EZconn Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of EZconn Corporation as of and for the year ended December 31, 2023 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, EZconn Corporation and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

EZCONN CORPORATION

By

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CHEN, STEVE
Chairman

March 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
EZconn Corporation

Opinion

We have audited the accompanying consolidated financial statements of EZconn Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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 of the Group's consolidated financial statements for the year ended December 31, 2023 are described as follows:

Occurrence of Sales Revenue from Specific Products

The sales revenue in 2023 decreased compared to that in 2022, with significant growth in sales revenue from specific products. Since sales revenue from specific products has a significant impact on financial performance, we identified the occurrence of sales revenue as the key audit matters for the year ended December 31, 2023.

Refer to Notes 4 and 32 to the consolidated financial statements for the accounting policies, material accounting estimates and judgments, and other details on the information about sales revenue.

The main audit procedures we performed in response to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of the design of the key controls over sales transactions, selected samples and tested the operating effectiveness of such controls.

2. We obtained the transaction details of the specific products, selected samples and examined the related transaction documents, and we confirmed that such transaction documents comply with the sales policies.

3. We obtained the transaction details of specific products and conducted test of details on the products.

4. We checked for significant sales returns and discounts and for any abnormalities in the payments after the reporting period.

Other Matter

We have also audited the parent company only financial statements of EZconn Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. 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 the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' 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 Chun-Hung Chen and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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.

EZCONN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,000,415	30	$ 983,593	29
Financial assets at amortized cost - current (Notes 4 and 8)	94,271	3	33,027	1
Notes receivable (Notes 4 and 9)	5,246	-	4,266	-
Trade receivables from unrelated parties (Notes 4 and 9)	440,962	13	621,454	18
Other receivables from unrelated parties (Notes 4 and 9)	17,102	1	18,653	1
Other receivables from related parties (Notes 4 and 28)	-	-	1,500	-
Inventories (Notes 4, 5 and 10)	602,362	18	798,376	23
Prepayments	44,544	1	14,725	1
Other current assets	4,336	-	13,795	-
Total current assets	2,209,238	66	2,489,389	73
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	89,386	3	30,077	1
Financial assets at amortized cost - non-current (Notes 4, 8 and 29)	2,309	-	2,284	-
Investments accounted for using the equity method (Notes 4 and 12)	39,900	1	56,413	2
Property, plant and equipment (Notes 4, 13 and 29)	556,492	17	608,478	18
Right-of-use assets (Notes 4 and 14)	33,649	1	94,906	3
Intangible assets (Notes 4 and 15)	7,591	-	9,740	-
Deferred tax assets (Notes 4 and 24)	125,218	4	114,702	3
Prepayments for equipment	988	-	1,083	-
Refundable deposits	3,046	-	3,155	-
Prepayments for building and land (Note 13)	280,000	8	-	-
Total non-current assets	1,138,579	34	920,838	27
TOTAL	$ 3,347,817	100	$ 3,410,227	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 330,000	10	$ 330,000	10
Notes payable (Note 17)	6	-	26,488	1
Trade payables (Note 17)	187,396	6	227,644	7
Other payables (Note 18)	388,197	12	304,712	9
Current tax liabilities (Notes 4 and 24)	45,840	1	64,179	2
Provisions - current (Notes 4 and 19)	-	-	8,055	-
Lease liabilities - current (Notes 4 and 14)	8,090	-	14,097	-
Current portion of long-term borrowings (Notes 16 and 29)	12,000	-	12,000	-
Other current liabilities (Notes 4, 18 and 22)	62,742	2	66,244	2
Total current liabilities	1,034,271	31	1,053,419	31
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 29)	206,000	6	218,000	7
Deferred tax liabilities (Notes 4 and 24)	7,906	-	31,044	1
Lease liabilities - non-current (Notes 4 and 14)	6,113	-	61,404	2
Net defined benefit liabilities (Notes 4 and 20)	33,545	1	44,472	1
Other non-current liabilities	9,256	1	9,637	-
Total non-current liabilities	262,820	8	364,557	11
Total liabilities	1,297,091	39	1,417,976	42
EQUITY (Notes 4 and 21)				
Ordinary shares	663,000	20	693,000	20
Capital surplus	225,635	7	234,872	7
Retained earnings				
Legal reserve	276,278	8	243,893	7
Special reserve	117,072	4	117,072	3
Unappropriated earnings	850,197	25	920,911	27
Total retained earnings	1,243,547	37	1,281,876	37
Other equity	(81,456)	(3)	(106,644)	(3)
Treasury shares	-	-	(110,853)	(3)
Total equity	2,050,726	61	1,992,251	58
TOTAL	$ 3,347,817	100	$ 3,410,227	100

The accompanying notes are an integral part of the consolidated financial statements.

