>	<u>\$ 25,634</u>	<u>\$ -</u>	<u>\$ 26,557</u>
Net amount as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,282</u>	<u>\$ 1,980</u>	<u>\$ 2,900</u>	<u>\$ 6,162</u>

The management of the merged company believes that the company has the intention and ability to continuously extend the useful life, and thus it is an indefinite-lived intangible asset. Regardless of whether there are any impairment indications, an impairment test is performed annually. The entrance fees of \$2,200 thousand for the golf club memberships are recorded as refundable deposits.

The amortization expense is provided on a straight-line basis over the following estimated useful lives:

Trademarks	10 years
Patents	10 - 18.58 years
Computer software costs	1 - 5 years

Summarized amortization expenses by function:

	<b>2023</b>	<b>2022</b>
Operating costs	\$ 77	\$ 43
Marketing expenses	92	45
Administrative expenses	482	391
Research and development expense	<u>1,226</u>	<u>1,938</u>
	<u>\$ 1,877</u>	<u>\$ 2,417</u>

## 16. Other Assets

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<u>Current</u>		
Prepayments	\$ 5,948	\$ 2,808
Provisional payments	154	-
Others	<u>442</u>	<u>377</u>
	<u>\$ 6,544</u>	<u>\$ 3,185</u>
<u>Non-Current</u>		
Refundable deposits	\$ 3,814	\$ 3,396
Overdue receivables	5,675	5,675
Less: Allowance for loss	( <u>5,675</u> )	( <u>5,675</u> )
	<u>\$ 3,814</u>	<u>\$ 3,396</u>

Overdue receivables are collected by the merged company in accordance with legal procedures, and adequate allowances for losses are provided.

## 17. Notes Payable and Accounts Payable

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<u>Notes Payable</u>		
Arising from operations.	<u>\$ 96,003</u>	<u>\$ 67,754</u>
<u>Accounts Payable</u>		
Arising from operations.	<u>\$ 120,198</u>	<u>\$ 100,212</u>

The average payment terms for accounts payable of the merged company range from 30 to 90 days. The merged company have established financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

## 18. Other Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Salaries and bonus payable	\$ 45,711	\$ 35,520
Employee compensation payable	36,767	21,391
Directors' remuneration payable	6,953	3,534
Leave payment payable	4,481	4,748
Others	<u>29,032</u>	<u>19,338</u>
	<u>\$ 122,944</u>	<u>\$ 84,531</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other Liabilities		
Receivables under custody	\$ 2,483	\$ 2,011
Others	<u>1,227</u>	<u>571</u>
	<u>\$ 3,710</u>	<u>\$ 2,582</u>
<u>Non-Current</u>		
Guarantee deposits received	<u>\$ 199</u>	<u>\$ 208</u>

## 19. Provisions for Liabilities - Current

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
Warranty	<u>\$ 1,582</u>		<u>\$ 1,133</u>
	<u>Year-Begin Balance</u>	<u>Provision for the Year</u>	<u>Year-End Balances</u>
<u>2023</u>			
Product warranty provision	\$ 1,133	\$ 449	\$ 1,582
<u>2022</u>			
Product warranty provision	944	189	1,133

The warranty liability reserve is the present value of the merged company's management's best estimate of future economic benefits outflows arising from warranty obligations, based on the terms of the sales contract. This estimate is based on historical warranty experience and adjusted for new materials, process changes, or other events affecting product quality.

## 20. Retirement Benefit Plans

### (1) Defined Contribution Plans

The pension system applied by the Company under the “Labor Pension Act” is a defined contribution retirement plan administered by the government. The Company contributes 6% of employees’ monthly salaries to individual accounts at the Bureau of Labor Insurance. Employees of the merged company’s subsidiaries in China are members of a retirement benefit plan operated by the Chinese government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the plan. The merged company’s obligation for this government-operated retirement benefit plan is limited to contributing a specified amount.

### (2) Defined Benefit Plan

The plan is a type of retirement plan in which an employer promises a specific monthly payment to employees upon retirement, with the amount based on factors such as the employee’s salary history and tenure with the company. The Company’s pension plan under the Labor Standards Law of Taiwan is a defined benefit pension plan administered by the government. Employee retirement benefits are calculated based on years of service and the average monthly salaries for the six months before the approved retirement date. The Company contributes an amount equal to 3% of each employee’s monthly salary to a pension fund deposited with the Bank of Taiwan in the name of the Pension Fund Supervisory Committee. Before the end of each year, if the estimated balance in the pension fund is insufficient to pay pensioners during the next , the Company will make a lump-sum payment by the end of March of the following year to cover the shortfall. The pension fund is managed by the Labor Pension Fund Supervisory Committee, and the Company has no right to influence the investment policy and strategy.

The amount included in the consolidated statement of financial position arising from the entity’s obligation in respect of defined benefit plans is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of defined benefit obligation	\$ 46,545	\$ 47,223
Plan asset fair value	( <u>34,095</u> )	( <u>32,885</u> )
Net defined benefit liability	<u>\$ 12,450</u>	<u>\$ 14,338</u>

Changes in Net defined benefit liability are as follows:

	Present Value of Defined Benefit Obligation	Plan Asset Fair Value	Net Defined Benefit Liability
January 1, 2022	\$ 50,448	( \$ 29,238 )	\$ 21,210
Service cost			
Service cost for the current period	176	-	176
Interest expenses (revenue)	<u>359</u>	( <u>208</u> )	<u>151</u>
Recognized in profit or loss	<u>535</u>	( <u>208</u> )	<u>327</u>
Remeasurement Amount:			
Actuarial losses - changes in financial assumptions	( 3,190 )	-	( 3,190 )
Actuarial losses - experience adjustments	( <u>570</u> )	( <u>2,150</u> )	( <u>2,720</u> )
Recognized in other comprehensive income	( <u>3,760</u> )	( <u>2,150</u> )	( <u>5,910</u> )
Contributions by employer	<u>-</u>	( <u>1,289</u> )	( <u>1,289</u> )
December 31, 2022	<u>47,223</u>	( <u>32,885</u> )	<u>14,338</u>
Service cost			
Service cost for the current period	155	-	155
Interest expenses (revenue)	<u>614</u>	( <u>428</u> )	<u>186</u>
Recognized in profit or loss	<u>769</u>	( <u>428</u> )	<u>341</u>
Remeasurement Amount:			
Actuarial losses - changes in financial assumptions	( \$ 1,805 )	\$ -	( \$ 1,805 )
Actuarial gains - experience adjustments	<u>1,034</u>	( <u>121</u> )	<u>913</u>
Recognized in other comprehensive income	( <u>771</u> )	( <u>121</u> )	( <u>892</u> )
Contributions by employer	-	( 1,337 )	( 1,337 )
Benefits payment	( <u>676</u> )	<u>676</u>	<u>-</u>
December 31, 2023	<u>\$ 46,545</u>	( <u>\$ 34,095</u> )	<u>\$ 12,450</u>

The amounts recognized in profit or loss for defined benefit plans are aggregated by function as follows:

	2023	2022
Operating costs	\$ 94	\$ 90
Marketing expenses	51	52
Administrative expenses	46	44
Research and development expense	<u>150</u>	<u>141</u>
	<u>\$ 341</u>	<u>\$ 327</u>

The merged company is exposed to the following risks due to the retirement pension system under the “Labor Standards Act”:

1. **Investment Risks:** The Bureau of Labor Funds, Ministry of Labor, invests labor retirement funds through self-operation and commissioned operation in domestic and foreign equity securities, debt securities, bank deposits, and other investment targets. However, the allocable amount of the merged Company's plan assets is calculated based on the returns derived from the local banks' two-year time deposit interest rates or higher.
2. **"Interest Rate Risk:** A decrease in government bond interest rates will increase the present value of the defined benefit obligation; however, the investment returns on debt investments of plan assets will also increase, resulting in a partial offsetting effect on the net defined benefit liability.
3. **Salary Risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. Therefore, an increase in the salaries of the plan participants will lead to an increase in the present value of the defined benefit obligation.

The present value of the defined benefit obligation of the merged company is actuarially determined by a qualified actuary. The significant assumptions used for measurement are shown below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.20%	1.30%
The expected rate of return on plan assets.	1.20%	1.30%
Expected Salary Increase Rate	1.50%	2%

If significant actuarial assumptions change reasonably and favorably (unfavorably), while holding all other assumptions constant, the present value of the defined benefit obligations would increase (decrease) by the following amounts:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.5%	( \$ <u>1,393</u> )	( \$ <u>2,189</u> )
Decreased by 0.5%	\$ <u>2,329</u>	\$ <u>2,682</u>
Expected Salary Increase Rate		
Increase by 0.5%	\$ <u>2,309</u>	\$ <u>2,649</u>
Decreased by 0.5%	( \$ <u>1,396</u> )	( \$ <u>2,186</u> )

Since the actuarial assumptions may be correlated, the possibility of a single assumption varying is remote; therefore, the aforementioned sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected amount to be allocated within one year	\$ <u>1,337</u>	\$ <u>1,396</u>
Determining the average maturity period of the defined benefit obligation.	8 years	10 years

## 21. Equity

### (1) Capital – Common Stock

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	<u>70,000</u>	<u>70,000</u>
Authorized capital.	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Number of shares issued and fully paid (in thousands)	<u>56,103</u>	<u>54,471</u>
Issued capital	<u>\$ 561,030</u>	<u>\$ 544,712</u>

The par value of each issued ordinary share is \$10, with one voting right and the entitlement to receive dividends per share.

The registered share capital reserved for the issuance of employee share option certificates is 2,000 thousand shares.

The Company, after obtaining approval from the shareholders' meeting on June 9, 2023, and the resolution of the Board of Directors on the same date authorizing the Chairman to proceed, conducted a capital increase by issuing 1,632 thousand new shares for free distribution. The record date for the capital increase was July 12, 2023, and the paid-in capital of the Company after the capital increase amounted to \$561,030 thousand.

### (2) Capital Surplus

The capital surplus arising from paid-in capital in excess of par value of issuance of shares (including the issuance of ordinary shares or treasury share transactions, etc.) and the portion from donated assets may be used to offset deficits; or if the Company has no deficit, the capital surplus may be distributed as cash dividends or capitalized, provided that a certain ratio of paid-in capital shall be set aside as capital reserve each year.

The capital reserve arising from investments accounted for using the equity method, employee share options, and share warrants shall not be used for any purpose.

### (3) Retained Earnings and Dividend Policy

According to the Company's Articles of Incorporation regarding the profit distribution policy, if there is profit after the annual final accounting, taxes shall be paid, accumulated losses shall be covered, and 10% shall be appropriated as legal reserve except when the accumulated legal reserve has reached the Company's paid-in capital. After appropriating or reversing special reserve as required by laws or the competent authority, the Board of Directors shall propose a profit distribution proposal for the undistributed profits at the beginning of the period and submit it to the shareholders' meeting for resolution. For the policy on the distribution of employee and director remuneration as stipulated in the Articles of Incorporation, please refer to Note 24 (7) Employee and Director Remuneration.

The Company is engaged in the high-tech industry and is currently in the growth stage of its corporate life cycle. In order to maintain a sound financial structure, meet capital expenditure requirements for sustainable development, and protect the interests of investors, the distribution of surplus is comprehensively determined by considering factors such as retained earnings, capital surplus, financial structure, and operating conditions. The company's dividends are distributed in the form of share dividends and cash dividends, with the distribution ratio determined by the company's capital, financial structure, and future funding requirements for its plans. Cash dividends shall account for no less than 10%, but the distribution method and ratio may be adjusted by resolution of the general shareholders' meeting.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the company's paid-in capital. The legal reserve may be used to offset deficits. When the company has no deficit, the portion of legal reserve exceeding 25% of paid-in capital may be distributed in cash or capitalized.

In accordance with Order No. 1090150022 issued by the Financial Supervisory Commission, Order No. 10901500221 issued by the Financial Supervisory Commission, and the "Q&A on the Appropriation and Reversal of Special Reserves after the Adoption of International Financial Reporting Standards (IFRSs)," the Company has appropriated and reversed special reserves.

The Company convened the Annual General Shareholders' Meetings on June 9, 2023 and June 14, 2022, respectively, at which the proposals for distribution of surplus earnings for the years 2022 and 2021 were approved as follows:

	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 19,647	\$ 15,885
Cash dividend	\$ 119,665	\$ 119,665
Share dividends	\$ 16,318	\$ -
Cash dividends per share (NT\$)	\$ 2.2	\$ 2.2
Share dividend per share (NT\$)	\$ 0.3	\$ -

The Company's Board of Directors on February 27, 2024 has proposed the following profit distribution for 2023:

	<b>Proposed Surplus Distribution.</b>	<b>Dividend per Share (NT\$)</b>
Legal reserve	\$ 25,510	
Cash dividend	168,075	\$ 3.0
Share dividends	16,808	0.3

With respect to the earnings distribution for 2023, it is still subject to the resolution to be adopted at the Annual General Shareholders' Meeting scheduled for June 19, 2024.



(4) Other Equity Items

1. Exchange differences on translation of foreign financial statements:

	<b>2023</b>	<b>2022</b>
Year-begin balance	( \$ 2,049 )	( \$ 2,486 )
Arising in the year		
Exchange differences arising from the translation of the financial statements of foreign operations	( <u>449</u> )	<u>437</u>
Other comprehensive income for the year	( <u>449</u> )	<u>437</u>
Year-end balances	( <u>\$ 2,498</u> )	( <u>\$ 2,049</u> )

2. Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income:

	<b>2023</b>	<b>2022</b>
Year-begin balance	\$ 17,287	\$ 145,284
Arising in the year		
Unrealized gains (losses) on equity instruments	<u>12,332</u>	( <u>68,479</u> )
Other comprehensive income for the year	<u>12,332</u>	( <u>68,479</u> )
Cumulative gains or losses on disposal of equity instruments transferred to retained earnings	( <u>9,164</u> )	( <u>59,518</u> )
Year-end balances	<u>\$ 20,455</u>	<u>\$ 17,287</u>

## 22. Treasury Shares

- (1) The reasons for share buyback and the changes in the number of shares are as follows (in thousands of shares):

Reasons for Buyback	Number of Shares at the Beginning of the Year	Increase for the Year	Decrease for the year	Number of Shares at the End of the Year
<u>2023</u>				
Transfer of shares to employees	78	-	-	78
<u>2022</u>				
Transfer of shares to employees	78	-	-	78

- (2) The Company's Board of Directors resolved on March 23, 2020 to repurchase 800 thousand shares from March 24, 2020 to May 22, 2020 at a price ranging from \$25 to \$32 per share, and if the market price fell below the lower limit of the originally determined price range, the repurchase would continue. By the end of the execution period, a total of 78 thousand shares had been repurchased at a total cost of \$2,341 thousand.
- (3) The Securities and Exchange Act prescribes that the number of shares repurchased by a company shall not exceed 10% of the total number of issued shares, and the total amount of repurchased shares shall not exceed the sum of retained earnings, share premium, and realized capital surplus. As of the date of the Board's resolution, the Company is in compliance with the provisions of the Securities and Exchange Act.
- (4) The Company's treasury shares, in accordance with securities trading laws and regulations, shall not be pledged, nor shall they entitle the Company to the distribution of dividends or voting rights.

## 23. Revenue

- (1) Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 10)	<u>\$ 351,534</u>	<u>\$ 96,763</u>	<u>\$ 63,030</u>
Contract liabilities - current			
Sales of goods	<u>\$ 21,182</u>	<u>\$ 26,121</u>	<u>\$ 33,577</u>

- (2) Unfinished Customer Contracts

The unfulfilled performance obligations of the merged companies, the expected duration of their customer contracts does not exceed one year.

## 24. Net Income from Continuing Operations

### (1) Interest Income

	<b>2023</b>	<b>2022</b>
Bank deposits and others	<u>\$ 10,824</u>	<u>\$ 4,435</u>

### (2) Other Revenue

	<b>2023</b>	<b>2022</b>
Dividend revenue	\$ 2,918	\$ 4,505
Miscellaneous income	<u>1,871</u>	<u>1,543</u>
	<u>\$ 4,789</u>	<u>\$ 6,048</u>

### (3) Other Gain and Losses

	<b>2023</b>	<b>2022</b>
Gain (loss) on financial assets		
Financial assets designated as fair value through profit or loss	\$ 6,827	( \$ 20,595 )
Net foreign exchange gains	<u>5,077</u>	<u>23,069</u>
	<u>\$ 11,904</u>	<u>\$ 2,474</u>

### (4) Financial Costs

	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ 46	\$ 8
Others	<u>-</u>	<u>16</u>
	<u>\$ 46</u>	<u>\$ 24</u>

### (5) Depreciation and Amortization

	<b>2023</b>	<b>2022</b>
Depreciation expenses summarized by function		
Operating costs	\$ 7,674	\$ 6,198
Operating expenses	<u>7,087</u>	<u>7,270</u>
	<u>\$ 14,761</u>	<u>\$ 13,468</u>
Amortization expenses summarized by function		
Operating costs	\$ 77	\$ 43
Operating expenses	<u>1,800</u>	<u>2,374</u>
	<u>\$ 1,877</u>	<u>\$ 2,417</u>

(6) Employee Benefit Expenses

	<b>2023</b>	<b>2022</b>
Retirement benefits (Note 20)		
Defined contribution plans	\$ 5,246	\$ 5,078
Defined benefit plan	<u>341</u>	<u>327</u>
	<u>5,587</u>	<u>5,405</u>
Other Employee Benefits		
Salaries and wages	173,333	140,575
Labor and health insurance expenses	11,396	10,610
Other Employee Benefits	<u>8,563</u>	<u>5,401</u>
	<u>193,292</u>	<u>156,586</u>
Total employee benefit expenses	<u>\$ 198,879</u>	<u>\$ 161,991</u>
Summarized by function		
Operating costs	\$ 35,539	\$ 31,580
Operating expenses	<u>163,340</u>	<u>130,411</u>
	<u>\$ 198,879</u>	<u>\$ 161,991</u>

(7) Employee and Directors' Remuneration

In accordance with the Articles of Incorporation, this Company shall appropriate employee compensation at the rate of 7% to 10% and director compensation at a maximum rate of 2% from the pre-tax net income of the current year before deduction of the compensation for employees and directors.

The estimated employee and director compensation for 2023 and 2022 were approved by the Board of Directors on February 27, 2024 and March 10, 2023, respectively, as follows:

Estimated Ratio

	<b>2023</b>	<b>2022</b>
Employee' Remuneration	10%	10%
Directors' Remuneration	2%	2%

Amount

	<b>2023</b>	<b>2022</b>
Employee' Remuneration	\$ 34,766	\$ 17,667
Directors' Remuneration	6,953	3,534

The consolidated financial statements for the year are subject to change after their issuance date, and any changes will be treated as changes in accounting estimates and adjustments will be made in the following year.

The actual amount of employee and director compensation distributed in 2022 and 2021 is consistent with the recognized amount in the 2022 and 2021 consolidated financial statements.