EZCONN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4, 22 and 28)	$ 2,617,385	100	$ 2,940,188	100
COST OF REVENUE (Notes 10, 20 and 23)	1,686,998	64	2,004,967	68
GROSS PROFIT	930,387	36	935,221	32
OPERATING EXPENSES (Notes 9, 20, 23 and 28)				
Selling and marketing expenses	350,379	13	291,309	10
General and administrative expenses	254,837	10	249,793	8
Research and development expenses	104,354	4	107,090	4
Expected credit gain	(5,116)	-	(2,897)	-
Total operating expenses	704,454	27	645,295	22
PROFIT FROM OPERATIONS	225,933	9	289,926	10
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13 and 23)				
Interest income	25,200	1	6,273	-
Other income	9,727	-	4,835	-
Other gains and losses	16,144	1	138,130	5
Finance costs	(12,738)	-	(9,470)	-
Share of loss of associates accounted for using the equity method	(16,513)	(1)	(3,318)	-
Total non-operating income and expenses	21,820	1	136,450	5
PROFIT BEFORE INCOME TAX	247,753	10	426,376	15
INCOME TAX EXPENSE (Notes 4 and 24)	79,711	3	104,711	4
NET PROFIT FOR THE YEAR	168,042	7	321,665	11
OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 4, 7, 20 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5,581	-	3,072	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	41,309	1	(4,307)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(9,168)	-	84	-
	37,722	1	(1,151)	-

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EZCONN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (10,086)	-	$ 18,815	-
Income tax relating to items that may be reclassified subsequently to profit or loss	2,017	-	(3,763)	-
	(8,069)	-	15,052	-
Other comprehensive income for the year, net of income tax	29,653	1	13,901	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 197,695	8	$ 335,566	11
EARNINGS PER SHARE (Note 25)				
Basic	$ 2.53		$ 4.85	
Diluted	$ 2.52		$ 4.80	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

EZCONN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 21)			Retained Earnings (Note 21)				Other Equity (Notes 4 and 21)				
	Share (In Thousands)	Amount	Capital Surplus (Note 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares (Note 21)	Total Equity
BALANCE AT JANUARY 1, 2022	69,300	$ 693,000	$ 234,872	$ 233,370	$ 106,641	$ 697,571	$ 1,037,582	$ (103,987)	$ (13,085)	$ (117,072)	$ (110,853)	$ 1,737,529
Appropriation of 2021 earnings												
Legal reserve	-	-	-	10,523	-	(10,523)	-	-	-	-	-	-
Special reserve	-	-	-	-	10,431	(10,431)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(79,560)	(79,560)	-	-	-	-	(79,560)
Other change in capital surplus:												
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	(1,284)	(1,284)	-	-	-	-	(1,284)
Net profit for the year ended December 31, 2022	-	-	-	-	-	321,665	321,665	-	-	-	-	321,665
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	2,458	2,458	15,052	(3,609)	11,443	-	13,901
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	324,123	324,123	15,052	(3,609)	11,443	-	335,566
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,015	1,015	-	(1,015)	(1,015)	-	-
BALANCE AT DECEMBER 31, 2022	69,300	693,000	234,872	243,893	117,072	920,911	1,281,876	(88,935)	(17,709)	(106,644)	(110,853)	1,992,251
Cancelation of treasury shares	(3,000)	(30,000)	(9,247)	-	-	(71,606)	(71,606)	-	-	-	110,853	-
Exercising the right of imputation	-	-	10	-	-	-	-	-	-	-	-	10
Appropriation of 2022 earnings												
Legal reserve	-	-	-	32,385	-	(32,385)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(139,230)	(139,230)	-	-	-	-	(139,230)
Net profit for the year ended December 31, 2023	-	-	-	-	-	168,042	168,042	-	-	-	-	168,042
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	4,465	4,465	(8,069)	33,257	25,188	-	29,653
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	172,507	172,507	(8,069)	33,257	25,188	-	197,695
BALANCE AT DECEMBER 31, 2023	66,300	$ 663,000	$ 225,635	$ 276,278	$ 117,072	$ 850,197	$ 1,243,547	$ (97,004)	$ 15,548	$ (81,456)	$ -	$ 2,050,726

The accompanying notes are an integral part of the consolidated financial statements.

EZCONN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 247,753	$ 426,376
Adjustments for:		
Depreciation expenses	86,885	85,558
Amortization expenses	3,664	2,878
Expected credit loss reversed on trade receivables	(5,116)	(2,897)
Finance costs	12,738	9,470
Interest income	(25,200)	(6,273)
Share of loss of associates accounted for using the equity method	16,513	3,318
Loss on disposal of property, plant and equipment	1,092	1,133
Gain on lease modification	(1,433)	-
Write-down of inventories	58,650	18,059
Reversal of provisions	(8,055)	-
Changes in operating assets and liabilities		
Notes receivable	(980)	(591)
Trade receivables from unrelated parties	185,563	11,546
Other receivables from unrelated parties	3,246	2,715
Other receivables from related parties	1,500	(1,500)
Inventories	138,752	(85,592)
Prepayments	(29,819)	24,357
Other current assets	9,459	(9,745)
Notes payable	(26,482)	25,399
Trade payables	(40,248)	(108,966)
Other payables	78,443	69,582
Other current liabilities	(3,502)	(14,390)
Net defined benefit liabilities	(5,346)	(5,316)
Cash generated from operations	698,077	445,121
Interest received	23,505	5,393
Interest paid	(12,539)	(9,496)
Income tax paid	(138,982)	(70,733)
Net cash generated from operating activities	570,061	370,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets a fair value through other comprehensive income	(18,000)	(10,000)
Purchase of financial assets at amortized cost	(282,433)	(35,369)
Proceeds from sales of financial assets at amortized cost	217,471	34,703
Acquisition of associate accounted for using the equity method	-	(30,000)
Payments for property, plant and equipment	(20,947)	(62,809)
Proceeds from disposal of property, plant and equipment	3,763	298
Decrease (increase) in refundable deposits	108	(206)

(Continued)

EZCONN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Payments for intangible assets	$ (1,408)	$ (2,706)
Increase in prepayment for building and land	(280,000)	-
Net cash used in investing activities	(381,446)	(106,089)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,460,000	2,692,025
Repayments of short-term borrowings	(1,460,000)	(2,632,025)
Repayments of long-term borrowings	(12,000)	-
Repayment of the principal portion of lease liabilities	(14,834)	(14,157)
Decrease in other non-current liabilities	(381)	(59)
Cash dividends paid	(139,230)	(79,560)
Exercising the right of imputation	10	-
Net cash used in financing activities	(166,435)	(33,776)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(5,358)	26,031
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,822	256,451
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	983,593	727,142
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,000,415	$ 983,593

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

EZconn Corporation (the "Company") was incorporated in the Republic of China (ROC) on September 4, 1996. The Company mainly manufactures and sells precision metal components and optical fiber components of various electronic products.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since July 14, 2015.

These consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 14, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced 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 determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 11, Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of its foreign operations (including subsidiaries in other countries that use currency different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments accounted for using the equity method

An associate is an entity over which the Group has significant influence and which is not a subsidiary.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group’s ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, notes receivables, other receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products at the best estimate by the management of the Group of the expenditure required to settle the Group's obligation.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of optical fiber component and radio frequency connector products. Sales of optical fiber components and radio frequency connector products are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Taking into consideration the different contractual terms, the Group estimated customer returns and rebates that are likely to happen based on past experience, and the rebates are recognized as refund liabilities (other current liabilities).

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined 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 benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group 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 arising from deductible temporary differences associated with such investments and interests are only recognized 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 the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations and assumptions on 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 factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventories 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 estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31 2023	December 31 2022
Cash on hand	$ 569	$ 825
Checking accounts and demand deposits	868,356	651,494
Cash equivalents		
Time deposits with original maturities of three months or less	131,490	331,274
	$ 1,000,415	$ 983,593

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31 2023	December 31 2022
Bank balance	0.001%-1.45%	0.001%-1.05%
Time deposits with original maturities of three months or less	2.10%-5.62%	1.90%-4.80%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31 2023	December 31 2022
Non-current		
Domestic investments		
Listed shares		
TrueLight Corporation	$ 27,450	$ -
Unlisted shares		
OpXion Tech. Incorporation	5,602	14,000
	$ 33,052	$ 14,000
Foreign investments		
Unlisted shares		
Lightel Technologies Inc.	$ 56,334	$ 16,077
	$ 89,386	$ 30,077

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purpose. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes.

In September 2023, the Group acquired the ordinary shares of TrueLight Corporation via capital injection since the shares are held for medium- to long-term strategic purposes; the management designated these investments as at FVTOCI.

In March 2022, the Group acquired the ordinary shares of OpXion Tech. Incorporation via capital injection since the shares are held for medium- to long-term strategic purposes, the management designated these investments as at FVTOCI.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturities of more than 3 months (a)	$ 94,271	$ 33,027
Non-current		
Pledged deposits (b)	$ 2,309	$ 2,284

a. The ranges of interest rates for time deposits with an original maturity of more than 3 months were approximately 1.90%-5.35% and 1.90%-2.40% per annum as of December 31, 2023 and 2022, respectively.

b. The market interest rates of the pledged deposits were 1.58% and 1.20% per annum as of December 31, 2023 and 2022, respectively.

c. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable, net		
At amortized cost		
Gross carrying amount	$ 5,329	$ 4,349
Less: Allowance for impairment loss	(83)	(83)
	$ 5,246	$ 4,266
Notes receivable - operating	$ 5,246	$ 4,266
Trade receivables (a)		
At amortized cost		
Gross carrying amount	$ 537,932	$ 723,496
Less: Allowance for impairment loss	(96,970)	(102,042)
	$ 440,962	$ 621,454
Other receivables (b)		
Tax refund business receivable	$ 10,594	$ 14,299
Interest receivable	2,932	1,237
Receivables from sales of scrap and by-products	946	1,514
Others	2,630	1,603
	$ 17,102	$ 18,653

a. Trade receivables

The average credit period of sales of goods is 30 to 120 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2023

	China	Asia	America	Europe	Others	Total
Gross carrying amount	$ 35,767	$ 223,535	$ 159,007	$ 23,151	$ 96,472	$ 537,932
Loss allowance (Lifetime ECLs)	(36)	(335)	(79)	(48)	(96,472)	(96,970)
Amortized cost	$ 35,731	$ 223,200	$ 158,928	$ 23,103	$ -	$ 440,962

December 31, 2022

	China	Asia	America	Europe	Others	Total
Gross carrying amount	$ 83,179	$ 364,531	$ 136,506	$ 38,019	$ 101,261	$ 723,496
Loss allowance (Lifetime ECLs)	(83)	(548)	(68)	(82)	(101,261)	(102,042)
Amortized cost	$ 83,096	$ 363,983	$ 136,438	$ 37,937	$ -	$ 621,454

The aging of receivables was as follows:

	December 31	
	2023	2022
UP to 30 days	$ 158,055	$ 201,977
31-60 days	122,077	164,615
61-90 days	62,867	85,155
91-120 days	73,530	86,170
Over 120 days	121,403	185,579
	$ 537,932	$ 723,496

The above aging schedule was based on the number of past due days from the invoice date.

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 102,042	$ 94,683
Impairment loss reversed on receivables	(5,116)	(2,897)
Foreign exchange gains and losses	44	10,256
Balance at December 31	$ 96,970	$ 102,042

PCT International Inc. (PCT), one of the Company's customers, filed for bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code in November 2019, and in June 2020, PCT also filed for a debt reorganization plan. In March 2021, the Company, PCT, the Official Committee of Unsecured Creditors ("Committee") and certain other parties entered into a settlement agreement. The Bankruptcy Court approved the debt reorganization plan associated with the settlement in November 2021. PCT made the first payment in December 2021, agreeing to pay the balance of the Company's claims in full within a 10-year schedule with options for early payments. Nevertheless, since the Company has recognized full impairment losses regarding PCT's debt for the past few years, the scheduled payments from PCT will be reversed in the future. As of December 31, 2023, the remaining US$3,131 thousand was fully recognized as an allowance for impairment loss.

b. Other receivables

Other receivables were primarily tax refund receivable, receivable from sales of scrap and by-products and interest receivable. As of December 31, 2023 and 2022, the Group had assessed the impairment loss of other receivables based on expected credit losses.

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 253,308	$ 263,890
Work in progress	162,630	197,612
Raw materials	186,424	336,874
	$ 602,362	$ 798,376

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were $1,686,998 thousand and $2,004,967 thousand, respectively, including write-downs of inventory of $58,650 thousand and $18,059 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2023	Proportion of Ownership December 31 2022
The Company	EC-Link Technology Inc. (EC-Link)	Investment	100%	100%
	EZconn Europe GmbH	Manufacture and sale of precision metal components and optical fiber components of various electronic products	100%	100%
EC-Link	Light Master Technology Inc. (Light Master)	Investment	100%	100%
EZconn Europe GmbH	EZconn Czech a.s.	Manufacture of various optical fiber components	100%	100%
Light Master	Light Master Technology (Ningbo) Inc.	Manufacture and sale of optical fiber components and cable connector	100%	100%
EZconn Czech a.s.	EZconn Technologies CZ s.r.o.	Manufacture and research of optical communication components	100%	100%

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2023	December 31 2022
Investments in associate that is not individually material		
AuthenX Inc.	$ 39,900	$ 56,413

Associate is accounted for using the equity method.

Aggregate information of associate that is not individually material

	For the Year Ended December 31, 2023	May 11, 2022 (Date of Acquisition) to December 31, 2022
The Group’s share of:		
Loss for the current period/total comprehensive loss	$ (16,513)	$ (3,318)

In May 2022, the Group participated in the capital injection of AuthenX Inc. with an amount of $30,000 thousand, which increased the Group’s holding percentage to 26.45%.

In December 2022, the Group subscribed for additional new shares of AuthenX Inc. at a percentage different from its existing ownership interests, which decreased its ownership interests from 31.86% to 29.52%.