Information regarding employee and director compensation as resolved by the company's board of directors can be found on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(8) Foreign Currency Translation (Gain) Loss

	<b>2023</b>	<b>2022</b>
Total foreign exchange gain	\$ 38,565	\$ 34,558
Total foreign exchange loss	( <u>33,488</u> )	( <u>11,489</u> )
Net gain	<u>\$ 5,077</u>	<u>\$ 23,069</u>

## 25. Income Tax

(1) Income Taxes Recognized in Profit or Loss

The main components of income tax expense are as follows:

	<b>2023</b>	<b>2022</b>
Current income tax.		
Arising in the year	\$ 66,511	\$ 29,347
Undistributed earnings surtax	2,042	1,165
Adjustment of previous years	( <u>807</u> )	( <u>5,779</u> )
	<u>67,746</u>	<u>24,733</u>
Deferred tax		
Arising in the year	( <u>7,033</u> )	( <u>1,491</u> )
Income tax expense recognized in profit or loss	<u>\$ 60,713</u>	<u>\$ 23,242</u>

The reconciliation of accounting income and income tax expense is as follows:

	<b>2023</b>	<b>2022</b>
Net profit before tax	<u>\$ 305,938</u>	<u>\$ 155,470</u>
Income tax expense calculated based on statutory tax rate on net profit before tax (20%)	\$ 61,188	\$ 31,094
Tax-exempt income	1,793	( 561 )
Undistributed earnings surtax	2,042	1,165
Deductible temporary differences not recognized	( 3,503 )	( 2,677 )
Adjustments of current income tax for prior periods in the current year	( <u>807</u> )	( <u>5,779</u> )
Income tax expense recognized in profit or loss	<u>\$ 60,713</u>	<u>\$ 23,242</u>

(2) Income Tax Recognized in Other Comprehensive Income

	<u>2023</u>	<u>2022</u>
<u>Deferred Tax</u>		
Arising in the year		
Translation of the financial statements of foreign operations	\$ 112	(\$ 110)
Remeasurements of defined benefit plan.	( 178 )	( 1,182 )
Income tax recognized in other comprehensive income.	( \$ 66 )	( \$ 1,292 )

(3) Current Tax Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax liabilities		
Income tax payable	\$ 74,369	\$ 30,524

(4) Deferred Income Tax Assets

The changes in deferred income tax assets are as follows:

2023

<u>Deferred Income Tax Assets</u>	<u>Year-Begin Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Year-End Balances</u>
Temporary difference				
Foreign operations currency translation differences	\$ 512	\$ -	\$ 112	\$ 624
Remeasurements of defined benefit plan.	1,303	-	( 178 )	1,125
Defined benefit retirement plan	1,564	( 199 )	-	1,365
Leave payment payable	950	( 54 )	-	896
Provision for inventory devaluation and obsolescence loss	3,892	5,075	-	8,967
Unrealized exchange loss	759	2,608	-	3,367
Unrealized gross profit on sales of goods	4	-	-	4
Provisions for unrealized product warranties	227	89	-	316
	<u>\$ 9,211</u>	<u>\$ 7,519</u>	<u>( \$ 66 )</u>	<u>\$ 16,664</u>

2022

<u>Deferred Income Tax Assets</u>	<u>Year-Begin Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Year-End Balances</u>
Temporary difference				
Foreign operations currency translation differences	\$ 622	\$ -	(\$ 110)	\$ 512
Remeasurements of defined benefit plan.	2,485	-	( 1,182 )	1,303
Defined benefit retirement plan	1,757	( 193 )	-	1,564
Leave payment payable	926	24	-	950
Provision for inventory devaluation and obsolescence loss	2,488	1,404	-	3,892
Unrealized exchange loss	457	302	-	759
Unrealized gross profit on sales of goods	4	-	-	4
Provisions for unrealized product warranties	189	38	-	227
Others	( 335 )	335	-	-
	<u>\$ 8,593</u>	<u>\$ 1,910</u>	<u>( \$ 1,292 )</u>	<u>\$ 9,211</u>

## (5) Deferred Income Tax Liabilities

The changes in deferred income tax liabilities are as follows:

### 2023

<b>Deferred Income Tax Liabilities</b>	<b>Year-Begin Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Year-End Balances</b>
Temporary difference				
Unrealized exchange gain	<u>\$ 419</u>	<u>\$ 486</u>	<u>\$ -</u>	<u>\$ 905</u>

### 2022

<b>Deferred Income Tax Liabilities</b>	<b>Year-Begin Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Year-End Balances</b>
Temporary difference				
Unrealized exchange gain	<u>\$ -</u>	<u>\$ 419</u>	<u>\$ -</u>	<u>\$ 419</u>

## (6) Income Tax Assessments Status

The Income Tax returns of the Company's profit-seeking enterprise through 2021 have been examined and assessed by the Tax Authorities. The discrepancies between the assessed amount and filed amount have been properly adjusted in the respective year.

## 26. Earnings per Share

Units: NT\$ per share

	<b>2023</b>	<b>2022</b>
Basic earnings per share	<u>\$ 4.38</u>	<u>\$ 2.36</u>
Diluted earnings per share	<u>\$ 4.33</u>	<u>\$ 2.33</u>

When calculating earnings per share, the effect of the share dividends has been retrospectively adjusted, with the ex-rights date being July 12, 2023. Due to the retroactive adjustment, the basic and diluted earnings per share for 2022 were changed as follows:

	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 2.43</u>	<u>\$ 2.36</u>
Diluted earnings per share	<u>\$ 2.40</u>	<u>\$ 2.33</u>

The following presents profit and weighted average numbers of ordinary shares outstanding for calculation of earnings per share:

### Net Profit for the Current Year

	<b>2023</b>	<b>2022</b>
Net income used to calculate basic and diluted earnings per share	<u>\$ 245,225</u>	<u>\$ 132,228</u>

### Number of Shares

	Unit of shares: Thousands of shares	
	<b>2023</b>	<b>2022</b>
The weighted average number of ordinary shares used to calculate basic earnings per share.	56,025	56,025
Effect of potential dilutive ordinary shares		
Employee' remuneration	<u>603</u>	<u>666</u>
The weighted average number of common shares used to calculate diluted earnings per share	<u>56,628</u>	<u>56,691</u>

If a merged company has the option to issue employee compensation in the form of shares or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be paid in the form of shares, and the potential ordinary shares will be included in the weighted average number of outstanding shares when they have a dilutive effect to calculate the diluted earnings per share. Such dilutive effect of the potential shares should continue to be considered until approval of number of shares to be distributed to employees as compensation in the following year.

## **27. Capital Risk Management**

The group undertakes capital management to ensure that all entities in the group can continue as a going concern while maximizing returns to stakeholders through the optimal balance of debt and equity.

The capital structure of the merged company consists of its net debt and equity (i.e., share capital, capital surplus, retained earnings, and other equity items).

Companies that have merged are not required to comply with other external capital requirements.

## **28. Financial Instruments**

### **(1) Fair Value Information - Financial Instruments not Measured at Fair Value**

The merged company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values or their fair values cannot be reliably measured.



(2) Fair Value Information - Financial Instruments Measured at Fair Value on a Recurring Basis

1. Fair Value Measurement Hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets Measured at Fair Value Through Profit or Loss</u>				
Domestic listed (OTC) and emerging shares	\$ 4,911	\$ -	\$ -	\$ 4,911
Domestic unlisted shares	-	-	28,710	28,710
	<u>\$ 4,911</u>	<u>\$ -</u>	<u>\$ 28,710</u>	<u>\$ 33,621</u>
<u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u>				
Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 27,086	\$ -	\$ -	\$ 27,086
Domestic unlisted shares	-	-	48,710	48,710
	<u>\$ 27,086</u>	<u>\$ -</u>	<u>\$ 48,710</u>	<u>\$ 75,796</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets Measured at Fair Value Through Profit or Loss</u>				
Domestic listed (OTC) and emerging shares	\$ 15,430	\$ -	\$ -	\$ 15,430
Domestic unlisted shares	-	-	19,532	19,532
	<u>\$ 15,430</u>	<u>\$ -</u>	<u>\$ 19,532</u>	<u>\$ 34,962</u>
<u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u>				
Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 47,531	\$ -	\$ -	\$ 47,531
Domestic unlisted shares	-	-	19,532	19,532
	<u>\$ 47,531</u>	<u>\$ -</u>	<u>\$ 19,532</u>	<u>\$ 67,063</u>

There were no transfers between Level 1 and Level 3 fair value measurements in 2023 and 2022.

## 2. Valuation Techniques and Inputs for Level 3 Fair Value Measurements

<u>Class of financial instruments</u>	<u>Valuation techniques and inputs</u>
Domestic unlisted shares	<ol style="list-style-type: none"> <li>1. The market approach using comparable companies listed on the Taiwan Stock Exchange or Over-the-Counter market is based on the transaction prices of comparable targets, taking into account the differences between the subject company and the comparable companies, and estimating the value of the subject company using appropriate valuation multiples.</li> <li>2. The market approach using comparable transactions involves referencing the transaction prices of similar or identical assets, considering the implied valuation multiples and relevant transaction information from these prices, to determine the value of the subject company.</li> </ol>

## (3) Types of Financial Instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Asset</u>		
Through profit or loss at fair value through profit or loss financial assets - designated as at fair value through profit or loss.	\$ 33,621	\$ 34,962
Financial assets at amortized cost (Note 1)	917,970	707,509
Through other comprehensive income at fair value through other comprehensive income - investment in equity instruments	75,796	67,063
<u>Financial Liabilities</u>		
Measured at amortized cost (Note 2)	245,233	187,304

Note1: The balance includes cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable and a portion of other receivables that are financial assets measured at amortized cost.

Note2: The balances include notes payable, accounts payable and a portion of other payables that are financial liabilities measured at amortized cost.

## (4) Financial Risk Management Objectives and Policies

The merged company's main financial instruments include equity investments, accounts receivable, accounts payable, and lease liabilities. The merged company's finance department provides services to the business units, coordinates access to domestic and international financial markets, and supervises and manages the financial risks related to the merged company's operations through analyzing internal risk reports covering exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The merged company has formulated “Procedures for Acquisition or Disposal of Assets” in accordance with the regulations of the competent authority, describing the control procedures for the acquisition, management, and disposal of various assets. If there is a risk assessment and the use of derivative financial instruments is adopted to hedge the exposure in order to mitigate the impact of such risks, the use of derivative financial instruments is governed by policies approved by the board of directors of the merged company, which are written principles for foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquidity. The internal auditors continuously review compliance with policies and exposure limits. The merged company did not engage in derivative financial instrument transactions in 2023 and 2022.

## 1. Market Risk

The main financial risks undertaken by the merged company due to its operating activities are:

### (1) Foreign Exchange Risk

The Company engages mainly in sales and purchases transactions denominated in U.S. dollars, which naturally hedge foreign currency positions and mitigate the effect of exchange rate fluctuations.

The cash-generating unit or group of cash-generating units to which the goodwill relates cannot be identified consistently with the previous estimate of the recoverable amount of the cash-generating unit (group of cash-generating units), and the reassignment of goodwill shall be disclosed.

With respect to the sensitivity analysis of foreign currency risk, it primarily addresses the adverse effects arising from changes in exchange rates on foreign currency monetary items as of the end of the reporting period. If the foreign currency fluctuates by 1% against the New Taiwan dollar, the Company’s net income after tax for 2023 and 2022 will decrease by \$2,892 thousand and \$2,491 thousand, respectively.

### (2) Risk of Interest Rate Fluctuations

The merged company mainly uses its own funds to finance its operating activities, and its exposure to interest rate risk is minimal.

The merged company’s exposures to market risk of financial instruments and the manner in which it manages and measures such exposures have not changed.

## 2. Credit Risk

Credit risk refers to the risk of financial loss to the merged company caused by the counterparty's failure to fulfill contractual obligations. As of the balance sheet date, the maximum credit risk exposure that could cause financial loss to the merged company due to the counterparty's failure to perform its obligations is primarily derived from the carrying amount of financial assets recognized in the consolidated balance sheet.

The merged company does not have significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. The concentration of credit risk from counterparties for the merged company did not exceed 10% of total monetary assets in 2023 and 2022.

The credit risk of the merged company is mainly concentrated on its customers in the Americas and Europe. As of December 31, 2023, European customers accounted for approximately 66.53% of total accounts receivable, while American customers accounted for approximately 18.67% and 81.71% of total accounts receivable as of December 31, 2023 and 2022, respectively.

## 3. Liquidity Risk

The merged company manages and maintains adequate cash and cash equivalents to support operations and mitigate the effects of fluctuations in cash flows. The merged company's working capital is sufficient to support operations, and therefore there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

### December 31, 2023

	<u>1 - 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-3 Years</u>
<u>Non-Derivative Financial Liabilities</u>			
Non-interest bearing liabilities	\$ 288,592	\$ 50,553	\$ -
Lease liabilities	<u>1,175</u>	<u>3,542</u>	<u>1,649</u>
	<u>\$ 289,767</u>	<u>\$ 54,095</u>	<u>\$ 1,649</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
Lease liabilities	<u>\$ 4,756</u>	<u>\$ 1,654</u>

December 31, 2022

	<u>1 - 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-3 Years</u>
<u>Non-Derivative Financial Liabilities</u>			
Non-interest bearing liabilities	\$ 220,018	\$ 32,479	\$ -
Lease liabilities	<u>599</u>	<u>671</u>	<u>520</u>
	<u>\$ 220,617</u>	<u>\$ 33,150</u>	<u>\$ 520</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
Lease liabilities	<u>\$ 1,276</u>	<u>\$ 523</u>

(5) Information on Transfer of Financial Assets

The relevant information for the sale of the company's outstanding accounts receivable before the end of the year after the merger is as follows:

December 31, 2023

<u>Counterparty</u>	<u>Offered Amount</u>	<u>Transferred to Other Receivables</u>	<u>Available Advance Amount</u>	<u>Advanced Amount</u>	<u>Annual Interest Rate for the Advanced Amount (%)</u>
Hua Nan Commercial Bank	<u>\$ 28,415</u>	<u>\$ 28,415</u>	<u>\$ 28,415</u>	<u>\$ -</u>	0.85%-0.90%

December 31, 2022

<u>Counterparty</u>	<u>Offered Amount</u>	<u>Transferred to Other Receivables</u>	<u>Available Advance Amount</u>	<u>Advanced Amount</u>	<u>Annual Interest Rate for the Advanced Amount (%)</u>
Hua Nan Commercial Bank	<u>\$ 132,087</u>	<u>\$ 132,087</u>	<u>\$ 132,087</u>	<u>\$ -</u>	0.85%-0.95%

According to the terms of the sale agreement, losses arising from commercial disputes shall be borne by the merged company, while losses arising from credit risks shall be borne by the respective banks.

## 29. Related Party Transactions

The transactions, account balances, revenues, and expenses between the Company and its subsidiaries (entities related to the Company) are fully eliminated upon consolidation; therefore, they are not disclosed in these notes. The merged company has no transactions with other related parties.

### Compensation of Key Management Personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ <u>22,888</u>	\$ <u>19,889</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

## 30. Pledged Assets

The following assets of the merged company have been pledged as collateral for the customs duty-deferral arrangement:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged time deposits (accounted for as financial assets measured at amortized cost - current)	\$ <u>16,000</u>	\$ <u>16,000</u>

## 31. Other matters: None.

## 32. Significant subsequent events: None.

## 33. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is summarized in currencies other than the functional currencies of the consolidated entities, with the disclosed exchange rates being the rates at which those currencies are translated into the functional currencies. Information on foreign currency assets and liabilities with significant influence:

Unit: Each Foreign Currency /NT\$ thousand

### December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<b><u>Financial Assets</u></b>			
<b><u>Monetary Items</u></b>			
US dollars	\$ 15,407	30.725	\$ 473,390
<b><u>Financial Liabilities</u></b>			
<b><u>Monetary Items</u></b>			
US dollars	3,642	30.725	111,903

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<b>Financial Assets</b>			
<u>Monetary Items</u>			
US dollars	\$ 13,013	30.72	\$ 399,757
<b>Financial Liabilities</b>			
<u>Monetary Items</u>			
US dollars	2,876	30.72	88,350

Foreign currency translation gain (loss) for the merged companies is as follows:

	<u>2023</u>	<u>2022</u>
Realized	\$ 17,412	\$ 24,716
Unrealized	( <u>12,336</u> )	( <u>1,672</u> )
	<u>\$ 5,076</u>	<u>\$ 23,044</u>

### 34. Notes on Disclosures

(1) Major Transaction Matters and

(2) Information Related to Reinvested Enterprises

1. Funds loaned to others: None.
2. Endorsements/guarantees for others: None.
3. The end-of-period securities holding status (excluding investments in subsidiaries, associates, and joint ventures equity): Appendix 1.
4. The cumulative amount of buying or selling the same securities has reached \$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate with amount reaching \$300 million or 20% of paid-in capital: None.
6. Disposal of real estate with an amount reaching \$300 million or 20% of the paid-in capital: None.
7. The amount of purchases or sales with related parties exceeding \$100 million or 20% of the paid-in capital: None.
8. Accounts receivable from related parties reaching \$100 million or 20% of the paid-in capital: None.
9. Engaging in derivative product transactions: None.

10. Others: Business relationships and important transactions and amounts between the parent company and its subsidiaries and between each subsidiaries: Appendix 2.

11. Information on reinvested businesses: Appendix 3.

(3) Information on Investments in China

1. The name of the invested company in China, its main business items, paid-in capital, investment methods, remittance of funds in and out, shareholding ratio, investment gains and losses, carrying amount of investments at the end of the period, repatriated investment gains and losses, and the investment limit in China: Appendix 4.

2. The significant transactions with investee companies in China, either directly or indirectly through a third area, their prices, payment terms, and unrealized gains or losses: None.

(1) The amount and percentage of purchases and the ending balances and percentages of related accounts payable.

(2) The amount and percentage of sales revenue, and the ending balance and percentage of related accounts receivable.

(3) The amount of property transactions and the amount of profits or losses arising therefrom.

(4) The outstanding balance of endorsed or guaranteed notes receivable or provision of collaterals as of the balance sheet date and the purpose thereof.

(5) The highest balance, ending balance, range of interest rates, and total interest amount for the period of financing facilities.

(6) Other transactions that have a material impact on the current profit or loss or financial position, such as the provision or receipt of services.

(4) Information on Major Shareholders: Names, Shareholding Amounts and Proportions of Shareholders with a Shareholding Ratio of More Than 5%: Appendix 5.



### 35. Segment Information

Information provided to the chief operating decision maker for the purpose of resource allocation and assessment of department performance focuses on types of products and services delivered or provided. The reportable segments of the merged company are as follows:

Computer and its peripheral equipment: Department 1.

Computer and its peripheral equipment: Department 2.

#### (1) Department Revenue and Operating Results

	2023		
	Department 1	Department 2	Total
Segment revenue	\$ 1,791,446	\$ -	\$ 1,791,446
Adjustments and layoffs	-	-	-
Operating revenue	<u>\$ 1,791,446</u>	<u>\$ -</u>	<u>\$ 1,791,446</u>
Net profit (loss) from operations	\$ 280,692	( \$ 2,225 )	\$ 278,467
Other income	3,285	1,504	4,789
Other gain and losses	11,244	-	11,244
Finance costs	( 46 )	-	( 46 )
Interest income	<u>10,763</u>	<u>61</u>	<u>10,824</u>
Segment profit (loss)	305,938	( 660 )	305,278
Adjustments and layoffs	<u>660</u>	<u>-</u>	<u>660</u>
Net profit (loss) before tax	<u>\$ 306,598</u>	<u>( \$ 660 )</u>	<u>\$ 305,938</u>

	2022		
	Department 1	Department 2	Total
Segment revenue	\$ 1,084,299	\$ -	\$ 1,084,299
Adjustments and layoffs	-	-	-
Operating revenue	<u>\$ 1,084,299</u>	<u>\$ -</u>	<u>\$ 1,084,299</u>
Net profit (loss) from operations	\$ 144,864	( \$ 2,327 )	\$ 142,537
Other income	5,096	952	6,048
Other gain and losses	1,161	-	1,161
Finance costs	( 24 )	-	( 24 )
Interest income	<u>4,373</u>	<u>62</u>	<u>4,435</u>
Segment profit (loss)	155,470	( 1,313 )	154,157
Adjustments and layoffs	<u>1,313</u>	<u>-</u>	<u>1,313</u>
Net profit (loss) before tax	<u>\$ 156,783</u>	<u>( \$ 1,313 )</u>	<u>\$ 155,470</u>

Interests of departments refer to the profits earned by each department.

(2) Total Assets and Liabilities of the Segment

	<b>Assets of Segment</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Assets of Department 1	\$ 1,665,558	\$ 1,397,658
Assets of Department 2	29,021	29,689
Adjustments and layoffs	( 27,833 )	( 29,054 )
Total Assets	<u>\$ 1,666,746</u>	<u>\$ 1,398,293</u>

	<b>Liabilities of Segment</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Liabilities of Department 1	\$ 458,720	\$ 328,977
Liabilities of Department 2	1,209	656
Adjustments and layoffs	( 21 )	( 21 )
Total Liabilities	<u>\$ 459,908</u>	<u>\$ 329,612</u>

All assets and liabilities are directly attributable to each department, and there are no shared assets or liabilities to be allocated.

(3) Information by Region

The merged company operates primarily in four regions - the Americas, Asia, Europe, and others.

The information about the revenue from external customers from continuing operations of the merged company, categorized by geographical location, is presented as follows:

<b>Region</b>	<b>2023</b>	<b>2022</b>
Europe	\$ 787,195	\$ 317,028
Americas	649,062	524,497
Asia	345,026	242,671
Others	<u>10,163</u>	<u>103</u>
	<u>\$ 1,791,446</u>	<u>\$ 1,084,299</u>

(4) Main Customer Information

Revenues from a single customer constituting 10% or more of the consolidated total revenues are as follows:

	<b>2023</b>	<b>2022</b>
Customer B	\$ 527,321	\$ 206,393
Customer E	251,381	283,824
Customer G	240,392	111,885
Others (Note 1)	<u>772,352</u>	<u>482,197</u>
	<u>\$ 1,791,446</u>	<u>\$ 1,084,299</u>

Note 1: The amount of revenue did not reach 10% of the total revenue of the merged company.