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Mold Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2022	$ 126,000	$ 383,562	$ 914,738	$ 38,866	$ 4,991	$ 41,104	$ 95,698	$ 10,479	$ 1,615,438
Additions	-	-	18,760	1,780	1,197	2,616	8,250	10,863	43,466
Disposals	-	-	(17,380)	(772)	-	(719)	(4,966)	-	(23,837)
Reclassification	-	-	33,296	87	-	2,520	6,338	(19,450)	22,791
Effect of foreign currency exchange differences	-	3,671	12,245	-	64	321	77	(235)	16,143
Balance at December 31, 2022	126,000	387,233	961,659	39,961	6,252	45,842	105,397	1,657	1,674,001
Additions	-	-	15,154	516	-	651	1,721	854	18,896
Disposals	-	-	(44,084)	(4,326)	-	(1,560)	(257)	(30)	(50,257)
Reclassification	-	-	9,175	-	-	35	254	(2,321)	7,143
Effect of foreign currency exchange differences	-	(4,010)	(4,937)	-	(97)	(338)	(149)	50	(9,481)
Balance at December 31, 2023	$ 126,000	$ 383,223	$ 936,967	$ 36,151	$ 6,155	$ 44,630	$ 106,966	$ 210	$ 1,640,302
Accumulated depreciation and impairment									
Balance at January 1, 2022	$ -	$ 177,718	$ 693,236	$ 35,379	$ 4,532	$ 36,087	$ 56,983	$ -	$ 1,003,935
Depreciation expenses	-	14,412	42,076	2,032	6	1,899	9,673	-	70,098
Disposals	-	-	(15,565)	(637)	-	(647)	(4,966)	-	(21,815)
Effect of foreign currency exchange differences	-	2,552	10,314	-	64	276	99	-	13,305
Balance at December 31, 2022	-	194,682	730,061	36,774	4,602	37,615	61,789	-	1,065,523
Depreciation expenses	-	14,387	43,848	1,652	216	2,149	8,746	-	70,998
Disposals	-	-	(39,275)	(4,326)	-	(1,413)	(257)	-	(45,271)
Effect of foreign currency exchange differences	-	(3,254)	(3,776)	-	(74)	(277)	(59)	-	(7,440)
Balance at December 31, 2023	$ -	$ 205,815	$ 730,858	$ 34,100	$ 4,744	$ 38,074	$ 70,219	$ -	$ 1,083,810
Carrying amount at December 31, 2022	$ 126,000	$ 192,551	$ 231,598	$ 3,187	$ 1,650	$ 8,227	$ 43,608	$ 1,657	$ 608,478
Carrying amount at December 31, 2023	$ 126,000	$ 177,408	$ 206,109	$ 2,051	$ 1,411	$ 6,556	$ 36,747	$ 210	$ 556,492

On December 14, 2023, in order to meet operational needs and long-term development and planning, the Corporation's board of directors resolved to purchase the leased land and factory with a total contract amount of $560,000 thousand. As of December 31, 2023, the Corporation had paid $280,000 thousand for the first and second installments, which were recognized as prepayments for building and land. The transfer of ownership were completed and the remaining $280,000 thousand was paid in January 2024.

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	4, 5, 20 and 40 years
Machinery equipment	2-10 years
Mold equipment	2 years
Transportation equipment	5 years
Office equipment	3, 5 and 10 years
Other equipment	2, 3, 5, 8-10 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31 2023	December 31 2022
Carrying amount		
Land	$ 19,934	$ 20,959
Buildings	11,090	71,805
Transportation equipment	2,625	2,142
	$ 33,649	$ 94,906

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Additions to right-of-use assets	$ 3,315	$ 9,936
Depreciation charge for right-of-use assets		
Land	$ 686	$ 687
Buildings	13,898	13,775
Transportation equipment	1,303	998
	$ 15,887	$ 15,460

b. Lease liabilities

	December 31 2023	December 31 2022
Carrying amount		
Current	$ 8,090	$ 14,097
Non-current	$ 6,113	$ 61,404

Range of discount rates for lease liabilities was as follows:

	December 31 2023	December 31 2022
Buildings	1.45%-4.75%	1.45%-4.75%
Transportation equipment	1.45%-4.00%	1.45%-4.00%

c. Material leasing activities and terms

As lessee, the Group leases land and buildings for plants and offices and transportation equipment with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings and transportation equipment at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 3,553	$ 1,827
Total cash outflow for leases	$ (19,554)	$ (17,220)

The Group leases certain transportation equipment and buildings which qualify as short-term leases. The Group elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Computer Software		
	Cost	Accumulated Amortization	Total
Balance at January 1, 2022	$ 15,742	$ 6,541	$ 9,201
Additions/amortization expense	2,706	2,878	
Additions from internal developments	-	-	
Disposals	(462)	(462)	
Effect of foreign currency exchange differences	956	245	
Balance at December 31, 2022	18,942	9,202	$ 9,740
Additions/amortization expense	1,408	3,664	
Additions from internal developments	-	-	
Disposals	(3,268)	(3,268)	
Effect of foreign currency exchange differences	33	(74)	
Balance at December 31, 2023	$ 17,115	$ 9,524	$ 7,591

The Group's intangible assets, which comprise computer software, are amortized on the straight-line basis over the estimated useful lives of 1 to 10 years.

	For the Year Ended December 31	
	2023	2022
An analysis of amortization by function		
Operating costs	$ 62	$ 989
Selling and marketing expenses	36	5
General and administrative expenses	1,072	1,287
Research and development expenses	2,494	597
	$ 3,664	$ 2,878

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Line of credit borrowings	$ 330,000	$ 330,000

The interest rate ranges of line of credit borrowings were 1.800%-1.930% and 1.785%-1.950% per annum as of December 31, 2023 and 2022, respectively.

b. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings		
Bank borrowings	$ 218,000	$ 230,000
Less: Current portion of long-term borrowings	(12,000)	(12,000)
Long-term borrowings	$ 206,000	$ 218,000

To increase medium- and long-term working capital, the Group entered into a loan contract with a bank for the period November 2020 to November 2027. As of December 31, 2023, the effective interest rate was 2.35%-2.40% and interest is repayable on a monthly basis. The principal of the loan is repayable over a period of 2 years, where repayments of NT$6,000 thousand are to be made semi-annually starting 2 years from the date of the initial drawdown, with the rest of the principal paid in one lump sum upon maturity. The Group provided property, and plant as collateral for this loan (refer to Notes 13 and 29 for the details).

For some of the loan agreements, the Group's current ratio, debt ratio, and the net worth as stated in the financial statements are not to fall below specified ratios/amount, or else. The Group is required to propose improvement measures to the bank when failing to comply with the restrictions. As of December 31, 2023, the Group was not in violation of any of the aforementioned financial restrictions.

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
Notes payable		
Operating	$ -	$ 8
Non-operating	6	26,480
	$ 6	$ 26,488
Trade payables		
Operating	$ 187,396	$ 227,644

The average credit period of purchases of goods is 60-90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31 2023	December 31 2022
Other payables		
Payables for commissions	$ 142,696	$ 53,687
Payables for salaries or bonuses	138,302	141,702
Payables for employees' compensation and remuneration of directors	23,500	39,000
Payables for employees' insurance	11,771	11,983
Payables for professional expenses	11,630	5,271
Payables for employees' benefits	7,654	6,909
Payables for purchase of equipment	7,351	2,508
Others	45,293	43,652
	$ 388,197	$ 304,712
Other current liabilities		
Refund liabilities	$ 48,809	$ 48,929
Contract liabilities (Note 22)	10,585	13,411
Others	3,348	3,904
	$ 62,742	$ 66,244

19. PROVISIONS

	December 31 2023	December 31 2022
Current		
Warranties	$ -	$ 8,055

Provision for warranty is estimated based on the Group's obligations for warranties under local regulations on sale of goods.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in mainland China are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to a fixed percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 104,587	$ 110,451
Fair value of plan assets	(71,042)	(65,979)
Net defined benefit liability	$ 33,545	$ 44,472

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2023	$ 110,451	$ (65,979)	$ 44,472
Service cost			
Current service cost	85	-	85
Net interest expense (income)	1,519	(950)	569
Recognized in profit or loss	1,604	(950)	654
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(453)	(453)
Actuarial loss - changes in financial assumptions	1,053	-	1,053
Actuarial loss - experience adjustments	(6,181)	-	(6,181)
Recognized in other comprehensive income	(5,128)	(453)	(5,581)
Contributions from the employer	-	(6,000)	(6,000)
Benefits paid	(2,340)	2,340	-
Balance at December 31, 2023	$ 104,587	$ (71,042)	$ 33,545

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2022	$ 110,897	$ (58,037)	$ 52,860
Service cost			
Current service cost	120	-	120
Net interest expense (income)	554	(305)	249
Recognized in profit or loss	674	(305)	369
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,509)	(4,509)
Actuarial loss - changes in financial assumptions	(8,740)	-	(8,740)
Actuarial loss - experience adjustments	10,177	-	10,177
Recognized in other comprehensive income	1,437	(4,509)	(3,072)
Contributions from the employer	-	(5,685)	(5,685)
Benefits paid	(2,557)	2,557	-
Balance at December 31, 2022	$ 110,451	$ (65,979)	$ 44,472

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 487	$ 277
Selling and marketing expenses	33	18
General and administrative expenses	73	36
Research and development expenses	61	38
	$ 654	$ 369

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.250%	1.375%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	$ (2,088)	$ (2,301)
0.25% decrease	$ 2,159	$ 2,385
Expected rate of salary increase		
0.25% increase	$ 2,100	$ 2,322
0.25% decrease	$ (2,042)	$ (2,253)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	$ 6,135	$ 6,135
The average duration of the defined benefit obligation	8.1 years	8.5 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Number of authorized shares (in thousands)	180,000	180,000
Amount of authorized shares	$ 1,800,000	$ 1,800,000
Number of issued and fully paid shares (in thousands)	66,300	69,300
Amount of issued and fully paid shares	$ 663,000	$ 693,000

The holders of issued ordinary shares with a par value of $10 are entitled the right to vote and receive dividends.