RUBY TECH CORP. AND SUBSIDIARIES  
**HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD**

December 31, 2023

**Appendix 1**

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Holding Company	Type and Name of Marketable Securities	The Relationship Between the Issuer of Marketable Securities and the Company	Accounts	End of Period				Remarks
				Number of Shares/Units	Carrying Amount	Shareholding Ratio	Fair Value (Note 2)	
Ruby Tech Corp.	<u>Equity Securities</u>							
	Green Energy Technology Inc.	—	Current financial assets measured at fair value through profit or loss.	212,000	\$ -	0.05	\$ -	Notes 2 and 4
	Powerchip Investment Holding Corporation	—	Current financial assets measured at fair value through profit or loss.	1,041,707	28,710	0.08	28,710	Note 2
	DEXIN CORP	—	Current financial assets measured at fair value through profit or loss.	284,720	4,911	0.71	4,911	Notes 2 and 3
	Powerchip Investment Holding Corporation	—	Current financial assets measured at fair value through other comprehensive income	1,041,707	28,710	0.08	28,710	Note 2
	Vactronics Technologies Inc	—	Current financial assets measured at fair value through other comprehensive income	262,825	16,558	0.37	16,558	Notes 2 and 3
	Solar Applied Materials Technology Corp	—	Current financial assets measured at fair value through other comprehensive income	271,000	10,528	0.05	10,528	Notes 2 and 3
	Videosoft Global Co., Ltd.	—	Current financial assets measured at fair value through other comprehensive income	500,000	20,000	4.50	20,000	Note 2

Note 1: The term “securities” as used in this statement refers to shares, bonds, beneficial interest certificates, and securities derived from the aforementioned items that fall within the scope of IFRS 9 “Financial Instruments.

Note 2: For those measured at fair value, the carrying amounts are presented as the balances after fair value adjustments; for those not measured at fair value, the carrying amounts are presented as the amortized cost (net of allowance for losses).

Note 3: Calculated based on the closing prices as of the end of December 2023.

Note 4: Green Energy Technology Inc. has announced the termination of its listing, and the merged company has assessed that the investment has no fair value.

RUBY TECH CORP. AND SUBSIDIARIES

**BUSINESS RELATIONSHIPS AND IMPORTANT TRANSACTIONS AND AMOUNTS BETWEEN THE PARENT COMPANY  
AND ITS SUBSIDIARIES AND BETWEEN EACH SUBSIDIARIES**

2023

Appendix 2

Unit: NT\$ thousand

Number (Note 1)	Trade Name	Trading Counterparty	Relationship with Counterparties (Note 2)	Transactions			
				Subject	Amount	Conditions of Transaction	The Ratio of the Combined Revenue or Total Assets (Note 3)
0	Ruby Tech Corp.	Ruby Tech (Beijing) Co., Ltd.	1	Unrealized gross profit on sales of goods	\$ 21	Around 75%-80% of regular prices	-

Note 1: The transaction information between the parent company and its subsidiaries shall be separately noted in the number column. The numbering method is as follows:  
(1)Parent company fills in 0.  
(2)Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: There are three types of relationships between traders, and filling in the type is acceptable (if the transaction between the parent company and subsidiaries is the same as that between subsidiaries, it is not necessary to disclose again.  
For example: For the parent company’s transaction with a subsidiary, if it has been disclosed by the parent company, it is not required to be disclosed again by the subsidiary; For a subsidiary’s transaction with the parent company, if it has been disclosed by one of the subsidiaries, it is not required to be disclosed again by the parent company).  
(1)The parent company to the subsidiary.  
(2)Subsidiary to parent company.  
(3)Subsidiary to subsidiary.

Notes 3: The ratio of transaction amount to consolidated total revenue or total assets shall be calculated as the ratio of ending balance to consolidated total assets for those belongs to balance sheet item. If it is a profit or loss item, it shall be calculated in a way of period-end cumulative amount to consolidated total revenue.

RUBY TECH CORP. AND SUBSIDIARIES  
NAMES OF INVESTED COMPANIES, LOCATIONS, AND OTHER RELEVANT INFORMATION

2023

Appendix 3

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Name of Investee	Name of Investee	Place of Operation	Major Business Activity	Original Investment Amount		Held at the End of the Period			Gain (Loss) Income of the Invested Company for the Current Period	Investment (Gains) Losses Recognized for the Period (Note 1)	Remarks
				At the End of the Current Period	At the End of the Last Period	Number of Shares	Percentage (%)	Carrying Amount			
Ruby Tech Corp.	GRAND IMPACT TECHNOLOGY LIMITED	British Virgin Islands	Investment in related businesses	\$ 58,581	\$ 58,581	1,800,000	100	\$ 27,812	( \$ 660 )	( \$ 660 )	Invested companies evaluated using the equity method
GRAND IMPACT TECHNOLOGY LIMITED	Ruby Tech (Beijing) Co., Ltd.	Beijing (China)	Computer peripheral equipment trading business.	53,471	53,471	-	100	27,812	( 660 )	( 660 )	Invested companies evaluated using the equity method

Note 1: The share of profit or loss of subsidiaries accounted for using the equity method is calculated based on the audited financial statements.  
Note 2: Please refer to Appendix 4 for information related to the invested companies in China.  
Note 3: The related account amounts of the above transactions have been eliminated in the preparation of the consolidated financial statements.

RUBY TECH CORP. AND SUBSIDIARIES  
**INFORMATION ON INVESTMENT IN CHINA**

2023

**Appendix 4**

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Name of the Invested Company in China	Major Business Activity	Paid-In Capital	Method of Investments	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Period	Amount of Investments Exported or Recovered This Period		Accumulated Investment Amount Remitted from Taiwan at the end of the Period (Note 2)	Gain (Loss) Income of the Invested Company for the Current Period	The Direct or Indirect Investment Shareholding Ratio of the Company	Current Recognition Investment (Loss) Gain (Note 3)	Carrying Amount of Investment at end of Period (Note 3)	Cumulative Investment Income Repatriated up to the Current Period
					Exported	Recovered						
Ruby Tech (Beijing) Co., Ltd.	Computer peripheral equipment trading business.	\$ 53,471	(Note 1)	\$ 53,471	\$ -	\$ -	\$ 53,471	(\$ 660)	100%	(\$ 660)	\$ 27,812	\$ -

Accumulated Outward Remittances from Taiwan to China at the End of the Period (Note 2)	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (Note 2)	Limit of Investment in China in Accordance with the Regulations of the Investment Commission of the Ministry of Economic Affairs M.O.E.A. (Note 4)
\$53,471 (USD1,650,000)	\$53,471 (USD1,650,000)	\$724,103

Note 1: Reinvested in China through Grand Impact Technology Limited.

Note 2: Investments denominated in foreign currencies were recorded using the exchange rates prevailing at the time of the transactions.

Note 3: Recognized based on the financial statements audited by the certified public accountants of the parent company in Taiwan.

Note 4: The investment limit is the higher of 60% of net worth or \$80 million.

Note 5: The related account amounts of the above transactions have been eliminated in the preparation of the consolidated financial statements.

RUBY TECH CORP. AND SUBSIDIARIES  
**MAJOR SHAREHOLDERS' INFORMATION**

December 31, 2023

Appendix 5

Unit: Share

Major Shareholders' Name	Shares	
	Shares Held	Shareholding Ratio
Premier Capital Management Corp.	5,020,717	8.94%
Wang, Peng-Sen	3,068,115	5.46%

Note 1: The major shareholder information in this table is provided by Taiwan Depository & Clearing Corporation (TDCC), calculated based on the shareholders holding 5% or more of the Company's total issued and outstanding ordinary shares and special shares, including treasury shares, on the last business day of the current quarter. The capital recorded in the consolidated financial statements and the actual number of shares that have completed dematerialized delivery may differ due to different calculation bases.

Note 2: For shareholders who have deposited their shares into trust, the shares of the trust account opened by the trustee are disclosed by the respective individual sub-accounts of the trustors. As for shareholders whose shareholding ratios exceed 10% and are required to report their insider shareholdings in accordance with relevant securities regulations, their shareholdings include their personal shareholdings plus the shares they have entrusted and have the decision power over. Please refer to the Market Observation Post System for insider shareholding data.

## **INDEPENDENT AUDITORS' REPORT**

Ruby Tech Corp.

### **Audit Opinion**

We have audited the accompanying parent company only balance sheet of Ruby Tech Corp. as of December 31, 2023 and 2022, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flows for the years then ended January 1, 2023 to December 31, 2023 and January 1, 2022 to December 31, 2022, as well as the notes to the parent company only financial statements and a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Ruby Tech Corp. as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinions**

We conduct the audit work in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The accountant's responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section. The personnel of the firm to which the accountant belongs have remained independent of Ruby Tech Corp. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China ("the Code") and have fulfilled other responsibilities in accordance with the Code. The accountant believes that sufficient and appropriate audit evidence has been obtained to form a basis for the audit opinion.

### **Key Audit Matters**

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Ruby Tech Corp. for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following describes the key audit matters relating to the parent company only financial statements of Ruby Tech Corp. for the year ended December 31, 2023:



### Revenue Recognition from Specific Customers

Management is under pressure to achieve forecasted financial targets, and therefore auditing standards presume the risk of fraud in revenue recognition. Ruby Tech Corp.'s sales of goods from specific customers for the year ended December 31, 2023 amounted to \$1,108,706 thousand representing approximately 62% of its total operating revenue. We believe that there is a significant risk in the authenticity of sales revenue from specific customers, and therefore lists it as a key audit matter. For the accounting policies on revenue recognition, please refer to Note 4(12) of the parent company only financial statements.

The primary audit procedures performed were as follows:

1. Understand and evaluate the design and implementation effectiveness of key internal controls over the revenue recognition process.
2. Select samples from the sales details of specific customers, cross-check them against external sources such as customer orders and customs declarations, and review the payment status to verify the authenticity of the sales transactions.

### **The Responsibilities of the Management and the Governance Entity for the Parent Company Only Financial Statements**

The responsibility of management is to prepare parent company only financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain the necessary internal controls relevant to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement resulting from fraud or error.

The management, in preparing the parent company only financial statements, is responsible for assessing the ability of Ruby Tech Corp. to continue as a going concern, disclosing matters related to going concern and adopting the going concern basis of accounting unless the management either intends to liquidate Ruby Tech Corp. or to cease its operations, or has no practical alternative other than liquidation or suspension of business.

Ruby Tech Corp.'s governance entity is responsible for overseeing the financial reporting process.

### **The Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements**

The audit of the parent company only financial statements by the CPA was intended to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement resulting from fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance but does not guarantee that a properly planned and performed audit will always detect any material misstatement that might exist. Misstatements can arise from fraud or error. Misstatements can arise from fraud or error and are considered material if,

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

The independent auditor applies professional judgment and maintains professional skepticism throughout the audit in accordance with auditing standards. The auditor also performs the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error; design and perform appropriate responses to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ruby Tech Corp. internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management, and the reasonableness of accounting estimates and related disclosures made.
4. The auditors are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ruby Tech Corp.'s ability to continue as a going concern. If the auditors conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify their opinion. The auditors' conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause Ruby Tech Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only Financial Statements (including related notes), and whether the parent company only financial statements appropriately represent the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ruby Tech Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit engagement as well as forming the audit opinion on Ruby Tech Corp.

The matters communicated with those charged with governance included the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the governance unit with a statement affirming that personnel at the accountant's firm have adhered to the independence requirements set forth in the professional code of ethics for accountants. Additionally, the accountant communicated with the governance unit regarding all relationships and other factors that could potentially impact the accountant's independence, including the implementation of relevant safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of Ruby Tech Corp. for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lin, Shu-Ju and Chang, Chun-I.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 12, 2024

Notice to Reader

*For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

RUBY TECH CORPORATION  
**PARENT COMPANY ONLY BALANCE SHEETS**

December 31, 2023 and December 31, 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 281,940	17	\$ 286,680	21
1110	Current financial assets measured at fair value through profit or loss (Notes 4 and 7)	33,621	2	34,962	2
1120	Current financial assets measured at fair value through other comprehensive income (Notes 4 and 8)	75,796	5	67,063	5
1136	Financial Assets at Amortized Cost - Current (Notes 4, 9 and 30)	244,525	15	184,100	13
1150	Notes receivable (Notes 4 and 10)	3,547	-	331	-
1170	Accounts receivable (Notes 4, 10 and 23)	351,534	21	96,763	7
1200	Other receivables (Notes 4, 10 and 28)	33,392	2	138,850	10
130X	Inventories (Notes 4, 5 and 11)	339,201	20	303,376	22
1470	Other current assets (Note 16)	<u>6,523</u>	<u>-</u>	<u>3,159</u>	<u>-</u>
11XX	<b>Total Current Assets</b>	<u>1,370,079</u>	<u>82</u>	<u>1,115,284</u>	<u>80</u>
	<b>Non-Current Assets</b>				
1550	Investments accounted for using the equity method (Notes 4 and 12)	27,812	2	29,033	2
1600	Property, plant and equipment (Notes 4 and 13)	235,905	14	232,894	17
1755	Right-of-use assets (Notes 4 and 14)	6,351	1	1,788	-
1780	Other intangible assets (Notes 4 and 15)	5,041	-	6,162	-
1840	Deferred income tax assets (Notes 4 and 25)	16,664	1	9,211	1
1990	Other non-current assets (Note 16)	<u>3,706</u>	<u>-</u>	<u>3,286</u>	<u>-</u>
15XX	<b>Total Non-Current Assets</b>	<u>295,479</u>	<u>18</u>	<u>282,374</u>	<u>20</u>
1XXX	<b>Total Assets</b>	<u>\$ 1,665,558</u>	<u>100</u>	<u>\$ 1,397,658</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current Liabilities</b>				
2130	Contract liabilities - current (Notes 4 and 23)	21,182	1	26,121	2
2150	Notes payable (Note 17)	96,003	6	67,754	5
2170	Accounts payable (Note 17)	120,198	7	100,212	7
2219	Other payables (Note 18)	122,847	8	84,446	6
2230	Income tax payable for the current period (Notes 4 and 25)	74,369	5	30,524	3
2250	Liability provisions - current (Notes 4 and 19)	1,582	-	1,133	-
2280	Current lease liabilities (Notes 4 and 14)	4,717	-	1,270	-
2399	Other current liabilities (Note 18)	<u>2,795</u>	<u>-</u>	<u>2,216</u>	<u>-</u>
21XX	<b>Total Current Liabilities</b>	<u>443,693</u>	<u>27</u>	<u>313,676</u>	<u>23</u>
	<b>Non-Current Liabilities</b>				
2570	Deferred income tax liabilities (Notes 4 and 25)	905	-	419	-
2580	Lease liabilities - non-current (Notes 4 and 14)	1,649	-	520	-
2640	Net defined benefit liability - non-current (Notes 4 and 20)	12,450	1	14,338	1
2670	Other non-current liabilities (Note 18)	<u>23</u>	<u>-</u>	<u>24</u>	<u>-</u>
25XX	<b>Total Non-Current Liabilities</b>	<u>15,027</u>	<u>1</u>	<u>15,301</u>	<u>1</u>
2XXX	<b>Total Liabilities</b>	<u>458,720</u>	<u>28</u>	<u>328,977</u>	<u>24</u>
	<b>Equity (Note 21)</b>				
3110	Capital – common stock	<u>561,030</u>	<u>34</u>	<u>544,712</u>	<u>39</u>
3200	Capital surplus	<u>38,969</u>	<u>2</u>	<u>38,969</u>	<u>3</u>
	Retained earnings				
3310	Legal reserve	185,474	11	165,827	11
3350	undistributed earnings	<u>405,749</u>	<u>24</u>	<u>306,276</u>	<u>22</u>
3300	Total retained earnings	<u>591,223</u>	<u>35</u>	<u>472,103</u>	<u>33</u>
3400	Other equity interest	<u>17,957</u>	<u>1</u>	<u>15,238</u>	<u>1</u>
3500	Treasury share (Note 22)	( <u>2,341</u> )	<u>-</u>	( <u>2,341</u> )	<u>-</u>
3XXX	<b>Total Equity</b>	<u>1,206,838</u>	<u>72</u>	<u>1,068,681</u>	<u>76</u>
	<b>Total Liabilities and Equity</b>	<u>\$ 1,665,558</u>	<u>100</u>	<u>\$ 1,397,658</u>	<u>100</u>

The accompanying Notes are an integral part of these parent company only financial statements.

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORPORATION  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**

For the period from January 1 to December 31, 2023 and 2022.

Unit: NT\$ thousand, except Earnings per Share (NT dollars)

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 4 and 23)				
4100	Sales revenue	\$ 1,747,234	98	\$ 1,016,216	94
4800	Other operating revenue	<u>44,212</u>	<u>2</u>	<u>68,083</u>	<u>6</u>
4000	Total operating revenue	<u>1,791,446</u>	<u>100</u>	<u>1,084,299</u>	<u>100</u>
	Operating costs (Notes 4, 11, 20 and 24)				
5110	Cost of goods sold	1,239,848	69	694,695	64
5800	Other operating costs	<u>40,721</u>	<u>2</u>	<u>63,590</u>	<u>6</u>
5000	Total operating costs	<u>1,280,569</u>	<u>71</u>	<u>758,285</u>	<u>70</u>
5900	Gross profit	510,877	29	326,014	30
5910	Unrealized sales profit	( 21 )	-	( 21 )	-
5920	Realized sales profit	<u>21</u>	<u>-</u>	<u>21</u>	<u>-</u>
5950	Gross operating profit realized	<u>510,877</u>	<u>29</u>	<u>326,014</u>	<u>30</u>
	Operating expenses (Notes 20 and 24)				
6100	Marketing expenses	88,483	5	60,404	6
6200	Administrative expenses	43,957	3	36,590	3
6300	Research and development expenses	95,812	5	84,127	8
6450	Expected credit loss (Note 10)	<u>1,933</u>	<u>-</u>	<u>29</u>	<u>-</u>
6000	Total operating expenses	<u>230,185</u>	<u>13</u>	<u>181,150</u>	<u>17</u>
6900	Operating net profit	<u>280,692</u>	<u>16</u>	<u>144,864</u>	<u>13</u>
	Non-operating revenue and expenses (Note 24)				
7010	Other revenue	3,285	-	5,096	1
7020	Other gain and losses	11,904	1	2,474	-
7050	Finance costs	( 46 )	-	( 24 )	-
7070	Share of losses of subsidiaries accounted for using the equity method	( 660 )	-	( 1,313 )	-
7100	Interest income	<u>10,763</u>	<u>-</u>	<u>4,373</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>25,246</u>	<u>1</u>	<u>10,606</u>	<u>1</u>
7900	<b>Net Profit Before Tax</b>	305,938	17	155,470	14
7950	Income tax expense (Notes 4 and 25)	<u>60,713</u>	<u>4</u>	<u>23,242</u>	<u>2</u>
8200	<b>Total Comprehensive Income for the Year</b>	<u>245,225</u>	<u>13</u>	<u>132,228</u>	<u>12</u>
	<b>Other Comprehensive Income (Loss) (Notes 20 and 21)</b>				
8310	Items that may not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plan.	892	-	5,910	-
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	12,332	1	( 68,479 )	( 6 )
8349	Income tax related to items that may not be reclassified (Notes 4 and 25)	( <u>178</u> )	<u>-</u>	( <u>1,182</u> )	<u>-</u>
		<u>13,046</u>	<u>1</u>	( <u>63,751</u> )	( <u>6</u> )
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	( 561 )	-	547	-
8399	Income tax relating to items that may be reclassified (Notes 4 and 25)	<u>112</u>	<u>-</u>	( <u>110</u> )	<u>-</u>
		( <u>449</u> )	<u>-</u>	<u>437</u>	<u>-</u>
8300	<b>Profit or Loss for the Year of Other Comprehensive Income (Net of Tax)</b>	<u>12,597</u>	<u>1</u>	( <u>63,314</u> )	( <u>6</u> )
8500	<b>Total Comprehensive Income for the Year</b>	<u>\$ 257,822</u>	<u>14</u>	<u>\$ 68,914</u>	<u>6</u>
	Earnings per share (Note 26)				
9750	Basic	<u>\$ 4.38</u>		<u>\$ 2.36</u>	
9850	Dilution	<u>\$ 4.33</u>		<u>\$ 2.33</u>	

The accompanying Notes are an integral part of these parent company only financial statements.

**Chairman: Lin, Kuan-Ming**

**Manager: Young, Yu-Che**

**Head of Accounting: Chen, Yun-Chen**

RUBY TECH CORP  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the period from January 1 to December 31, 2023 and 2022.