The board of directors of the Company resolved to cancel 3,000 thousand treasury shares on March 14, 2023, and the registration change was approved by the competent authority.

In order to enrich working capital and repay bank borrowings, the Company's board of directors resolved to issue new shares through a cash capital increase of $9,300 thousand shares on November 21, 2023. The issue price is $57 per share, and the total cash capital increase was $530,100 thousand. The Company received the share payment on March 5, 2024 (basis date of cash capital increase).

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 204,353	$ 213,600
Share-based payments	8,236	8,236
May only be used to offset a deficit (2)		
Exercising the right of imputation	10	-
May not be used for any purpose (3)		
Changes in percentage of ownership interests in subsidiaries	13,036	13,036
	$ 225,635	$ 234,872

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and once a year).

2) Such capital surplus arises from the right of imputation is exercised, which may only be used to offset a deficit.

3) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition. Such capital surplus may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees’ compensation and remuneration of directors and supervisors, refer to employees’ compensation and remuneration of directors in Note 23-g.

The Company’s dividends policy is based on the shareholders’ long-term interests. In formulating its dividends policy, the Company takes into account the overall business and industry conditions and trends, present and future operational expansion and to satisfy the shareholders’ need for cash inflow. The Company’s dividends policy states that cash dividends should be at least 10% of total dividends. A distribution plan is also to be made by the board of directors and passed for resolution in the shareholders’ meeting.

Under the Company's dividends policy in the Articles, the proposed distribution of dividends can be distributed fully or partially by cash and is subject to the approval of the Company's board of directors with attendance of more than two-thirds of the directors and with consent of at least half of the attending directors; in addition, it shall be reported in the shareholders' meeting.

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. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 32,385	$ 10,523
Special reserve	$ -	$ 10,431
Cash dividends	$ 139,230	$ 79,560
Cash dividends per share (NT$)	$ 2.1	$ 1.2

The above appropriations of earnings as cash dividends were resolved by the Company's board of directors on March 14, 2023, and March 24, 2022, respectively. The proposed appropriations of earnings for the years ended December 31, 2022 and 2021 were resolved by the shareholders in their meetings on June 6, 2023, and June 27, 2022, respectively.

The appropriation of earnings for 2023 will be resolved by the Company's board of directors' meetings to be held on May 8, 2024.

d. Special reserve

Additional special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated. Any special reserve appropriated may be reversed to the extent that the surplus debit balance reverses and, thereafter, distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

The exchange differences arising on translation of the net assets of foreign operation from their functional currencies to the Company's presentation currency (the New Taiwan dollar) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (17,709)	$ (13,085)
Recognized for the year		
Unrealized gain (loss) - equity instruments	33,257	(3,609)
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal (refer to Note 7)	-	(1,015)
Balance at December 31	$ 15,548	$ (17,709)

f. Treasury shares

In order to motivate employees and increase their loyalty to the Company, the board of directors resolved to purchase treasury shares on January 20, 2020. The planned repurchase period was January 21 to March 20, 2020, and the number of shares repurchased was 3,000 thousand shares. In March 2020, the Company completed its repurchase of shares for a total cost of $110,853 thousand.

Unit: In Thousands of Shares

	For the Year Ended December 31	
Items	**2023**	**2022**
Number of shares at January 1	3,000	3,000
Shares cancelled during the year	(3,000)	-
Number of shares at December 31	-	3,000

The Company cancelled the treasury shares overdue that had not yet been transferred to employees pursuant to the law, and the board of directors of the Company resolved to decrease its capital by $30,000 thousand in March 2023 through the cancellation of 3,000 thousand issued shares on March 20, 2023.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders’ rights on these shares, such as the rights to dividends and to vote.

22. REVENUE

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities (classified under other current liabilities)	$ 10,585	$ 13,411	$ 28,050

The changes in the contract liabilities balances primarily result from the timing difference between the satisfaction of performance obligations and respective the customer’s payment.