Unit: NT\$ thousand

Code		Capital Surplus				Retained Earnings		Other Equity Interest		Treasury Shares	Total Equity
		Capital – Common Stock	Share Premium	Received Gift(s)	Treasury Share Transactions	Legal Reserve	Undistributed Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) From Financial Assets Measured at Fair Value Through Other Comprehensive Income		
A1	Balance as of January 1, 2022	\$ 544,712	\$ 26,756	\$ 173	\$ 12,040	\$ 149,942	\$ 245,352	( \$ 2,486 )	\$ 145,284	( \$ 2,341 )	\$ 1,119,432
	Appropriation and distribution of earnings in 2021										
B1	Legal reserve	-	-	-	-	15,885	( 15,885 )	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	( 119,665 )	-	-	-	( 119,665 )
D1	Net profit for 2022	-	-	-	-	-	132,228	-	-	-	132,228
D3	Other comprehensive income (loss) after tax for 2022	-	-	-	-	-	4,728	437	( 68,479 )	-	( 63,314 )
D5	Total comprehensive income for 2022	-	-	-	-	-	136,956	437	( 68,479 )	-	68,914
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income.	-	-	-	-	-	59,518	-	( 59,518 )	-	-
Z1	Balance as of December 31, 2022	544,712	26,756	173	12,040	165,827	306,276	( 2,049 )	17,287	( 2,341 )	1,068,681
	Appropriation and distribution of earnings for 2022										
B1	Legal reserve	-	-	-	-	19,647	( 19,647 )	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	( 119,665 )	-	-	-	( 119,665 )
B9	Shareholders' share dividends	16,318	-	-	-	-	( 16,318 )	-	-	-	-
D1	Net Profit for 2023	-	-	-	-	-	245,225	-	-	-	245,225
D3	Other comprehensive income (loss) after tax for 2023	-	-	-	-	-	714	( 449 )	12,332	-	12,597
D5	Total comprehensive income for 2023	-	-	-	-	-	245,939	( 449 )	12,332	-	257,822
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income.	-	-	-	-	-	9,164	-	( 9,164 )	-	-
Z1	Balance as of December 31, 2023	<u>\$ 561,030</u>	<u>\$ 26,756</u>	<u>\$ 173</u>	<u>\$ 12,040</u>	<u>\$ 185,474</u>	<u>\$ 405,749</u>	( <u>\$ 2,498</u> )	<u>\$ 20,455</u>	( <u>\$ 2,341</u> )	<u>\$ 1,206,838</u>

The accompanying Notes are an integral part of these parent company only financial statements.

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP  
**PARENT COMPANY ONLY STATEMENT OF CASH FLOWS**

For the period from January 1 to December 31, 2023 and 2022.

Unit: NT\$ thousand

Code		2023	2022
<b>Cash Flows from Operating Activities</b>			
A10000	Net profit before tax for the year	\$ 305,938	\$ 155,470
A20010	Income and expense items:		
A20100	Depreciation expense	13,761	12,462
A20200	Amortization expenses	1,877	2,417
A20300	Expected credit impairment losses	1,933	29
A20400	Net (gains) losses on financial assets at fair value through profit or loss	( 6,827)	20,595
A20900	Finance costs	46	24
A21200	Interest income	( 10,763)	( 4,373)
A21300	Dividend revenue	( 2,918)	( 4,505)
A22400	Share of losses of subsidiaries accounted for using the equity method	660	1,313
A23700	Loss for inventory depreciation and slow-moving inventories	25,375	7,022
A23900	Unrealized sales profit	21	21
A24000	Realized sales profit	( 21)	( 21)
A24100	Unrealized foreign exchange net losses	12,360	1,697
A29900	Net pension costs unprovisioned	( 996)	( 962)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 3,216)	( 328)
A31150	Accounts receivable	( 269,488)	( 35,538)
A31180	Other receivables	104,039	( 32,859)
A31200	Inventories	( 61,200)	( 63,831)
A31240	Other current assets	( 3,219)	450
A32125	Contract liabilities - current	( 4,939)	( 7,456)
A32130	Notes payable	28,249	( 8,873)
A32150	Accounts payable	24,323	25,021
A32180	Other payables	38,563	( 526)
A32200	Provisions for liabilities - current	449	189
A32230	Other Current Liabilities	579	141
A33000	Operating cash flows	194,586	67,579
A33100	Interest income	11,117	3,821
A33300	Interest paid	( 46)	( 24)
A33500	Income tax paid	( 23,901)	( 26,147)
AAAA	Net cash inflows from operating activities	<u>181,756</u>	<u>45,229</u>
<b>Cash Flows from Investing Activities</b>			
B00010	Gain on financial assets at fair value through other comprehensive income	( 29,967)	( 5,577)
B00020	Disposal of financial assets at fair value through other comprehensive income	33,566	76,888
B00040	Obtain financial assets measured at amortized cost	( 61,540)	( 114)
B00050	Disposal of financial assets measured at amortized cost	-	16,267
B00100	Obtain financial assets at fair value through profit or loss	( 766)	( 15,415)
B00200	Disposal of financial assets measured at fair value through profit or loss	8,934	9,140
B02700	Procurement of property, plant, and equipment	( 12,582)	( 9,315)
B03700	Increase in refundable deposits	( 420)	( 1,550)
B04500	Procurement of intangible assets	( 756)	( 3,928)
B07600	Receipt other dividends	2,918	4,505
BBBB	Net cash flows (used in) from investing activities	<u>( 60,613)</u>	<u>70,901</u>
<b>Cash Flows from Financing Activities</b>			
C03100	Deposit refunded	( 1)	( 1)
C04020	Repayment of the principal portion of lease liabilities	( 4,177)	( 3,345)
C04500	Distribution of cash dividends	( 119,665)	( 119,665)
CCCC	Cash outflows from financing activities.	<u>( 123,843)</u>	<u>( 123,011)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	( 2,040)	( 1,075)
EEEE	Net decrease in cash and cash equivalents	( 4,740)	( 7,956)
E00100	Cash and cash equivalent balances at the beginning of the year	<u>286,680</u>	<u>294,636</u>
E00200	Cash and cash equivalent balances at the end of the year	<u>\$ 281,940</u>	<u>\$ 286,680</u>

The accompanying Notes are an integral part of these parent company only financial statements.

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

Ruby Tech Corp. for your reference:

## **Notes to the Parent Company Only Financial Statements**

**For the period from January 1 to December 31, 2023 and 2022**

(Unless otherwise noted, amounts are in thousands of New Taiwan dollars)

### **1. Company History**

Ruby Tech Corp. (hereinafter referred to as the “Company”) was established in Taipei in July 1981, and commenced operations in the same month, with its principal business being the research, manufacturing, and trading of optical fiber network equipment for central offices and customer premises, network management switches, and outdoor wireless networking equipment.

The company’s shares have been traded on the TPEx since September 8, 2009.

The parent company only financial statements are expressed in New Taiwan dollars, which is the functional currency of the Company.

### **2. Date and Procedures for Approving Financial Reports**

The parent company only financial report was approved by the Board of Directors on February 27, 2024.

### **3. New Standards, Amendments and Interpretations Adoptions**

(1) First-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as “FSC”).

The Company’s adoption of the amended IFRSs endorsed and issued into effect by the FSC will not result in any material changes to the accounting policies of the Company.

(2) IFRSs approved by the FSC applicable in 2024

<u>New/Amendment/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier Finance Arrangements	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.



Note 2: The seller-lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: Upon the first application of this amendment, partial disclosure requirements are exempted.

1. Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”

The amendment clarifies that for a sale and leaseback transaction, if the transfer of an asset satisfies the requirements in IFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale of the asset, the liability arising from the leaseback for the seller-lessee shall be accounted for in accordance with the lease liability requirements under IFRS 16. However, if the lease payments involve payments that are not based on an index or rate, the seller-lessee shall measure the liability in a manner that does not recognize any gain or loss relating to the right of use retained. Subsequently, the difference between the lease payments included in the calculation of the lease liability and the actual payments shall be recognized in profit or loss.

2. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (2020 amendments) and “Non-current Liabilities with Covenants” (2022 amendments)

The amendment in 2020 clarifies that in determining whether a liability is classified as non-current, an entity shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If the entity has such a right, the liability is classified as non-current, regardless of whether the entity expects to exercise that right.

The amendments in 2020 further stipulated that if the Company is required to comply with specific conditions in order to have the right to defer settlement of a liability, it must comply with those conditions as of the end of the reporting period, even if the lender does not test for compliance until a later date. The 2022 amendment further clarifies that only the contractual terms that must be complied with before the end of the reporting period will affect the classification of liabilities. While the contractual terms that must be complied with within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable financial statement users to understand the risk that the company may not comply with the contractual terms and have to repay within 12 months after the reporting period.

The 2020 amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to the transfer of cash, other economic resources, or the Company’s equity instruments to the counterparty, resulting in the extinguishment of the liability. However, if the terms of the liability could result in its settlement by the transfer of equity instruments of the company at the option of the counterparty, and if that option meets the criteria for separate recognition in equity under IAS 32 “Financial Instruments: Presentation,” then such a term does not affect the classification of the liability.

### 3. Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

The characteristics of a supplier finance arrangement are that one or more finance providers undertake to pay amounts owed by an entity to its suppliers, and the entity undertakes to pay the finance providers on the dates that the suppliers are paid, or at a later date, in accordance with the terms and conditions of the arrangement. The amendment requires an entity to disclose information that enables users of financial statements to evaluate the effect of supplier finance arrangements on its liabilities, cash flows, and liquidity risk exposure.

Except for the aforementioned impacts, as of the date of issuance of these parent company only financial statements, the Company assessed that the amendments to other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

#### (3) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/Amendment/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be confirmed
IFRS 17 “Insurance Contracts”	January 1, 2023
IFRS 17 “Amendments”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, the cumulative effect will be recognized in retained earnings at the date of initial application. When the Company uses a non-functional currency as the presentation currency, the cumulative effect will be adjusted against the foreign currency translation reserve under equity on the initial application date.

1. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

If the Company sells or contributes assets to an associate or joint venture, or loses control of a subsidiary while retaining significant influence (or joint control) over that former subsidiary, and the assets or former subsidiary constitutes a “business” as defined in IFRS 3 Business Combinations, the Company shall recognize the full gain or loss on such transactions.

Furthermore, if the Company sells or contributes assets to an associate (or a joint venture), or loses control of a subsidiary but retains significant influence (or joint control) over that former subsidiary in a transaction with an associate (or a joint venture), the Company recognizes only the portion of the gain or loss on the sale or contribution relating to the unrelated investors’ interests in the associate (or joint venture). That is, the portion of the gain or loss attributable to the Company’s interests is eliminated unless the assets sold or contributed do not constitute a business as defined in IFRS 3 “Business Combinations.

2. Amendment to IAS 21 “Lack of Exchangeability”

The amendment specifies that when an enterprise can enter into an exchange transaction with an executable right and obligation through the market or exchange mechanism within the normal management delay period to exchange one currency for another, the currency is considered convertible. When the currency is not convertible on the measurement date, the Company should estimate the spot exchange rate to reflect the rate that market participants would use in an orderly transaction considering the economic circumstances prevailing on the measurement date. In this case, the Company should also disclose information to enable financial statement users to evaluate how the lack of currency convertibility affects or is expected to affect its operating results, financial position and cash flows.

Apart from the aforementioned impacts, as of the date the parent company only financial statements were authorized for issuance, the Company is continuously evaluating the impact of amendments to other standards and interpretations on its financial position and financial performance, and the relevant impact will be disclosed upon completion of the evaluation.

#### **4. Summary of Significant Accounting Policies**

##### **(1) Statement of Compliance**

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **(2) Basis of Preparation**

The parent company only financial statements, except for financial instruments measured at fair value and net defined benefit liabilities recognized as the present value of defined benefit obligations less the fair value of plan assets, have been prepared on a historical cost basis.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs refer to an unobservable input for an asset or liability.

For the preparation of the parent company only financial statements, the Company used the equity method in evaluating the investment in subsidiaries. Certain adjustments have been made to the investments accounted for by the equity method, the share of profit or loss of subsidiaries accounted for by the equity method, and related equity components, for the parent company only income, other comprehensive income and equity to be identical to the consolidated income, other comprehensive income and equity attributable to owners of the Company.

##### **(3) The Criteria for Classification of Assets and Liabilities as Current or Non-current**

Current assets including:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within twelve months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities due after more than 12 months from the balance sheet date).

Current liabilities including:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Assets or liabilities that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

#### (4) Foreign Currency

At the end of each reporting period, foreign currency monetary items shall be translated using the closing rate; non-monetary items that are measured in terms of historical cost shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value shall be translated using the exchange rates at the date when the fair value was measured.

At the end of each reporting period, foreign currency monetary items are translated at the closing rate of exchange. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of such items are recognized in profit or loss for the period, except for exchange differences arising on the translation of items whose fair value changes are recognized in other comprehensive income, in which case such exchange differences are recognized in other comprehensive income.

At the cost of historical measurement, foreign currency non-monetary items are translated at the exchange rates prevailing on the transaction dates and are not restated.

#### (5) Inventories

Inventories consist of merchandise, finished goods, work in progress, and raw materials. Inventories are measured at the lower of cost and net realizable value. The comparison between cost and net realizable value is conducted on an item-by-item basis, except for items within the same category of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted-average method.

## (6) Investments in Subsidiaries

The Company accounts for investments in subsidiaries using the equity method.

A subsidiary refers to an entity over which the Company has control.

Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. In addition, changes in the Company's share of the equity of the subsidiary are recognized based on the shareholding ratio.

When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that, in substance, form part of the Company's net investment in the subsidiary), losses are continued to be recognized based on the shareholding ratio.

The Company assesses impairment by considering the cash-generating unit as a whole and comparing its recoverable amount with the carrying amount in the financial statements. If the recoverable amount of an asset subsequently increases, the reversal of the impairment loss is recognized as a gain. However, the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized, net of amortization. Impairment losses relating to goodwill cannot be reversed in subsequent periods.

Unrealized gains or losses from downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. The unrealized profit or loss resulting from upstream, downstream, and sidestream transactions between the Company and its subsidiaries has been eliminated from the parent company only financial statements to the extent of the Company's interest in the subsidiaries.

## (7) Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for self-owned land, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant portion. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the assets is recognized in profit or loss.

## (8) Intangible Assets

### 1. Acquired Separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. The estimated useful life, residual value, and amortization method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

### 2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the current period.

## (9) Impairment of Property, Plant and Equipment, Right-Of-Use Assets and Intangible Assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of the parent company only asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets with indefinite useful lives, impairment tests are conducted at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of fair value less costs to sell and its value in use. When the recoverable amount of a parent company only asset or cash-generating unit is less than its carrying amount, the carrying amount of that asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years, net of amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

## (10) Financial Instruments

The management of the Company when the Company becomes a party to the contractual provisions of a financial instrument, financial assets and financial liabilities are recognized on the balance sheet.

When originally recognizing financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus directly attributable transaction costs incurred in acquiring or issuing the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

## 1. Financial Assets

The conventional trading of financial assets adopts trade date accounting for recognition and derecognition.

### (1) Types of Measurement

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets measured at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

#### A. Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated as at fair value through other comprehensive income.

Through profit or loss, financial assets at fair value are measured at fair value, with dividends and interest recognized as other income and interest income, respectively, while remeasurement gains or losses are recognized as other gains and losses. For the determination of fair value, please refer to Note 28.

#### B. Financial Assets at Amortized Cost

The following sentence is classified as financial assets measured at amortized cost if the Company's investment in financial assets meet the following two conditions simultaneously:

- a. are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable and other receivables) are measured at amortized cost less any impairment loss after initial recognition, with any foreign exchange gain or loss recognized in profit or loss, using the effective interest method to determine the total carrying amount.

Except for the following two situations, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- b. For financial assets that were not purchased or originated as credit-impaired, but subsequently became credit-impaired, interest revenue should be calculated by applying the effective interest rate to the amortized cost of the financial assets from the reporting period after the credit impairment occurred.

Cash equivalents include time deposits and securities sold under repurchase agreements that are highly liquid and can be converted into fixed amounts of cash at any time with minimal risk of value changes within three months from the date of acquisition, and are used to meet short-term cash commitments.

#### C. Equity Investments Measured at Fair Value Through Other Comprehensive Income

At the time of initial recognition, the Company may make an irrevocable election to designate investments in equity instruments that are not held for trading and not contingent consideration recognized by an acquirer in a business combination as at fair value through other comprehensive income.

The investments in equity instruments at fair value through other comprehensive income are measured at fair value, with subsequent fair value changes presented in other comprehensive income and accumulated in other equity. Upon disposal of the investments, the accumulated gains or losses are directly transferred to retained earnings, not reclassified to profit or loss.

When the Company's right to receive dividends from an investment in equity instruments measured at fair value through other comprehensive

income is established, such dividends are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

## (2) Impairment of Financial Assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on expected credit losses on each balance sheet date.

Accounts receivable are recognized with an allowance for expected credit losses over the remaining period. For other financial assets, an assessment is made at each reporting date as to whether the credit risk has increased significantly since initial recognition. If credit risk has not increased significantly, an allowance for 12-month expected credit losses is recognized.

The expected credit loss is a weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss arising from possible default events within 12 months after the reporting date of the financial instrument, while the lifetime expected credit loss represents the expected credit losses arising from all possible default events over the expected life of the financial instrument.

For internal credit risk management purposes, irrespective of any collateral held, the Company considers the following situations as constituting an event of default of a financial asset:

- A. There is internal or external information indicating that it is no longer probable that the debtor will be able to pay its credit obligations in full.
- B. Over 180 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

With respect to impairment of financial assets, impairment losses on all financial assets are deducted through an allowance account from their carrying amounts, except for investments in equity instruments measured at fair value through other comprehensive income, for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

### (3) Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. Upon derecognition of an investment in an equity instrument measured at fair value through other comprehensive income in its entirety, the cumulative gain or loss is directly transferred to retained earnings without reclassification to profit or loss.

## 2. Financial Liabilities

### (1) Subsequent Measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### (2) Derecognition of Financial Liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

### (11) Provisions for Liabilities

The amount recognized as a provision for liabilities is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

The obligation for product warranties to guarantee that products comply with agreed-upon specifications is recognized as revenue is recognized for the related goods, based on management's best estimate of the expenditure required to settle the Company's obligation.

### (12) Recognition of Revenue

When the Company identifies performance obligations in a customer contract, the transaction price is allocated to the performance obligations, and revenue is recognized when the performance obligations are satisfied.

## 1. Sales of Goods Revenue

Revenue from the sale of goods is derived from the sale of optical fiber network equipment. As the customer has obtained control over the products with a fixed price and the right to use after satisfying the performance obligations under the transaction terms, and bears the primary responsibility for resale and the risk of obsolescence, the Company recognizes revenue and accounts receivable at that point in time. Advance receipts from product sales are recognized as contract liabilities prior to satisfying the performance obligations under the transaction terms.

During toll processing, the control of ownership over the processed products does not transfer, so revenue is not recognized at the time of toll processing.

## 2. Provision of Services

The services revenue is derived from commodity inspection services revenue, which is recognized when the services are rendered.

## (13) Leases

The Company assesses whether a contract is or contains a lease on the date of establishment of the contract.

### 1. The Company as a Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments, net of lease incentives received, are recognized as income on a straight-line basis over the respective lease terms.

### 2. The Company as a Lessee

Except for low-value asset leases and short-term leases to which recognition exemptions apply, and for which lease payments are recognized as an expense on a straight-line basis over the lease term, right-of-use assets and lease liabilities are recognized for all other leases at the commencement date of the lease.

The right-of-use assets are initially measured at cost (including the initial measurement amount of the lease liabilities, lease payments made before the lease commencement date less any lease incentives received, initial direct costs, and estimated costs for restoring the underlying asset), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for any remeasurement of the lease liabilities. The right-of-use assets are presented separately in the parent company only balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments (including fixed payments). If the interest rate implicit in the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are allocated over the lease term. The lease liabilities are presented separately on the parent company only balance sheet.

#### (14) Employee Benefits

##### 1. Short-Term Employee Benefits

The short-term employee benefits related liabilities are measured at the undiscounted amount of the consideration expected to be paid in exchange for that service rendered by employees.

##### 2. Retirement Benefits

The retirement benefits under the defined contribution pension plan are recognized as expenses when employees have rendered services entitling them to the contributions.

The defined benefit costs (including service cost, net interest, and remeasurements) of the defined benefit retirement plan are actuarially calculated using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense when incurred. Remeasurements (including actuarial gains and losses and return on plan assets excluding interest) are recognized in other comprehensive income and included in retained earnings when incurred, and will not be reclassified to profit or loss subsequently.

The net defined benefit liability (asset) is the deficit (surplus) of the defined benefit retirement plan. The net defined benefit asset may not exceed the present value of any available future refund or reduction in contributions to the plan.

## (15) Income Tax

The income tax expense is the sum of current income tax and deferred income tax.

### 1. Current Income Tax

In accordance with the laws and regulations established by each income tax filing jurisdiction, the Company determines its current income and calculates the income tax payable accordingly.

According to the Income Tax Act of the Republic of China, the undistributed earnings additional tax is recognized in the year of shareholders' resolution.

The adjustment of prior years' income tax payable is included in the current income tax.

### 2. Deferred Tax

Deferred income tax is calculated based on the temporary differences between the carrying amounts of assets and liabilities and their respective tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to such investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax assets that were previously unrecognized are also reviewed at each balance sheet date, and the carrying amount is increased to the extent that it has become probable that future taxable profit will allow the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted as of the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to

recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

### 3. Current and Deferred Income Taxes

The current and deferred income taxes shall be recognized in profit or loss, except for those related to items recognized in other comprehensive income or directly in equity, which shall be respectively recognized in other comprehensive income or directly in equity.

## 5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In the process of applying the Company's accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The management will continually review the estimates and basic assumptions. If the modification of estimates affects only the current period, it is recognized in the period of modification; if the modification of accounting estimates affects both the current period and future periods, it is recognized in the period of modification and future periods.

### Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

#### Impairment of Inventories

The net realizable value of inventories is estimated based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, which is estimated based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially impact these estimates.

## 6. Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on Hand	\$ 366	\$ 370
Checks and demand deposits	17,037	13,800
Cash equivalents		
Bank time deposits with an original maturity within 3 months	149,000	156,672
Securities sold under repurchase agreements	<u>115,537</u>	<u>115,838</u>
	<u>\$ 281,940</u>	<u>\$ 286,680</u>

The market interest rate ranges for bank deposits and securities sold under repurchase agreements on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash in Banks	0.005%~1.45%	0.005%~5.20%
Securities sold under repurchase agreements	0.71%~5.50%	0.54%~3.50%

## 7. Current Financial Assets Measured at Fair Value Through Profit or Loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic Investment</u>		
Domestic listed and emerging shares	\$ 4,911	\$ 15,430
Domestic unlisted shares	<u>28,710</u>	<u>19,532</u>
	<u>\$ 33,621</u>	<u>\$ 34,962</u>

The Company recognized dividend income of \$1,042 thousand and \$1,042 thousand for the years ended December 31, 2023 and 2022, respectively, which were all related to those still held as of December 31, 2023 and 2022, respectively.



## 8. Current Financial Assets Measured at Fair Value Through Other Comprehensive Income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic Investment</u>		
Domestic listed (OTC) and emerging shares	\$ 27,086	\$ 47,531
Domestic unlisted shares	<u>48,710</u>	<u>19,532</u>
	<u>\$ 75,796</u>	<u>\$ 67,063</u>

The Company invests in accordance with its medium and long-term strategic objectives and expects to profit from long-term investments. The management of the Company believes that recognizing short-term fluctuations in fair value of these investments in profit or loss is inconsistent with the aforementioned long-term investment plans. Therefore, the Company has elected to designate these investments as measured at fair value through other comprehensive income.

The Company recognized dividend income of \$1,876 thousand and \$3,463 thousand for the years ended December 31, 2023 and 2022, respectively. Of the dividend income recognized in 2022, \$2,050 thousand pertained to investments that have been entirely disposed of, while the remaining amounts were related to investments still held as of December 31, 2023 and 2022, respectively.

## 9. Financial Assets at Amortized Cost - Current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturities over 3 months (1)	\$ 228,525	\$ 168,100
Pledged time deposit certificates (2)	<u>16,000</u>	<u>16,000</u>
	<u>\$ 244,525</u>	<u>\$ 184,100</u>

(1) As of December 31, 2023 and 2022, the range of interest rates on time deposits with original maturities over 3 months was 1.30% to 5.62% and 1.195% to 1.44% per annum, respectively.

(2) As of December 31, 2023 and 2022, the interest rate ranges for pledged time deposits were 1.16% to 1.565% and 1.035% to 1.44% per annum, respectively. For information on pledged financial assets measured at amortized cost, refer to Note 30.

## 10. Notes Receivable, Accounts Receivable and Other Receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Arising from operations.	\$ <u>3,547</u>	\$ <u>331</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 353,706	\$ 96,857
Less: Allowance for loss	( <u>2,172</u> )	( <u>94</u> )
	<u>\$ 351,534</u>	<u>\$ 96,763</u>
<u>Other receivables</u>		
Other receivables - Hua Nan Commercial Bank	\$ 28,415	\$ 132,087
Receivable tax refund - business tax	4,665	6,143
Others	<u>312</u>	<u>620</u>
	33,392	138,850
Less: Allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 33,392</u>	<u>\$ 138,850</u>

### Accounts receivable

The average credit period on sales of goods and finished products of the Company ranges from 30 to 60 days. The Company's policy is to evaluate the creditworthiness of major customers using available financial information and transaction records.

To mitigate credit risk, the management of the Company has assigned a dedicated unit responsible for determining credit limits, approving credit, and other monitoring procedures to ensure appropriate actions have been taken to recover overdue receivables. Furthermore, the Company reviews the recoverable amount of each receivable on the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. When necessary, the Company also purchases accounts receivable factoring agreements or accounts receivable insurance to reduce the risk of financial losses arising from delinquencies. Accordingly, the management of the Company believes that its credit risk has been significantly reduced.

The Company adopts the simplified approach of IFRS 9 to recognize the allowance for credit losses for accounts receivable based on expected credit losses over the duration. Expected credit losses over the duration are calculated using a provision matrix that considers the customer's past default records, current financial position, industry economic situation, and also takes into account GDP forecasts and industry prospects. Since the credit loss experience of the Company shows no significant differences in the patterns of losses among different customer groups, the provision matrix does not further distinguish customer groups, but establishes the expected

credit loss rate solely based on the number of days accounts receivable are past due.

If there is evidence indicating that the counterparty is experiencing severe financial difficulties and the Company cannot reasonably expect to recover the amount due, for instance when the counterparty has commenced dissolution or reorganization proceedings, or the receivable is overdue for more than 180 days, the Company recognizes 100% allowance for impairment loss. However, the Company continues its pursuit for recovery, and any amount recovered is recognized in profit or loss.

Based on the provision matrix, the Company measures the allowance for credit losses on accounts receivable as follows:

#### December 31, 2023

	<u>Not overdue</u>	<u>1 to 30 days overdue</u>	<u>31 to 60 days overdue</u>	<u>61 to 90 days overdue</u>	<u>91 to 180 days overdue</u>	<u>Overdue for more than 181 days</u>	<u>Total</u>
Expected credit losses	0.03%	0.13%	1.16%	3.30%	21.16%	100%	
Total carrying amount	\$ 291,979	\$ 58,853	\$ 307	\$ 589	\$ -	\$ 1,978	\$ 353,706
Allowance for losses (expected credit losses during the duration)	( 91 )	( 80 )	( 3 )	( 20 )	-	( 1,978 )	( 2,172 )
Amortized cost	<u>\$ 291,888</u>	<u>\$ 58,773</u>	<u>\$ 304</u>	<u>\$ 569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,534</u>

#### December 31, 2022

	<u>Not overdue</u>	<u>1 to 30 days overdue</u>	<u>31 to 60 days overdue</u>	<u>61 to 90 days overdue</u>	<u>91 to 180 days overdue</u>	<u>Overdue for more than 181 days</u>	<u>Total</u>
Expected credit losses	0.03%	0.13%	1.16%	3.30%	13.39%	100%	
Total carrying amount	\$ 66,295	\$ 27,585	\$ 2,975	\$ -	\$ -	\$ 2	\$ 96,857
Allowance for losses (expected credit losses during the duration)	( 21 )	( 36 )	( 35 )	-	-	( 2 )	( 94 )
Amortized cost	<u>\$ 66,274</u>	<u>\$ 27,549</u>	<u>\$ 2,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,763</u>

The changes in allowance for doubtful accounts are as follows:

	<u>2023</u>	<u>2022</u>
Year-begin balance	\$ 94	\$ 65
Add: Provision for impairment losses in the current year	<u>2,078</u>	<u>29</u>
Year-end balance	<u>\$ 2,172</u>	<u>\$ 94</u>

Compared to the beginning balance, the total carrying amount of accounts receivable increased by \$256,849 thousand and \$33,762 thousand as of December 31, 2023 and 2022, respectively, and the allowance for losses increased by \$2,078 thousand and \$29 thousand respectively.

### Other Receivables

The Company's other receivables as of December 31, 2023 and 2022 were primarily factored but unutilized accounts and receivables from tax refunds. Except for receivables from tax refunds, the remaining accounts were mainly within 90 days (based on the entry date).

The Company assesses the provision for impairment loss of other receivables based on the possibility of collection. After evaluating the possibility of collection, it is unlikely that the receivables cannot be recovered, and therefore no provision for impairment loss is required.

The amount of accounts receivable securitization undertaken by the Company and related information are provided in Note 28(5) Transferred Financial Assets.

### **11. Inventories**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Merchandise	\$ 718	\$ 851
Finished good	116,572	22,301
Work in progress	31,097	33,703
Raw materials	<u>190,814</u>	<u>246,521</u>
	<u>\$ 339,201</u>	<u>\$ 303,376</u>

The nature of cost of goods sold is as follows:

	<b>2023</b>	<b>2022</b>
Cost of goods sold	\$ 1,214,473	\$ 687,673
Loss for inventory depreciation and slow-moving inventories	<u>25,375</u>	<u>7,022</u>
	<u>\$ 1,239,848</u>	<u>\$ 694,695</u>

The net realizable value of inventories decreased in 2023 and 2022 due to the recognition of inventory valuation losses resulting from an increase in the age of inventories.

## 12. Investments Accounted for Using the Equity Method

### Investment in Subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
GRAND IMPACT TECHNOLOGY LIMITED	<u>\$ 27,812</u>	<u>\$ 29,033</u>

<u>Name of Subsidiaries</u>	<u>Percentage of ownership and voting rights</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
GRAND IMPACT TECHNOLOGY LIMITED	100%	100%
Ruby Tech (Beijing) Co., Ltd.	100%	100%

The share of profit or loss and other comprehensive income of subsidiaries accounted for using the equity method for 2023 and 2022 was recognized based on the audited financial statements of each subsidiary for the same periods.

## 13. Property, Plant and Equipment

	<u>Self-owned land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office Equipment</u>	<u>Lease improvements</u>	<u>Other Equipment</u>	<u>Equipment Awaiting Inspection (Work in Progress)</u>	<u>Total</u>
<u>Cost</u>									
Balance as of January 1, 2023	\$ 185,892	\$ 49,100	\$ 37,287	\$ 5,274	\$ 10,881	\$ 974	\$ 29,894	\$ -	\$ 319,302
Addition	-	-	2,530	-	245	-	9,807	-	12,582
Disposal	-	-	(163)	-	(109)	-	(821)	-	(1,093)
Balance as of December 31, 2023	<u>\$ 185,892</u>	<u>\$ 49,100</u>	<u>\$ 39,654</u>	<u>\$ 5,274</u>	<u>\$ 11,017</u>	<u>\$ 974</u>	<u>\$ 38,880</u>	<u>\$ -</u>	<u>\$ 330,791</u>
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2023	\$ -	\$ 23,777	\$ 25,887	\$ 4,262	\$ 7,818	\$ 840	\$ 23,824	\$ -	\$ 86,408
Depreciation expense	-	1,845	3,155	270	828	134	3,339	-	9,571
Disposal	-	-	(163)	-	(109)	-	(821)	-	(1,093)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 25,622</u>	<u>\$ 28,879</u>	<u>\$ 4,532</u>	<u>\$ 8,537</u>	<u>\$ 974</u>	<u>\$ 26,342</u>	<u>\$ -</u>	<u>\$ 94,886</u>
Net amount as of December 31, 2023	<u>\$ 185,892</u>	<u>\$ 23,478</u>	<u>\$ 10,775</u>	<u>\$ 742</u>	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ 12,538</u>	<u>\$ -</u>	<u>\$ 235,905</u>
<u>Cost</u>									
Balance as of January 1, 2022	\$ 185,892	\$ 40,835	\$ 33,755	\$ 5,274	\$ 9,496	\$ 974	\$ 33,553	\$ 7,566	\$ 317,345
Addition	-	3,712	4,060	-	661	-	732	150	9,315
Reclassification	-	4,553	-	-	1,135	-	2,028	(7,716)	-
Disposal	-	-	(528)	-	(411)	-	(6,419)	-	(7,358)
Balance as of December 31, 2022	<u>\$ 185,892</u>	<u>\$ 49,100</u>	<u>\$ 37,287</u>	<u>\$ 5,274</u>	<u>\$ 10,881</u>	<u>\$ 974</u>	<u>\$ 29,894</u>	<u>\$ -</u>	<u>\$ 319,302</u>
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2022	\$ -	\$ 21,864	\$ 23,563	\$ 3,992	\$ 7,457	\$ 620	\$ 27,152	\$ -	\$ 84,648
Depreciation expense	-	1,913	2,852	270	772	220	3,091	-	9,118
Disposal	-	-	(528)	-	(411)	-	(6,419)	-	(7,358)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 23,777</u>	<u>\$ 25,887</u>	<u>\$ 4,262</u>	<u>\$ 7,818</u>	<u>\$ 840</u>	<u>\$ 23,824</u>	<u>\$ -</u>	<u>\$ 86,408</u>
Net amount as of December 31, 2022	<u>\$ 185,892</u>	<u>\$ 25,323</u>	<u>\$ 11,400</u>	<u>\$ 1,012</u>	<u>\$ 3,063</u>	<u>\$ 134</u>	<u>\$ 6,070</u>	<u>\$ -</u>	<u>\$ 232,894</u>

For the years 2023 and 2022, as there were no indications of impairment, the Company did not perform an impairment assessment.

The depreciation expenses are provided on a straight-line basis over the following estimated useful lives:

Buildings	
Plant main buildings	21 - 50 years
Electromechanical Power Equipment	5 - 8 years
Engineering systems	3 - 5 years
Parking Lot	18 years
Machinery and equipment	3 - 5 years
Transportation equipment	5 years
Office Equipment	3 - 8 years
Lease improvements	Over the shorter of the useful life or lease term
Other Equipment	3 years

#### 14. Lease Agreements

##### (1) Right-Of-Use Assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use asset		
Buildings	\$ 5,833	\$ 935
Transportation equipment	<u>518</u>	<u>853</u>
	<u>\$ 6,351</u>	<u>\$ 1,788</u>
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 8,753</u>	<u>\$ 1,007</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 3,855	\$ 2,673
Transportation equipment	<u>335</u>	<u>671</u>
	<u>\$ 4,190</u>	<u>\$ 3,344</u>

The Company's right-of-use assets did not have any material sublease or impairment circumstances in 2023 and 2022, other than the aforementioned additions and recognition of depreciation expenses.

##### (2) Lease Liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$ 4,717</u>	<u>\$ 1,270</u>
Non-current	<u>\$ 1,649</u>	<u>\$ 520</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	1.00%	0.125% ~ 0.25%
Transportation equipment	0.75%	0.75%

The Company leases certain buildings for use as factories, with a lease term of 2 years. Upon the expiration of the lease term, the Company has no preferential right to purchase the leased buildings, and it is stipulated that without the consent of the lessor, the Company shall not sublease, transfer, assign or allow any third party to use the entire or a portion of the leased premises in any indirect manner.

The Company also leases transportation equipment for use as official vehicles, with a lease term of 3 years.

(3) Other Lease Information

	<u>2023</u>	<u>2022</u>
Short-term lease expense	<u>\$ 239</u>	<u>\$ -</u>
Low-value asset lease expenses	<u>\$ 73</u>	<u>\$ 98</u>
Total cash outflow from leases	<u>\$ 4,535</u>	<u>\$ 3,451</u>

The Company elected to apply the recognition exemption for short-term leases of buildings and low-value asset leases of certain office equipment, and did not recognize right-of-use assets and lease liabilities for these leases.

## 15. Other Intangible Assets

	<u>Trademarks</u>	<u>Patents</u>	<u>Computer Software Cost</u>	<u>Golf Club Membership Certificate</u>	<u>Total</u>
<u>Cost</u>					
Balance as of January 1, 2023	\$ 500	\$ 1,705	\$ 27,614	\$ 2,900	\$ 32,719
Acquired separately	-	-	756	-	756
Disposal	-	-	( 871)	-	( 871)
Balance as of December 31, 2023	<u>\$ 500</u>	<u>\$ 1,705</u>	<u>\$ 27,499</u>	<u>\$ 2,900</u>	<u>\$ 32,604</u>
<u>Accumulated Amortization and Impairment</u>					
Balance as of January 1, 2023	\$ 500	\$ 423	\$ 25,634	\$ -	\$ 26,557
Amortization expenses	-	94	1,783	-	1,877
Disposal	-	-	( 871)	-	( 871)
Balance as of December 31, 2023	<u>\$ 500</u>	<u>\$ 517</u>	<u>\$ 26,546</u>	<u>\$ -</u>	<u>\$ 27,563</u>
Net amount as of December 31, 2023	<u>\$ -</u>	<u>\$ 1,188</u>	<u>\$ 953</u>	<u>\$ 2,900</u>	<u>\$ 5,041</u>
<u>Cost</u>					
Balance as of January 1, 2022	\$ 500	\$ 1,705	\$ 27,111	\$ -	\$ 29,316
Acquired separately	-	-	1,028	2,900	3,928
Disposal	-	-	( 525)	-	( 525)
balance as of December 31, 2022	<u>\$ 500</u>	<u>\$ 1,705</u>	<u>\$ 27,614</u>	<u>\$ 2,900</u>	<u>\$ 32,719</u>
<u>Accumulated Amortization and Impairment</u>					
Balance as of January 1, 2022	\$ 500	\$ 329	\$ 23,836	\$ -	\$ 24,665
Amortization expenses	-	94	2,323	-	2,417
Disposal	-	-	( 525)	-	( 525)
balance as of December 31, 2022	<u>\$ 500</u>	<u>\$ 423</u>	<u>\$ 25,634</u>	<u>\$ -</u>	<u>\$ 26,557</u>
Net amount as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,282</u>	<u>\$ 1,980</u>	<u>\$ 2,900</u>	<u>\$ 6,162</u>



The Company's golf club memberships are deemed as rights to use, and the management of the Company believes that the Company has the intention and ability to renew the memberships continuously, therefore they are considered as intangible assets with indefinite useful lives. However, regardless of any impairment indicators, impairment tests are conducted annually. The entrance fees of \$2,200 thousand for the golf club memberships are recorded as refundable deposits.

The amortization expense is provided on a straight-line basis over the following estimated useful lives:

Trademarks	10 years
Patents	10 - 18.58 years
Computer software costs	1 - 5 years

Summarized amortization expenses by function:

	<b>2023</b>	<b>2022</b>
Operating costs	\$ 77	\$ 43
Marketing expenses	92	45
Administrative expenses	482	391
Research and development expenses	<u>1,226</u>	<u>1,938</u>
	<u>\$ 1,877</u>	<u>\$ 2,417</u>

## 16. Other Assets

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<u>Current</u>		
Prepayments	\$ 5,929	\$ 2,788
Provisional payments	154	-
Others	<u>440</u>	<u>371</u>
	<u>\$ 6,523</u>	<u>\$ 3,159</u>
<u>Non-Current</u>		
Refundable deposits	\$ 3,706	\$ 3,286
Overdue receivables	5,675	5,675
Less: Allowance for loss	( <u>5,675</u> )	( <u>5,675</u> )
	<u>\$ 3,706</u>	<u>\$ 3,286</u>

Accounts receivable overdue are subject to legal collection procedures by the Company, with adequate allowance for doubtful accounts provided.

## 17. Notes Payable and Accounts Payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes Payable</u>		
Arising from operations.	\$ <u>96,003</u>	\$ <u>67,754</u>
<u>Accounts Payable</u>		
Arising from operations.	\$ <u>120,198</u>	\$ <u>100,212</u>

The average credit period of accounts payable of the Company range from 30 to 90 days. The Company has a financial risk management policy to ensure that all accounts payable are repaid within the agreed credit period.

## 18. Other Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Salaries and bonus payable	\$ 45,650	\$ 35,473
Employee compensation payable	36,767	21,391
Directors' remuneration payable	6,953	3,534
Leave payment payable	4,481	4,748
Others	<u>28,996</u>	<u>19,300</u>
	<u>\$ 122,847</u>	<u>\$ 84,446</u>
Other Liabilities		
Receivables under custody	\$ 2,483	\$ 2,011
Others	<u>312</u>	<u>205</u>
	<u>\$ 2,795</u>	<u>\$ 2,216</u>
<u>Non-Current</u>		
Guarantee deposits received	\$ 2	\$ 3
Others	<u>21</u>	<u>21</u>
	<u>\$ 23</u>	<u>\$ 24</u>

## 19. Provisions for Liabilities - Current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Warranty	<u>\$ 1,582</u>	<u>\$ 1,133</u>

	<u>Year-Begin Balance</u>	<u>Provision for the Year</u>	<u>Year-End Balance</u>
<u>2023</u>			
Product warranty provision	\$ 1,133	\$ 449	\$ 1,582
<u>2022</u>			
Product warranty provision	944	189	1,133

The warranty liability reserve is the present value of the company's management's best estimate of future economic benefits outflows arising from warranty obligations, based on the terms of the sales contract. This estimate is based on historical warranty experience and adjusted for new materials, process changes, or other events affecting product quality.

## 20. Retirement Benefit Plans

### (1) Defined Contribution Plans

The pension system applicable to the Company under the "Labor Pension Act" is a defined contribution plan administered by the government. The Company contributes an amount equal to 6% of each employee's monthly salary to parent company only pension accounts at the Bureau of Labor Insurance.

### (2) Defined Benefit Plan

The Company's retirement plan in accordance with the Labor Standards Act of Taiwan is a defined benefit pension plan administered by the government. Employee retirement benefits are calculated based on years of service and the average monthly salaries for the six months before the approved retirement date. The Company contributes an amount equivalent to 3% of employees' total salaries and wages on a monthly basis to the retirement fund deposited with the Bank of Taiwan under the name of the Labor Retirement Reserve Supervision Committee. Before the end of each year, the Company assesses whether the balance in the retirement fund is adequate to pay prospective retirees in the following year. Since the retirement fund is managed by the Bureau of Labor Funds, Ministry of Labor, the Company has no right to influence the investment strategy.

The amounts recognized in the parent company only balance sheet arising from the defined benefit plans are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 46,545	\$ 47,223
Plan asset fair value	( <u>34,095</u> )	( <u>32,885</u> )
Net defined benefit liability	<u>\$ 12,450</u>	<u>\$ 14,338</u>

Changes in Net defined benefit liability are as follows:

	<u>Present Value of Defined Benefit Obligation</u>	<u>Plan Asset Fair Value</u>	<u>Net Defined Benefit Liability</u>
January 1, 2022	\$ 50,448	( \$ 29,238 )	\$ 21,210
Service cost			
Service cost for the current period	176	-	176
Interest expenses (revenue)	<u>359</u>	( <u>208</u> )	<u>151</u>
Recognized in profit or loss	<u>535</u>	( <u>208</u> )	<u>327</u>
Remeasurement Amount:			
Actuarial losses - changes in financial assumptions	( 3,190 )	-	( 3,190 )
Actuarial losses - experience adjustments	( <u>570</u> )	( <u>2,150</u> )	( <u>2,720</u> )
Recognized in other comprehensive income	( <u>3,760</u> )	( <u>2,150</u> )	( <u>5,910</u> )
Contributions by employer	<u>-</u>	( <u>1,289</u> )	( <u>1,289</u> )
December 31, 2022	<u>47,223</u>	( <u>32,885</u> )	<u>14,338</u>
Service cost			
Service cost for the current period	155	-	155
Interest expenses (revenue)	<u>614</u>	( <u>428</u> )	<u>186</u>
Recognized in profit or loss	<u>769</u>	( <u>428</u> )	<u>341</u>
Remeasurement Amount:			
Actuarial losses - changes in financial assumptions	( 1,805 )	-	( 1,805 )
Actuarial gains - experience adjustments	<u>1,034</u>	( <u>121</u> )	<u>913</u>
Recognized in other comprehensive income	( <u>771</u> )	( <u>121</u> )	( <u>892</u> )
Contributions by employer	-	( 1,337 )	( 1,337 )
Benefits payment	( <u>676</u> )	<u>676</u>	<u>-</u>
December 31, 2023	<u>\$ 46,545</u>	( <u>\$ 34,095</u> )	<u>\$ 12,450</u>

The amounts recognized in profit or loss for defined benefit plans are aggregated by function as follows:

	<b>2023</b>	<b>2022</b>
Operating costs	\$ 94	\$ 90
Marketing expenses	51	52
Administrative expenses	46	44
Research and development expenses	<u>150</u>	<u>141</u>
	<u>\$ 341</u>	<u>\$ 327</u>

The Company is exposed to the following risks from the retirement benefit plan under the Labor Standards Act:

1. **Investment Risks:** The Bureau of Labor Funds, Ministry of Labor, invests labor retirement funds through self-operation and commissioned operation in domestic and foreign equity securities, debt securities, bank deposits, and other investment targets. However, the allocable amount of the Company's plan assets is calculated based on the returns derived from the local banks' two-year time deposit interest rates or higher.
2. **Interest Rate Risk:** A decrease in government bond interest rates will increase the present value of the defined benefit obligation; however, the investment returns on debt investments of plan assets will also increase, resulting in a partial offsetting effect on the net defined benefit liability.
3. **Salary Risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. Therefore, an increase in the salaries of the plan participants will lead to an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is actuarially valued by qualified actuaries, and the significant assumptions used for the measurement are presented as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	1.20%	1.30%
The expected rate of return on plan assets.	1.20%	1.30%
Expected Salary Increase Rate	1.50%	2%

If significant actuarial assumptions change reasonably and favorably (unfavorably), while holding all other assumptions constant, the present value of the defined benefit obligations would increase (decrease) by the following amounts:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.5%	( \$ <u>1,393</u> )	( \$ <u>2,189</u> )
Decreased by 0.5%	<u>\$ 2,329</u>	<u>\$ 2,682</u>
Expected Salary Increase Rate		
Increase by 0.5%	<u>\$ 2,309</u>	<u>\$ 2,649</u>
Decreased by 0.5%	( <u>\$ 1,396</u> )	( <u>\$ 2,186</u> )

Since the actuarial assumptions may be correlated, the possibility of a single assumption varying is remote; therefore, the aforementioned sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected amount to be allocated within one year	<u>\$ 1,337</u>	<u>\$ 1,396</u>
Determining the average maturity period of the defined benefit obligation.	8 years	10 years

## 21. Equity

### (1) Capital –Common Stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>70,000</u>	<u>70,000</u>
Authorized capital.	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Number of shares issued and fully paid (in thousands)	<u>56,103</u>	<u>54,471</u>
Issued capital	<u>\$ 561,030</u>	<u>\$ 544,712</u>

The par value of each issued ordinary share is \$10, with one voting right and the entitlement to receive dividends per share.

The registered share capital reserved for the issuance of employee share option certificates is 2,000 thousand shares.

The Company, after obtaining approval from the shareholders' meeting on June 9, 2023, and the resolution of the Board of Directors on the same date authorizing the Chairman to proceed, conducted a capital increase by issuing 1,632 thousand new shares for free distribution. The record date for the capital increase was July 12, 2023, and the paid-in capital of the Company after the capital increase amounted to \$561,030 thousand.

## (2) Capital Surplus

The capital surplus arising from paid-in capital in excess of par value of issuance of shares (including the issuance of ordinary shares or treasury share transactions, etc.) and the portion from donated assets may be used to offset deficits; or if the Company has no deficit, the capital surplus may be distributed as cash dividends or capitalized, provided that a certain ratio of paid-in capital shall be set aside as capital reserve each year.

The capital reserve arising from investments accounted for using the equity method, employee share options, and share warrants shall not be used for any purpose.

## (3) Retained Earnings and Dividend Policy

According to the Company's Articles of Incorporation regarding the profit distribution policy, if there is profit after the annual final accounting, taxes shall be paid, accumulated losses shall be covered, and 10% shall be appropriated as legal reserve except when the accumulated legal reserve has reached the Company's paid-in capital. After appropriating or reversing special reserve as required by laws or the competent authority, the Board of Directors shall propose a profit distribution proposal for the undistributed profits at the beginning of the period and submit it to the shareholders' meeting for resolution. For the policy on the distribution of employee and director remuneration as stipulated in the Articles of Incorporation, please refer to Note 24 (7) Employee and Director Remuneration.

The Company is engaged in the high-tech industry and is currently in the growth stage of its corporate life cycle. In order to maintain a sound financial structure, meet capital expenditure requirements for sustainable development, and protect the interests of investors, the distribution of surplus is comprehensively determined by considering factors such as retained earnings, capital surplus, financial structure, and operating conditions. The company's dividends are distributed in the form of share dividends and cash dividends, with the distribution ratio determined by the company's capital, financial structure, and future funding requirements for its plans. Cash dividends shall account for no less than 10%, but the distribution method and ratio may be adjusted by resolution of the general shareholders' meeting.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the company's paid-in capital. The legal reserve may be used to offset deficits. When the company has no deficit, the portion of legal reserve exceeding 25% of paid-in capital may be distributed in cash or capitalized.

In accordance with Order No. 1090150022 issued by the Financial Supervisory Commission, Order No. 10901500221 issued by the Financial Supervisory Commission, and the "Q&A on the Appropriation and Reversal of Special Reserves after the Adoption of International Financial Reporting Standards (IFRSs)," the Company has appropriated and reversed special reserves.

The Company convened the Annual General Shareholders' Meetings on June 9, 2023 and June 14, 2022, respectively, at which the proposals for distribution of surplus earnings for the years 2022 and 2021 were approved as follows:

	<b>2022</b>	<b>2021</b>
Legal reserve	<u>\$ 19,647</u>	<u>\$ 15,885</u>
Cash dividend	<u>\$ 119,665</u>	<u>\$ 119,665</u>
Share dividends	<u>\$ 16,318</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	\$ 2.2	\$ 2.2
Share dividend per share (NT\$)	\$ 0.3	\$ -

The Company's Board of Directors on February 27, 2024 has proposed the following profit distribution for 2023:

	<b>Proposed Surplus Distribution.</b>	<b>Dividend per Share (NT\$)</b>
Legal reserve	\$ 25,510	
Cash dividend	168,075	\$ 3.0
Share dividends	16,808	0.3

With respect to the earnings distribution for 2023, it is still subject to the resolution to be adopted at the Annual General Shareholders' Meeting scheduled for June 19, 2024.

#### (4) Other Equity Items

##### 1. Exchange differences on translation of foreign financial statements:

	<b>2023</b>	<b>2022</b>
Year-begin balance	( \$ 2,049 )	( \$ 2,486 )
Arising in the year		
Exchange differences arising from the translation of the financial statements of foreign operations	( <u>449</u> )	<u>437</u>
Other comprehensive income for the year	( <u>449</u> )	<u>437</u>
Year-end balance	( <u>\$ 2,498</u> )	( <u>\$ 2,049</u> )

##### 2. Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income:



	<u>2023</u>	<u>2022</u>
Year-begin balance	\$ 17,287	\$ 145,284
Arising in the year		
Unrealized gains (losses) on equity instruments	<u>12,332</u>	( <u>68,479</u> )
Other comprehensive income for the year	<u>12,332</u>	( <u>68,479</u> )
Cumulative gains or losses on disposal of equity instruments transferred to retained earnings		
Retained earnings	( <u>9,164</u> )	( <u>59,518</u> )
Year-end balance	<u>\$ 20,455</u>	<u>\$ 17,287</u>

## 22. Treasury Shares

- (1) The reasons for share buyback and the changes in the number of shares are as follows (in thousands of shares):

<u>Reasons for Buyback</u>	<u>Number of Shares at the Beginning of the Year</u>	<u>Increase for the Year</u>	<u>Decrease for the year</u>	<u>Number of Shares at the end of the Year</u>
<u>2023</u>				
Transfer of shares to employees	78	-	-	78
<u>2022</u>				
Transfer of shares to employees	78	-	-	78

- (2) The Company's Board of Directors resolved on March 23, 2020 to repurchase 800 thousand shares from March 24, 2020 to May 22, 2020 at a price ranging from \$25 to \$32 per share, and if the market price fell below the lower limit of the originally determined price range, the repurchase would continue. By the end of the execution period, a total of 78 thousand shares had been repurchased at a total cost of \$2,341 thousand.
- (3) The Securities and Exchange Act prescribes that the number of shares repurchased by a company shall not exceed 10% of the total number of issued shares, and the total amount of repurchased shares shall not exceed the sum of retained earnings, share premium, and realized capital surplus. As of the date of the Board's resolution, the Company is in compliance with the provisions of the Securities and Exchange Act.
- (4) The Company's treasury shares, in accordance with securities trading laws and regulations, shall not be pledged, nor shall they entitle the Company to the distribution of dividends or voting rights.

## 23. Revenue

### (1) Contract Balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Accounts receivable (Note 10)	<u>\$ 351,534</u>	<u>\$ 96,763</u>	<u>\$ 63,030</u>
Contract liabilities - current			
Sales of goods	<u>\$ 21,182</u>	<u>\$ 26,121</u>	<u>\$ 33,577</u>

### (2) Unfinished Customer Contracts

The Company's unsatisfied performance obligations have an expected duration of no more than one year for all customer contracts.

## 24. Net income from Continuing Operations

### (1) Interest Income

	<b>2023</b>	<b>2022</b>
Bank deposits and others	<u>\$ 10,763</u>	<u>\$ 4,373</u>

### (2) Other Revenue

	<b>2023</b>	<b>2022</b>
Dividend revenue	\$ 2,918	\$ 4,505
Miscellaneous income	<u>367</u>	<u>591</u>
	<u>\$ 3,285</u>	<u>\$ 5,096</u>

### (3) Other Gain and Losses

	<b>2023</b>	<b>2022</b>
Gain (loss) on financial assets		
Financial assets designated as fair value through profit or loss	\$ 6,827	( \$ 20,595 )
Net foreign exchange gains	<u>5,077</u>	<u>23,069</u>
	<u>\$ 11,904</u>	<u>\$ 2,474</u>

### (4) Financial Costs

	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ 46	\$ 8
Others	<u>-</u>	<u>16</u>
	<u>\$ 46</u>	<u>\$ 24</u>

(5) Depreciation and Amortization

	<u>2023</u>	<u>2022</u>
Depreciation expenses summarized by function		
Operating costs	\$ 7,674	\$ 6,198
Operating expenses	<u>6,087</u>	<u>6,264</u>
	<u>\$ 13,761</u>	<u>\$ 12,462</u>
Amortization expenses summarized by function		
Operating costs	\$ 77	\$ 43
Operating expenses	<u>1,800</u>	<u>2,374</u>
	<u>\$ 1,877</u>	<u>\$ 2,417</u>

(6) Employee Benefit Expenses

	<u>2023</u>	<u>2022</u>
Retirement benefits (Note 20)		
Defined contribution plans	\$ 5,246	\$ 5,078
Defined benefit plan	<u>341</u>	<u>327</u>
	<u>5,587</u>	<u>5,405</u>
Other Employee Benefits		
Salaries and wages	173,025	140,278
Labor and health insurance expenses	11,274	10,493
Other Employee Benefits	<u>8,556</u>	<u>5,393</u>
	<u>192,855</u>	<u>156,164</u>
Total employee benefit expenses	<u>\$ 198,442</u>	<u>\$ 161,569</u>
Summarized by function		
Operating costs	\$ 35,539	\$ 31,580
Operating expenses	<u>162,903</u>	<u>129,989</u>
	<u>\$ 198,442</u>	<u>\$ 161,569</u>

(7) Employee and Directors' Remuneration

In accordance with the Articles of Incorporation, this Company shall appropriate employee compensation at the rate of 7% to 10% and director compensation at a maximum rate of 2% from the pre-tax net income of the current year before deduction of the compensation for employees and directors.

The estimated employee and director compensation for 2023 and 2022 were approved by the Board of Directors on February 27, 2024 and March 10, 2023, respectively, as follows:

Estimated Ratio

	<u>2023</u>	<u>2022</u>
Employee' remuneration	10%	10%
Directors' Remuneration	2%	2%

Amount

	<u>2023</u>	<u>2022</u>
Employee' remuneration	\$ 34,766	\$ 17,667
Directors' Remuneration	6,953	3,534

After the release date of the annual parent company only financial statements, if the amount is still changed, it will be treated as a change in accounting estimate and adjusted in the next .

The actual distribution amounts of employee and director compensation for 2022 and 2021 are consistent with the recognized amounts disclosed in the parent company only financial statements for 2022 and 2021.

With regard to the information on employee and director remuneration resolved by the Company's Board of Directors, please refer to the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(8) Foreign Currency Translation (Gain) Loss

	<u>2023</u>	<u>2022</u>
Total foreign exchange gain	\$ 38,565	\$ 34,558
Total foreign exchange loss	( <u>33,488</u> )	( <u>11,489</u> )
Net gain	<u>\$ 5,077</u>	<u>\$ 23,069</u>

## 25. Income Tax

### (1) Income Taxes Recognized in Profit or Loss

The main components of income tax expense are as follows:

	<u>2023</u>	<u>2022</u>
Current Income Tax		
Arising in the year	\$ 66,511	\$ 29,347
Undistributed earnings surtax	2,042	1,165
Adjustment of previous years	( <u>807</u> )	( <u>5,779</u> )
	<u>67,746</u>	<u>24,733</u>
Deferred tax		
Arising in the year	( <u>7,033</u> )	( <u>1,491</u> )
Income tax expense recognized in profit or loss	<u>\$ 60,713</u>	<u>\$ 23,242</u>

The reconciliation of accounting income and income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net profit before tax	<u>\$ 305,938</u>	<u>\$ 155,470</u>
Income tax expense calculated based on statutory tax rate on net profit before tax (20%)	\$ 61,188	\$ 31,094
Tax-exempt income	1,793	( 561 )
Undistributed earnings surtax	2,042	1,165
Deductible temporary differences not recognized	( 3,503 )	( 2,677 )
Adjustments of current income tax for prior periods in the current year	( <u>807</u> )	( <u>5,779</u> )
Income tax expense recognized in profit or loss	<u>\$ 60,713</u>	<u>\$ 23,242</u>

### (2) Income Tax Recognized in Other Comprehensive Income

	<u>2023</u>	<u>2022</u>
<u>Deferred Tax</u>		
Arising in the year		
Translation of the financial statements of foreign operations	\$ 112	( \$ 110 )
Remeasurements of defined benefit plan.	( <u>178</u> )	( <u>1,182</u> )
Income tax recognized in other comprehensive income.	( <u>\$ 66</u> )	( <u>\$ 1,292</u> )

### (3) Current Tax Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax liabilities		
Income tax payable	\$ 74,369	\$ 30,524

### (4) Deferred Income Tax Assets

The changes in deferred income tax assets are as follows:

#### 2023

<u>Deferred Income Tax Assets</u>	<u>Year-Begin Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Year-End Balance</u>
Temporary difference				
Foreign operations currency translation differences	\$ 512	\$ -	\$ 112	\$ 624
Remeasurements of defined benefit plan.	1,303	-	( 178 )	1,125
Defined benefit retirement plan	1,564	( 199 )	-	1,365
Leave payment payable	950	( 54 )	-	896
Provision for inventory devaluation and obsolescence loss	3,892	5,075	-	8,967
Unrealized exchange loss	759	2,608	-	3,367
Unrealized gross profit on sales of goods	4	-	-	4
Provisions for unrealized product warranties	227	89	-	316
	<u>\$ 9,211</u>	<u>\$ 7,519</u>	<u>( \$ 66 )</u>	<u>\$ 16,664</u>

#### 2022

<u>Deferred Income Tax Assets</u>	<u>Year-Begin Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Year-End Balance</u>
Temporary difference				
Foreign operations currency translation differences	\$ 622	\$ -	( \$ 110 )	\$ 512
Remeasurements of defined benefit plan.	2,485	-	( 1,182 )	1,303
Defined benefit retirement plan	1,757	( 193 )	-	1,564
Leave payment payable	926	24	-	950
Provision for inventory devaluation and obsolescence loss	2,488	1,404	-	3,892
Unrealized exchange loss	457	302	-	759
Unrealized gross profit on sales of goods	4	-	-	4
Provisions for unrealized product warranties	189	38	-	227
Others	( 335 )	335	-	-
	<u>\$ 8,593</u>	<u>\$ 1,910</u>	<u>( \$ 1,292 )</u>	<u>\$ 9,211</u>

(5) Deferred Income Tax Liabilities

The changes in deferred income tax liabilities are as follows:

2023

Deferred Income Tax Liabilities	Year-Begin Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Year-End Balance
Temporary difference				
Unrealized exchange gain	\$ 419	\$ 486	\$ -	\$ 905

2022

Deferred Income Tax Liabilities	Year-Begin Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Year-End Balance
Temporary difference				
Unrealized exchange gain	\$ -	\$ 419	\$ -	\$ 419

(6) Income Tax Assessments Status

The Income Tax returns of the Company's profit-seeking enterprise through 2021 have been examined and assessed by the Tax Authorities. The discrepancies between the assessed amount and filed amount have been properly adjusted in the respective year.

**26. Earnings per share**

Units: NT\$ per share

	2023	2022
Basic earnings per share	\$ 4.38	\$ 2.36
Diluted earnings per share	\$ 4.33	\$ 2.33

When calculating earnings per share, the effect of the share dividends has been retrospectively adjusted, with the ex-rights date being July 12, 2023. Due to the retroactive adjustment, the basic and diluted earnings per share for 2022 were changed as follows:

Units: NT\$ per share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	\$ 2.43	\$ 2.36
Diluted earnings per share	\$ 2.40	\$ 2.33

The following presents profit and weighted average numbers of ordinary shares outstanding for calculation of earnings per share:

### Total Comprehensive Income for the year

	<u>2023</u>	<u>2022</u>
Net income used to calculate basic and diluted earnings per share	\$ <u>245,225</u>	\$ <u>132,228</u>

### Number of Shares

	Unit of shares: Thousands of shares	
	<u>2023</u>	<u>2022</u>
The weighted average number of ordinary shares used to calculate basic earnings per share.	56,025	56,025
Effect of potential dilutive ordinary shares		
Employee' remuneration	<u>603</u>	<u>666</u>
The weighted average number of common shares used to calculate diluted earnings per share	<u>56,628</u>	<u>56,691</u>

If the Company may settle the employee compensation in shares or cash, the Company shall presume that the entire amount of the compensation will be settled in shares and the resulting potential shares should be included in the weighted average number of outstanding shares when computing the diluted earnings per share, provided the shares have a dilutive effect. Such dilutive effect of the potential shares should continue to be considered until approval of number of shares to be distributed to employees as compensation in the following year.

## **27. Capital Risk Management**

The Company conducts capital management to ensure that entities within the Group are able to continue as going concerns while maximizing returns to shareholders through the optimization of the debt and equity balance.

The Company's capital structure consists of net debt and equity (comprising share capital, capital surplus, retained earnings and other equity items).

The Company is not subject to other external capital requirements.

## **28. Financial Instruments**

### (1) Fair Value Information - Financial Instruments not Measured at Fair Value

The company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values or their fair values cannot be reliably measured.



(2) Fair Value Information - Financial Instruments Measured at Fair Value on a Recurring Basis

1. Fair Value Measurement Hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets Measured at Fair Value Through Profit or Loss</u>				
Domestic listed (OTC) and emerging shares	\$ 4,911	\$ -	\$ -	\$ 4,911
Domestic unlisted shares	-	-	28,710	28,710
	<u>\$ 4,911</u>	<u>\$ -</u>	<u>\$ 28,710</u>	<u>\$ 33,621</u>
<u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u>				
Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 27,086	\$ -	\$ -	\$ 27,086
Domestic unlisted shares	-	-	48,710	48,710
	<u>\$ 27,086</u>	<u>\$ -</u>	<u>\$ 48,710</u>	<u>\$ 75,796</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets Measured at Fair Value Through Profit or Loss</u>				
Domestic listed (OTC) and emerging shares	\$ 15,430	\$ -	\$ -	\$ 15,430
Domestic unlisted shares	-	-	19,532	19,532
	<u>\$ 15,430</u>	<u>\$ -</u>	<u>\$ 19,532</u>	<u>\$ 34,962</u>
<u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u>				
Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 47,531	\$ -	\$ -	\$ 47,531
Domestic unlisted shares	-	-	19,532	19,532
	<u>\$ 47,531</u>	<u>\$ -</u>	<u>\$ 19,532</u>	<u>\$ 67,063</u>

There were no transfers between Level 1 and Level 3 fair value measurements in 2023 and 2022.

## 2. Valuation Techniques and Inputs for Level 3 Fair Value Measurements

<u>Class of Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic unlisted shares	<ol style="list-style-type: none"> <li>1. The market approach using comparable companies listed on the Taiwan Stock Exchange or Over-the-Counter market is based on the transaction prices of comparable targets, taking into account the differences between the subject company and the comparable companies, and estimating the value of the subject company using appropriate valuation multiples.</li> <li>2. The market approach using comparable transactions involves referencing the transaction prices of similar or identical assets, considering the implied valuation multiples and relevant transaction information from these prices, to determine the value of the subject company.</li> </ol>

### (3) Types of Financial Instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss – Designated as at fair value through profit or loss	\$ 33,621	\$ 34,962
Amortized cost financial assets (Note 1)	910,273	700,581
Financial assets measured at fair value through other comprehensive profit or loss – Equity instrument investment	75,796	67,063
<u>Financial Liabilities</u>		
Measured at amortized cost (Note 2)	245,197	187,266

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable and a portion of other receivables that are financial assets measured at amortized cost.

Note 2: The balances include notes payable, accounts payable and a portion of other payables that are financial liabilities measured at amortized cost.

### (4) Financial Risk Management Objectives and Policies

The Company's principal financial instruments include equity investments, accounts receivable, accounts payable and lease liabilities. The Company's financial management department provides services to the business units, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the Company's operations through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

This company has established the “Procedures for Acquisition or Disposal of Assets” in accordance with the regulations of the competent authority, which outlines the control procedures for the acquisition, management, and disposal of various assets. If risks are assessed and derivative financial instruments are used to hedge exposures to mitigate such risks, the use of derivative financial instruments is governed by the policies approved by the company’s board of directors, which are the written principles for foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquidity. The internal auditors continuously review compliance with policies and exposure limits. This company did not engage in derivative financial instrument transactions in 2023 and 2022.

## 1. Market Risk

The Company’s operations expose it to the following major financial risks:

### (1) Foreign Exchange Risk

The Company engages mainly in sales and purchases transactions denominated in U.S. dollars, which naturally hedge foreign currency positions and mitigate the effect of exchange rate fluctuations.

At the balance sheet date, please refer to Note 33 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company.

With respect to the sensitivity analysis of foreign currency risk, it primarily addresses the adverse effects arising from changes in exchange rates on foreign currency monetary items as of the end of the reporting period. A 1% change in foreign currency exchange rates against the New Taiwan Dollar would result in a decrease of \$2,892 thousand and \$2,491 thousand in the Company’s net income after tax for the years 2023 and 2022, respectively.

### (2) Risk of Interest Rate Fluctuations

In respect of the interest rate risk, the Company’s operations are mainly financed by its own funds, and thus the impact arising from changes in interest rates is insignificant.

The Company’s exposures to market risk of financial instruments, and its policies and processes for managing and measuring such exposures remained unchanged.

## 2. Credit Risk

The credit risk refers to the risk of financial loss to the Company if a counterparty defaults on its contractual obligations. As of the balance sheet date, the maximum exposure to credit risk that could cause financial loss to the Company due to the failure of counterparties to perform their obligations is mainly from the carrying amount of financial assets recognized in the parent company only balance sheet.

The Company does not have material credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. The concentration of credit risk from counterparties did not exceed 10% of the total monetary assets for the years 2023 and 2022.

The Company's credit risk is mainly concentrated on its American and European customers. As of December 31, 2023, European customers accounted for approximately 66.53% of total accounts receivable, while American customers accounted for approximately 18.67% and 81.71% of total accounts receivable as of December 31, 2023 and 2022, respectively.

## 3. Liquidity Risk

The Company maintains adequate cash and cash equivalents through appropriate management to cope with operational needs and mitigate the impacts of fluctuations in cash flows. The Company's working capital is sufficient to meet its needs, and there is no liquidity risk arising from inability to raise funds to fulfill contractual obligations.

### December 31, 2023

	<u>1 - 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-3 Years</u>
<u>Non-Derivative Financial Liabilities</u>			
Non-interest bearing liabilities	\$ 288,521	\$ 50,527	\$ -
Lease liabilities	<u>1,175</u>	<u>3,542</u>	<u>1,649</u>
	<u>\$ 289,696</u>	<u>\$ 54,069</u>	<u>\$ 1,649</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
Lease liabilities	<u>\$ 4,756</u>	<u>\$ 1,654</u>

December 31, 2022

	<u>1 - 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-3 Years</u>
<u>Non-Derivative Financial Liabilities</u>			
Non-interest bearing liabilities	\$ 219,960	\$ 32,452	\$ -
Lease liabilities	<u>599</u>	<u>671</u>	<u>520</u>
	<u>\$ 220,559</u>	<u>\$ 33,123</u>	<u>\$ 520</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
Lease liabilities	<u>\$ 1,276</u>	<u>\$ 523</u>

(5) Information on Transfer of Financial Assets

The relevant information regarding the factoring of the Company's outstanding accounts receivable at the end of the year is as follows:

December 31, 2023

<u>Counterparty</u>	<u>Offered Amount</u>	<u>Transferred to Other Receivables</u>	<u>Available Advance Amount</u>	<u>Advanced Amount</u>	<u>Annual Interest Rate for the Advanced Amount (%)</u>
Hua Nan Commercial Bank	<u>\$ 28,415</u>	<u>\$ 28,415</u>	<u>\$ 28,415</u>	<u>\$ -</u>	0.85%~0.90%

December 31, 2022

<u>Counterparty</u>	<u>Offered Amount</u>	<u>Transferred to Other Receivables</u>	<u>Available Advance Amount</u>	<u>Advanced Amount</u>	<u>Annual Interest Rate for the Advanced Amount (%)</u>
Hua Nan Commercial Bank	<u>\$ 132,087</u>	<u>\$ 132,087</u>	<u>\$ 132,087</u>	<u>\$ -</u>	0.85%~0.95%

In accordance with the terms of the underwriting agreements, losses arising from commercial disputes shall be borne by the Company, while losses arising from credit risks shall be borne by such banks.

## 29. Related Party Transactions

Related party transactions were as follows:

### (1) Names of Related Parties and Their Relationships

<u>Stakeholder Names</u>	<u>With Respect to the Company</u>
Ruby Tech (Beijing) Co., Ltd.	Second-tier Subsidiary of the Company

### (2) Compensation of Key Management Personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 22,888</u>	<u>\$ 19,889</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on parent company only performance and market trends.

## 30. Pledged Assets

The following assets of the Company have been pledged as collateral for customs duty deferral:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged time deposits (accounted for as financial assets measured at amortized cost - current)	<u>\$ 16,000</u>	<u>\$ 16,000</u>

## 31. Other matters: None.

## 32. Significant subsequent events: None.

### 33. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is summarized in currencies other than the functional currencies of the company, with the disclosed exchange rates being the rates at which those currencies are translated into the functional currencies. Significant assets and liabilities denominated in foreign currencies are as follows:

Unit: Each Foreign Currency /NT\$ thousand

#### December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<b>Financial Assets</b>			
<u>Monetary Items</u>			
US dollars	\$ 15,407	30.725	\$ 473,390
<u>Non-monetary items</u>			
Investments accounted for using equity method			
US dollars	905	30.725	27,812
<b>Financial Liabilities</b>			
<u>Monetary Items</u>			
US dollars	3,642	30.725	111,903

#### December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<b>Financial Assets</b>			
<u>Monetary Items</u>			
US dollars	\$ 13,013	30.72	\$ 399,757
<u>Non-Monetary Items</u>			
Investments accounted for using equity method			
US dollars	945	30.72	29,033
<b>Financial Liabilities</b>			
<u>Monetary Items</u>			
US dollars	2,876	30.72	88,350

The Company's foreign currency exchange (loss) gain is as follows:

	<u>2023</u>	<u>2022</u>
Realized	\$ 17,412	\$ 24,716
Unrealized	( <u>12,336</u> )	( <u>1,672</u> )
	<u>\$ 5,076</u>	<u>\$ 23,044</u>

### 34. Notes on Disclosures

#### (1) Major Transaction Matters and

#### (2) Information Related to Reinvested Enterprises:

1. Funds loaned to others: None.
2. Endorsements/guarantees for others: None.
3. The end-of-period securities holding status (excluding investments in subsidiaries, associates, and joint ventures equity): Appendix 1.
4. The cumulative amount of buying or selling the same securities has reached \$300 million or 20% of the paid-in capital: None.
5. Disposal of real estate with an amount reaching \$300 million or 20% of the paid-in capital: None.
6. Acquisition of real estate with amount reaching \$300 million or 20% of paid-in capital: None.
7. The amount of purchases or sales with related parties exceeding \$100 million or 20% of the paid-in capital: None.
8. Accounts receivable from related parties reaching \$100 million or 20% of the paid-in capital: None.
9. Engaging in derivative product transactions: None.
10. Information on reinvested businesses: Appendix 2.

#### (3) Information on Investments in China

1. The name of the invested company in China, its main business activities, paid-in capital, investment methods, fund inward and outward remittance situations, shareholding ratio, investment gains and losses, carrying amount of investments at the end of the period, repatriated investment gains and losses, and the limit on investments in China: Appendix 3.



2. The significant transactions with investee companies in China, either directly or indirectly through a third area, their prices, payment terms, and unrealized gains or losses: None.
  - (1) The amount and percentage of purchases and the ending balances and percentages of related accounts payable.
  - (2) The amount and percentage of sales revenue, and the ending balance and percentage of related accounts receivable.
  - (3) The amount of property transactions and the amount of profits or losses arising therefrom.
  - (4) The outstanding balance of endorsed or guaranteed notes receivable or provision of collaterals as of the balance sheet date and the purpose thereof.
  - (5) The highest balance, ending balance, range of interest rates, and total interest amount for the period of financing facilities.
  - (6) Other transactions that have a material impact on the current profit or loss or financial position, such as the provision or receipt of services.
- (4) Information on Major Shareholders: Names, shareholding amounts and proportions of shareholders with a shareholding ratio of more than 5%: Appendix 4.

RUBY TECH CORP.  
**HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD**

December 31, 2023

Appendix 1

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Holding Company	Type and Name of Marketable Securities	The Relationship Between the Issuer of Marketable Securities and the Company	Accounts	End of Period				Remarks
				Number of Shares/Units	Carrying Amount	Shareholding Ratio	Fair Value (Note 2)	
Ruby Tech Corp.	<u>Equity Securities</u>							
	Green Energy Technology Inc.	—	Current financial assets measured at fair value through profit or loss.	212,000	\$ -	0.05	\$ -	Notes 2 and 4
	Powerchip Investment Holding Corporation	—	Current financial assets measured at fair value through profit or loss.	1,041,707	28,710	0.08	28,710	Note 2
	DEXIN CORP	—	Current financial assets measured at fair value through profit or loss.	284,720	4,911	0.71	4,911	Notes 2 and 3
	Powerchip Investment Holding Corporation	—	Current financial assets measured at fair value through other comprehensive income	1,041,707	28,710	0.08	28,710	Note 2
	Vactronics Technologies Inc	—	Current financial assets measured at fair value through other comprehensive income	262,825	16,558	0.37	16,558	Notes 2 and 3
	Solar Applied Materials Technology Corp	—	Current financial assets measured at fair value through other comprehensive income	271,000	10,528	0.05	10,528	Notes 2 and 3
	Videosoft Global Co., Ltd.	—	Current financial assets measured at fair value through other comprehensive income	500,000	20,000	4.50	20,000	Note 2

Note 1: The term “securities” as used in this statement refers to shares, bonds, beneficial interest certificates, and securities derived from the aforementioned items that fall within the scope of IFRS 9 “Financial Instruments.

Note 2: For those measured at fair value, the carrying amounts are presented as the balances after fair value adjustments; for those not measured at fair value, the carrying amounts are presented as the amortized cost (net of allowance for losses).

Note 3: Calculated based on the closing prices as of the end of December 2023.

Note 4: Green Energy Technology Co., Ltd. has announced the termination of its listing, and the Company has evaluated that the investment has no fair value.

RUBY TECH CORP

**NAMES OF INVESTED COMPANIES, LOCATIONS, AND OTHER RELEVANT INFORMATION**

2023

Appendix 2

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Name of Investee	Name of Investee	Place of Operation	Major Business Activity	Original Investment Amount		Held at the End of the Period			Gain (Loss) Income of the Invested Company for the Current Period	Investment (Gains) Losses Recognized for the Period (Note 1)	Remarks
				At the End of the Current Period	At the End of the Last Period	Number of Shares	Percentage (%)	Carrying Amount			
Ruby Tech Corp.	GRAND IMPACT TECHNOLOGY LIMITED	British Virgin Islands	Investment in related businesses	\$ 58,581	\$ 58,581	1,800,000	100	\$ 27,812	( \$ 660 )	( \$ 660 )	Invested companies evaluated using the equity method
GRAND IMPACT TECHNOLOGY LIMITED	Ruby Tech (Beijing) Co., Ltd.	Beijing (China)	Computer peripheral equipment trading business.	53,471	53,471	-	100	27,812	( 660 )	( 660 )	Invested companies evaluated using the equity method

Note 1: The equity in net gain (loss) of subsidiaries accounted for using the equity method is calculated based on the financial statements audited by certified public accountants.

Note 2: For information regarding investee companies in China, please refer to Appendix 3.

RUBY TECH CORP  
**INFORMATION ON INVESTMENT IN CHINA**

2023

**Appendix 3**

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Name of the Invested Company in China	Major Business Activity	Paid-In Capital	Method of Investments	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Period	Amount of Investments Exported or Recovered This Period		Accumulated Investment Amount Remitted from Taiwan at the end of the Period (Note 2)	Gain (Loss) Income of the Invested Company for the Current Period	The Direct or Indirect Investment Shareholding Ratio of the Company	Current Recognition Investment (Loss) Gain (Note 3)	Carrying Amount of Investment at end of Period (Note 3)	Cumulative Investment Income Repatriated up to the Current Period
					Exported	Recovered						
Ruby Tech (Beijing) Co., Ltd.	Computer peripheral equipment trading business.	\$ 53,471	(Note 1)	\$ 53,471	\$ -	\$ -	\$ 53,471	(\$ 660)	100%	(\$ 660)	\$ 27,812	\$ -

Accumulated Outward Remittances from Taiwan to China at the End of the Period (Note 2)	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (Note 2)	Limit of Investment in China in Accordance with the Regulations of the Investment Commission of the Ministry of Economic Affairs M.O.E.A. (Note 4)
\$53,471 (USD1,650,000)	\$53,471 (USD1,650,000)	\$724,103

- Note 1: Reinvested in China through Grand Impact Technology Limited.
- Note 2: Investments denominated in foreign currencies were recorded using the exchange rates prevailing at the time of the transactions.
- Note 3: Recognized based on the financial statements audited by the certified public accountants engaged by the Company in Taiwan.
- Note 4: The investment limit is the higher of 60% of net worth or \$80 million.

RUBY TECH CORP  
**MAJOR SHAREHOLDERS' INFORMATION**

December 31, 2023

Appendix 4

Unit: Share

Major Shareholders' Name	Shares	
	Shares Held	Shareholding Ratio
Premier Capital Management Corp.	5,020,717	8.94%
Wang, Peng-Sen	3,068,115	5.46%

Note 1: The major shareholder information in this table is provided by Taiwan Depository & Clearing Corporation (TDCC), calculated based on the shareholders holding 5% or more of the Company's total issued and outstanding ordinary shares and special shares, including treasury shares, on the last business day of the current quarter. The share capital recorded in the Company's parent company only financial statements and the actual outstanding shares registered electronically may differ due to different calculation bases.

Note 2: For shareholders who have deposited their shares into trust, the shares of the trust account opened by the trustee are disclosed by the respective parent company only sub-accounts of the trustors. As for shareholders whose shareholding ratios exceed 10% and are required to report their insider shareholdings in accordance with relevant securities regulations, their shareholdings include their personal shareholdings plus the shares they have entrusted and have the decision power over. Please refer to the Market Observation Post System for insider shareholding data.

## 7. Review and Analysis of the Financial Status and Financial Performance, and Risk Management

### 1. Financial Position

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	\$1,377,776	\$1,122,217	\$255,559	22.77
Property, Plant and Equipment	257,100	255,519	1,581	0.62
Intangible Assets	5,041	6,162	(1,121)	(18.19)
Other Assets	26,829	14,395	12,434	86.38
Total Assets	1,666,746	1,398,293	268,453	19.20
Current Liabilities	444,705	314,127	130,578	41.57
Non-current Liabilities	15,203	15,485	(282)	(1.82)
Total Liabilities	459,908	329,612	130,296	39.53
Equity Attributable to Owners of the Parent Share Capital	1,206,838	1,068,681	138,157	12.93
Capital Surplus	561,030	544,712	16,318	3.00
Paid-In Capital	38,969	38,969	-	-
Retained Earnings	591,223	472,103	119,120	25.23
Other Equity	17,957	15,238	2,719	17.84
Treasury Shares	(2,341)	(2,341)	-	-
Non-controlling Interests	-	-	-	-
Total Equity	1,206,838	1,068,681	138,157	12.93
Analysis of changes in ratios (the difference reaches 20% or above and the amount of change reaches 1% of total assets):				
1. Current Assets: The main reasons are the increase in revenue and accounts receivable.				
2. Other Assets: The main reasons are the increase in deferred tax assets arising from the provision for inventory devaluation and obsolescence losses, as well as unrealized foreign exchange losses.				
3. Current Liabilities: The main reasons are the increase in accounts payable and due to profits increased, leading to other payables related to employee benefit expenses and income tax payable increased.				
4. Retained Earnings: The main reason is the increase in net profit.				

## 2. Financial Performance

### (1) Comparative Analysis of Financial Performance

Unit: NT\$ thousands

Item	2023	2022	Increase (Decrease) Amount	Change (%)	Change Analysis
Operating Revenue	\$1,791,446	\$1,084,229	\$707,217	65.23	Note 1
Operating Costs	1,280,569	758,285	522,284	68.88	Note 2
Gross Profit	510,877	326,014	184,863	56.70	Note 1
Operating Expenses	232,410	183,477	48,933	26.67	Note 3
Operating Profit	278,467	142,537	135,930	95.36	Note 1
Non-operating Income and Expenses	27,471	12,933	14,538	112.41	Note 4
Profit Before Tax	305,938	155,470	150,468	96.78	Note 1
Income Tax Expense	60,713	23,242	37,471	161.22	Note 1
Net Profit for the year	245,225	132,228	112,997	85.46	Note 1
Other Comprehensive Income (Loss), Net	12,597	(63,314)	75,911	119.90	Note 5
Comprehensive Income for the Year	257,822	68,914	188,908	274.12	Note 1
<p>Analysis of changes in ratios (the difference reaches 20% or above and the amount of change reaches 1% of total assets):</p> <p>Note 1: Revenue and gross profit increased as improved material supply, leading to increase in profit, profit before tax, income tax expense, net profit for the year, and comprehensive income.</p> <p>Note 2: The main reason is the increase in operating revenue.</p> <p>Note 3: The main reason is the increase in employee benefit expenses.</p> <p>Note 4: The main reason is the increase in unrealized gains from the fair value measurement of financial assets through profit or loss. Additionally, the US dollar interest rate rose, interest income increased.</p> <p>Note 5: The main reason is the increase in unrealized gains from the fair value measurement of financial assets through other comprehensive income.</p>					

- (2) Expected sales volume and its basis, potential impacts on the Company's future financial position and business operations, and response plans: None.

### 3. Cash Flows

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

Item \ Year	2023	2022	Change (%)
Cash Flow Ratio	41.08%	14.36%	186.07
Cash Flow Adequacy Ratio	42.85%	39.36%	8.87
Cash Reinvestment Ratio	4.83%	-6.37%	175.82
Analysis of changes in ratios (the difference reaches 20%): Revenue and gross profit increased as improved material supply, leading to increase in net cash inflow, the cash flow ratio and cash reinvestment ratio.			

#### (2) Improvement plan for insufficient liquidity: None.

#### (3) Cash liquidity analysis for the coming year

Unit: NT\$ thousands

Cash at Beginning of Period Balance ①	Expected Net Cash from Operating Activities for the Coming Year ②	Expected Total Cash Outflows for the Coming Year ③	Expected Cash Surplus (Deficit) ① + ② - ③	Expected Plans to Remedy Cash Deficit	
				Expenditure Plans	Management Plans
\$286,331	\$165,124	(\$161,983)	\$289,472	-	-
Analysis of changes in cash Flow in the Coming Year: 1. Operating Activities: Net cash inflow is expected. 2. Investment and Financing Activities: Net cash outflow is anticipated due to the purchase of R&D equipment and other assets, and the distribution of cash dividends.					

#### 4. Effect of Major Capital Spending on Financial Position and Business Operations: None.

#### 5. Investment Policy in the Most Recent Fiscal Year, Profit/Loss Analysis, Improvement Plan, and Investment Plan for the Coming Year

##### (1) Investment policy in the most recent fiscal year

The policies for investment in subsidiaries follow the internal control procedures for "Investment Cycle", "Procedures for Acquisition or Disposal of Assets", "Procedures for Transactions with Specified Companies and Related Parties Among Group Enterprises", "Regulations on Financial Operations Between Affiliated Enterprises", and "Regulations Governing Control over Subsidiaries".



(2) Profit/loss analysis, improvement plan

Unit: NT\$ thousands

Investee	Investment Amount in 2023	Policy	Return on Investment 2023	Main Reasons for Profit/ Loss	Improvement Plans
Grand Impact Technology Limited	58,581	Investment holding for control	(660)	Recognition of share of Ruby Tech's profit/ loss.	-
Ruby Tech (Beijing) Co., Ltd.	53,471	International trading business	(660)	Decreased rental income from idle office space.	

(3) Investment plans for the coming year

The Company has no new investment plan for the coming year.

## 6. Risk Analysis and Assessment

(1) Impacts of interest rate and exchange rate changes and inflation on the Company's profit and response measures

a. The Company has no bank loan, interest rate changes have little impact.

b. Exchange rate

1) Impacts of exchange rate change

Unit: NT\$ thousands

	2023	2022
Net Exchange Gain (Loss)	5,077	23,069
Net Revenue	1,791,446	1,084,299
Operating Profit	278,467	142,537
Profit Before Tax	305,938	155,470
Net Exchange Gain (Loss) / Net Revenue (%)	0.28%	2.13%
Net Exchange Gain (Loss) / Operating Profit (%)	1.82%	16.18%
Net Exchange Gain (Loss) / Profit Before Tax (%)	1.66%	14.84%

The Company's product are mainly occupied in expert. The sales denominated in USD are accounted for 80-90% while the purchases denominated in USD are accounted for 40-60%. Therefore, exchange rate changes have a certain impact on the Company's profitability.

The net exchange gain (Loss) was NT\$23,069 thousand and NT\$5,077 thousand in 2022 and 2023 respectively.

2) Response measures

To reduce the impact of exchange rate changes, the response measures were as follow:

- a) Use natural hedging methods from sales and purchases denominated in same currency.
- b) The Finance Department closely monitors the directions and information of exchange rate fluctuation, maintains close contacts with corresponding banks and makes timely measures.
- c) If necessary, the Company needs to commit to foreign exchange hedging instrument according to the “Procedures for Acquisition and Disposal of Assets”.

c. Inflation

The Company corporates with third parties, negotiates pricing with different suppliers separately to cope with the impacts of inflation.

- (2) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures: None.

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

Meet to market demand for higher bandwidth, applications and energy saving/carbon reduction, the Company continues to upgrade software and hardware functions for project-based network managed switches, while also designing lower cost Web Smart switches, in order to build a more complete product line. Please refer to page 144 of this annual report for new products planned for development. In addition, cloud-based application services will be developed to cater to customers' sales and technical support needs to increase the competitiveness of the Company's products. Expected R&D expenses for 2024 amount to approximately NT\$91,119 thousand.

- (4) Major changes in government policies and laws at home and abroad and the impact on the Company's financial position and business activities

The Company pays attention to the changes of the domestic and foreign policies and laws, and response to them quickly. If necessary, the Company will counsel with experts for suggestion and take response.

- (5) Impacts of technological changes (including information security risks) and industry changes on company financials and response measures

With the advancement of semiconductor and telecommunication technologies, network communication products have gradually evolved into pure hardware, high maturity turnkey products and niche products encompassing both software and hardware technologies. As the Company's production base is located in Taiwan, it is no longer suitable for manufacturing high-volume, low-margin turnkey products, and has shifted its product focus to higher technology niche products instead. The rapid growth of the Internet population has led to a growing demand for broadband, fiber optics and wireless network applications. The Company's products consist of fiber optic network products, managed switches, outdoor wireless network devices and industrial wired network devices. As the products encompass both software and hardware and are designed for use in harsh environments, they pose high technical barriers and face less market competition. As a result, steady growth is expected in performance and gross margin year over year. The high product level and gross margin have also led to improved customer quality, hence generating positive impacts on finance.

The Company has established comprehensive network and computer related information security protection measures but cannot guarantee that the computer systems supporting key corporate functions such as manufacturing operations and accounting can be completely immune from paralyzing cyberattacks by any third party through the Company's management and maintenance. By continuously reviewing and evaluating its information security policies and procedures, the Company ensures their adequacy and effectiveness, but cannot warrant that it will be unaffected by emerging risks and attacks amid the ever-evolving information security threats. The Company has implemented relevant improvement measures and keeps them updated, such as endpoint anti-virus solutions on major hosts, enhanced malicious behavior detection, and strengthened network firewall and control to prevent spreading of malware across hosts and factory premises. Although the Company continues to enhance information security protection, it still cannot guarantee immunity against malware and hacker attacks. Please refer to page 156 and page 308 of this annual report for other information regarding security management and response measures.

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

The Company has always upheld the principles of prudent and steady operations and focus on core businesses, valued corporate image, and has so far not experienced any incidents that damaged corporate image and affected business operations.

(7) Expected benefits, potential risks, and response measures for merger and acquisition

The Company did not have any merger or acquisition plans.

(8) Expected benefits, potential risks, and response measures for capacity expansion

The Company did not have any plans for plant expansion.

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

The top supplier A accounted for 15.6% of purchasing in 2022, while all other suppliers accounted for less than 10%. The top supplier A accounted for 18.15% of purchasing in 2023, while all other suppliers accounted for less than 10%.

The top three customers b, a and c accounted for 26.18%, 19.03% and 10.32% of selling in 2022 respectively, while all other customers accounted for less than 10%. The top three customers a, b and c accounted for 29.44%, 14.03% and 13.42% of selling in 2023 respectively, while all other customers accounted for less than 10%.

The Company will aggressively seek new customers and develops new product lines, in order to distribute customers and suppliers.

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

Item	Class of Assets	Cause/Fact	Date of Occurrence	Impact and Risks	Countermeasures
1	Substantial Equity Transfer	Director Wang, Peng-Sen transferred his shares more than one half of the company's shares he held at the time he was elected, he was discharged from director.	March 29, 2024	According to Article 197 of Company Act, the director was dismissed as a matter of course. The shareholding ratio of directors is insufficient.	A complete re-election will be held at the annual shareholders' meeting on June 19, 2024.

(11) Impacts of changes in management on risk and response measures: None.

(12) Litigation or non-litigation matters

- a. Major litigation, non-litigation or administrative disputes involving the Company and already concluded with final judgement, or still pending, that may have significant impacts on shareholders' equity or securities prices as of the date of annual report printing: None.
- b. Major litigation, non-litigation or administrative disputes involving the Company's directors, supervisors, general managers, responsible persons, and shareholders holding over 10% shareholding and already concluded with final judgement, or still pending, as of the date of annual report printing: None.

(13) Other important risks and response measures:

Information security protection and response

Technology changes have brought higher efficiency and productivity to the Company, but also introduced new information security risks arising from phishing scams, outdated software versions, inadequate protection or improper configurations of storage space, employees' lack of security awareness or skills, etc. The Company's Administration Department has an Information Department with 3 IT personnel responsible for development and maintenance of corporate network and computerized application software, maintenance of computer equipment and technical support. Regulations including the "Computer Information Usage Regulations", "Regulations on Purchase, Usage and Maintenance of Computer Equipment", "Computer Software Management Regulations", "Annual Data System Migration Procedures for MIS", "Information Security Regulations", "Software Management Regulations", "Email Management Regulations", "Regulations on Borrowing of Software Documentation", "Disaster Recovery Management Guidelines" and "Computer Equipment Retirement Management Regulations" have been formulated for compliance and management.

## 7. Other Important Matters

Basis and foundation for evaluation methods of assessing assets and liabilities

(1) Allowance for losses

- a. The average credit period on sales of goods and finished products is 30-60 days. The Company's policy is to assess customers' credit rating based on available financial information and historical transaction records.

To mitigate credit risks, the management has delegated a specific department responsible for determining credit limits, approving credit, and performing other monitoring procedures to ensure timely actions are taken to collect receivables past due. In addition, the Company reviews the collectability of accounts receivable on the

balance sheet date to ensure appropriate allowance for uncollectible amounts. When necessary, factoring contracts or accounts receivable insurance are also executed to reduce the risk of financial losses due to default. Therefore, the management believes that the Company's credit risks have been significantly reduced.

The Company adopts the simplified approach of IFRS 9 to recognize lifetime expected credit losses on accounts receivable. Lifetime expected credit losses are assessed using a provision matrix, which considers customers' historical default records and current financial conditions, industry outlook and economic conditions, as well as GDP forecasts and industry prospects.

- b. Basis for provision: Provision is made based on percentages of past-due receivables, assessed quarterly. Past-due amounts are based on the number of days past receivable due date.

- c. Expected credit loss rates:

Number of Days	1- 30 days	31- 60 days	61- 90 days	91- 180 days	Over 181 days
Provision Percentage	0.13%	1.16%	3.30%	21.16%	100%

(2) Allowance for inventory valuation losses

- a. The Company uses the perpetual inventory system and calculates inventory costs using the weighted average method. Inventory is evaluated at the lower of cost and net realizable value at the end of each period by comparing costs against net realizable value item by item. Allowance for inventory valuation losses is provided based on the results.
- b. Based on inventory quality, idle inventory conditions are assessed through aging analysis. That is, full allowance for inventory valuation losses is provided on inventories over 1 year old in view of the Company's customer composition. Allowance is not provided on inventories less than 1 year old which are still usable given the longer lead time required for custom parts procurement.

(3) Financial assets

- a. The Company's financial asset portfolio comprises financial assets at fair value through profit or loss, financial assets at amortized cost, and equity instruments at fair value through other comprehensive income.
- b. Financial assets at fair value through profit or loss are measured at fair value. Dividends and interest income are recognized in other income and interest income, respectively. Gains or losses from subsequent remeasurement are recognized in other gains and losses.

- c. The Company classifies investment in financial assets that meet the following criteria as at amortized cost:
  - 1) Held within a business model whose objective is to hold the financial assets to collect contractual cash flows.
  - 2) The contractual terms give rise to cash flows on specified dates, representing solely payments of principal and interest on the principal amount outstanding.
- d. After initial recognition, the amortized cost of financial assets (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable and other receivables) is determined using the effective interest method, less any impairment losses. Any foreign exchange gains or losses are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:
  - 1) Purchased or originated credit-impaired financial assets, the effective interest rate adjusted for credit is applied to the amortized cost.
  - 2) Non-purchased or originated credit-impaired financial assets that subsequently became credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost in subsequent reporting periods after becoming credit-impaired.
- e. Cash equivalents include time deposits and repurchase agreements with maturities within 3 months from the date of acquisition, high liquidity, readily convertible to known amounts of cash and with insignificant risk of changes in value, held to meet short-term cash commitments.
- f. For non-trading equity instrument investments that are not investments in subsidiaries, associates or joint ventures, the Company may make an irrevocable election at initial recognition to present subsequent changes of fair value in other comprehensive income.
- g. Equity instrument investments at fair value through other comprehensive income are measured at fair value. Changes in fair value are recognized in other comprehensive income and accumulated in other equity. Upon disposal, the cumulative gains or losses are transferred directly to retained earnings rather than reclassified to profit or loss.
- h. Dividends on equity instrument investments at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is established unless they clearly represent recovery of part of investment costs.

(4) Impairment of financial assets

- a. The Company assesses impairment of financial assets at amortized cost (including accounts receivable) based on expected credit losses on each balance sheet date.
- b. Lifetime expected credit losses are recognized for all accounts receivable. For other financial assets, expected credit losses are measured based on 12-month expected credit losses if credit risks have not increased significantly after initial recognition. If credit risks have increased significantly, lifetime expected credit losses are recognized.
- c. Expected credit losses represent weighted average credit losses weighted by the risk of default. 12-month expected credit losses represent expected credit losses resulting from default events possible within 12 months after the reporting date, while lifetime expected credit losses represent expected credit losses resulting from all possible default events over the expected lifetime of the financial instrument.
- d. For internal credit risk management, the Company determines the following situations represent default of financial assets without considering collateral held:
  - 1) Internal or external information indicates the debtor is unlikely to settle credit obligations.
  - 2) Overdue for more than 180 days, unless reasonable and corroborated information indicates that a more lagging default criterion is more appropriate.
- e. All impairment losses on financial assets are recognized by reducing the carrying amount through an allowance account, except for impairment losses recognized in other comprehensive income on investments in equity instruments measured at fair value through other comprehensive income, which does not reduce the carrying amount.

(5) Investments accounted for using equity method

- a. Investments in subsidiaries are accounted for using the equity method. Subsidiaries refer to entities controlled by the Company.
- b. Under the equity method, the investment is initially recognized at cost. The carrying amount is subsequently increased or decreased to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary after acquisition. The Company also recognizes changes in the Company's share of equity of the subsidiary.
- c. When the Company's share of losses exceeds its interests in the subsidiary (including interests accounted for using equity method and other long-term interests that form part of the Company's net investment), the Company continues recognizing losses in proportion to shareholding.



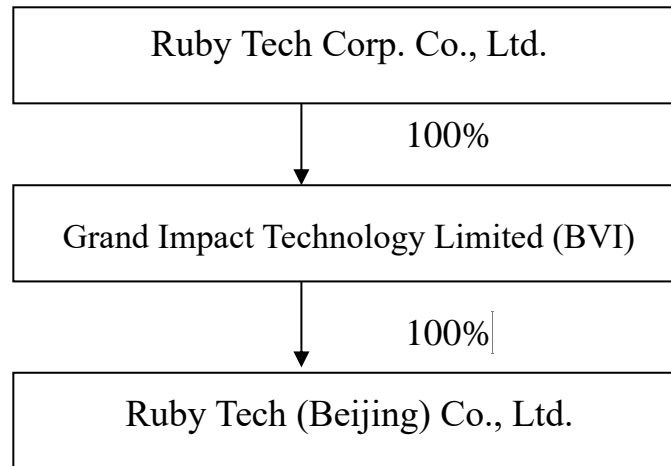
- d. Impairment testing uses cash generating units as the smallest unit. The recoverable amount is compared against the carrying amount. If recoverable amount is less than carrying amount, the carrying amount is reduced to recoverable amount and impairment loss is recognized in profit or loss. The impairment loss is reversed and recognized as gain when there is an increase in recoverable amount afterwards. However, the carrying amount after reversal shall not exceed the amount (net of depreciation or amortization) that would have been determined had no impairment loss been recognized. Impairment losses on goodwill cannot be reversed in subsequent periods.
  - e. Impairment losses on goodwill cannot be reversed in subsequent periods. Profits and losses from downstream and sidestream transactions between the Company and subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.
- (6) Impairment of property, plant, and equipment, right-of-use assets, and intangible assets
- a. The Company evaluates any indication of impairment of property, plant and equipment, right-of-use assets and intangible assets on each balance sheet date. If any such indication exists, the Company estimates the recoverable amount. If it is not possible to estimate the recoverable amount individually, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
  - b. For intangible assets with indefinite useful life, impairment testing is performed at least annually and whenever there is an indication of impairment.
  - c. Recoverable amount is the higher of fair value less costs of disposal and value in use. When the recoverable amount is less than the carrying amount, the carrying amount is reduced to recoverable amount and impairment loss is recognized in profit or loss.
  - d. If there is a reversal of impairment loss subsequently, the carrying amount is increased to revised recoverable amount. However, the increased carrying amount shall not exceed the amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years (less depreciation or amortization). Reversal of impairment loss is recognized in profit or loss.

## 8. Special Items

### 1. Profiles of Affiliated Enterprises

#### (1) Consolidated Business Report of Affiliated Enterprises

##### a. Organization Chart of Affiliated Enterprises



##### b. Information of Affiliated Enterprises

December 31, 2023

Unit: NT\$ thousands

Enterprise Name	Date of Establishment	Address	Paid-in Capital	Main Business Activities
Grand Impact Technology Limited	2001.10	P.O. Box 957, offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	USD1,800	Investment of computer peripherals and related businesses.
Ruby Tech (Beijing) Co., Ltd.	2004.07	Room 1701, Block B, Fangcao International, No. 32, Xizhimen North Avenue, Haidian District, Beijing, China	USD1,650	Trading of computer peripherals.

c. Information on enterprises that are presumed to have a control-subordinate relationship under Article 369-3 of the Company Act: None.

d. Industries covered by the operations of all affiliates: Please refer to the information of affiliated enterprises.

e. Information on Directors, Supervisors, and Presidents of affiliates:

December 31, 2023

Unit: thousand shares

Enterprise Name	Title	Name or Representative	Shares Owned	
			Number of	Percent-Ownership
Grand Impact Technology Limited	Chairman	Ruby Tech Corp. Representative: Lin, Kuan-Ming	1,800	100%
Ruby Tech (Beijing)Co., Ltd.	Representative & President	Lin, Kuan-Ming	Note	100%

Note: As a limited liability company, no shares were issued.

f. Operating review of affiliated enterprises

As of December 31, 2023

Unit: NT\$ thousands

Enterprise Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit (Loss)	Profit (loss) in this period after tax	EPS (After Tax)
Grand Impact Technology Limited	58,581	27,812	-	27,812	-	( 1)	(660)	(0.0113)
Ruby Tech (Beijing)Co., Ltd.	53,471	29,021	1,209	27,812	-	(2,224)	(660)	-

(2) Consolidated Financial Statements of Affiliated Enterprises:

For the fiscal year from January 1 to December 31, 2023, the companies required to be included in the preparation of the consolidated financial statements of affiliated enterprises in accordance with the “Regulations Governing Preparation of Affiliated Enterprises Consolidated Business Report, Affiliated Enterprises Consolidated Financial Statements and Related Reports” are the same as those required to be included in the preparation of the parent-subsidary consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and Statement of Financial Accounting Standards No. 7 “Consolidated Financial Statements”, and the related information required to be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the aforementioned parent-subsidary consolidated financial statements. Therefore, consolidated financial statements of affiliated enterprises were not prepared separately.

(3) Affiliation report: N/A.

2. Private Placement of Securities in the Most Recent Fiscal Year and as of the Printing Date of the Annual Report: None.
3. Holding or disposal of stocks of the Company by subsidiaries in the most recent fiscal year and up to the date of report: None.

4. Other matters that require additional description:

Regarding the Company's subsidiaries, Grand Impact Technology Limited and Ruby Tech (Beijing) Co., Ltd., were not significant subsidiaries, the approval from OTC to be released from listing commitments.

9. Matters, if any, that may affect Shareholders' Equity or Securities Price as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the Most Recent Year and as of the Printing Date of the Annual Report: None.

# **Ruby Tech Corporation**

**Chairman: Lin, Kuan-Ming**