23. NET INCOME FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 24,185	$ 6,257
Repurchase bonds	985	-
Others	30	16
	$ 25,200	$ 6,273

b. Other income

	For the Year Ended December 31	
	2023	2022
Grant income	$ 8,496	$ 4,018
Others	1,231	817
	$ 9,727	$ 4,835

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment	$ (1,092)	$ (1,133)
Net foreign exchange gains	14,807	138,863
Gain on lease modification	1,433	-
Others	996	400
	$ 16,144	$ 138,130

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank borrowings	$ 11,571	$ 8,234
Interest on lease liabilities	1,167	1,236
	$ 12,738	$ 9,470

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 70,998	$ 70,098
Right of use assets	15,887	15,460
Intangible assets	3,664	2,878
	$ 90,549	$ 88,436
An analysis of depreciation by function		
Operating costs	$ 59,341	$ 56,563
Operating expenses	27,544	28,995
	$ 86,885	$ 85,558
An analysis of amortization by function		
Operating costs	$ 62	$ 989
Operating expenses	3,602	1,889
	$ 3,664	$ 2,878

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 20)		
Defined contribution plans	$ 25,032	$ 12,900
Defined benefit plans	654	369
	25,686	13,269
Insurance expense	49,278	59,040
Remuneration of directors	7,936	10,624
Other employee benefits	571,063	635,714
Total employee benefits expense	$ 653,963	$ 718,647
An analysis of employee benefits expense by function		
Operating costs	$ 396,195	$ 454,427
Operating expenses	257,768	264,220
	$ 653,963	$ 718,647

g. Employees’ compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees’ compensation and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the year ended December 31, 2023, and 2022, which were approved by the Company's board of directors on March 14, 2024 and 2023, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	7.76%	6.78%
Remuneration of directors	2.37%	2.03%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 18,000	$ 30,000
Remuneration of directors	5,500	9,000

If there is a change in the estimates after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 153,605	$ 263,336
Foreign exchange losses	(138,798)	(124,473)
	$ 14,807	$ 138,863

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 96,777	$ 105,295
Income tax on unappropriated earnings	6,571	236
Repatriation tax	14,694	-
Adjustments for prior years	2,753	(3,491)
	120,795	102,040
Deferred tax		
In respect of the current year	(10,803)	2,671
Deferred tax impact on repatriation on subsidiaries' earnings	(30,281)	-
	(41,084)	2,671
Income tax expense recognized in profit or loss	$ 79,711	$ 104,711

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 247,753	$ 426,376
Income tax expense calculated at the statutory rate	$ 67,073	$ 107,237
Nondeductible expenses in determining taxable income	3,440	729
Income tax on unappropriated earnings	6,571	236
Adjustments for prior years' tax	2,753	(3,491)
Others	(126)	-
Income tax expense recognized in profit or loss	$ 79,711	$ 104,711

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ 2,017	$ (3,763)
Fair value changes of financial assets at FVTOCI	(8,052)	698
Remeasurement of defined benefit plans	(1,116)	(614)
Total income tax recognized in other comprehensive income	$ (7,151)	$ (3,679)

c. Current tax assets and liabilities

	December 31 2023	December 31 2022
Current tax liabilities		
Income tax payable	$ 45,840	$ 64,179

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Allowance for impairment loss	$ 20,611	$ (712)	$ -	$ -	$ 19,899
Write-down of inventories	32,100	12,446	-	(227)	44,319
Defined benefit obligations	11,731	(1,070)	(1,116)	-	9,545
Provisions	1,611	(1,611)	-	-	-
Refund liabilities	9,786	(24)	-	-	9,762
Payables for annual leave	2,359	(69)	-	-	2,290
Unrealized foreign exchange loss	-	3,571	-	-	3,571
Exchange differences on foreign operation	8,445	-	2,017	-	10,462
FVTOCI financial assets	4,428	-	(4,428)	-	-
Others	23,631	1,791	-	(52)	25,370
	$ 114,702	$ 14,322	$ (3,527)	$ (279)	$ 125,218

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Investments accounted for using equity method	$ 29,488	$ (25,206)	$ -	$ -	$ 4,282
Unrealized exchange gains	1,556	(1,556)	-	-	-
FVTOCI financial assets	-	-	3,624	-	3,624
	$ 31,044	$ (26,762)	$ 3,624	$ -	$ 7,906

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Allowance for impairment loss	$ 21,192	$ (581)	$ -	$ -	$ 20,611
Write-down of inventories	28,276	3,715	-	109	32,100
Defined benefit obligation	13,408	(1,063)	(614)	-	11,731
Provisions	1,611	-	-	-	1,611
Refund liabilities	9,454	332	-	-	9,786
Payables for annual leave	2,243	116	-	-	2,359
Exchange differences on foreign operation	12,208	-	(3,763)	-	8,445
FVTOCI financial assets	3,730	-	698	-	4,428
Others	10,684	12,913	-	34	23,631
	$ 102,806	$ 15,432	$ (3,679)	$ 143	$ 114,702

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Investments accounted for using equity method	$ 12,156	$ 17,332	$ -	$ -	$ 29,488
Unrealized exchange gains	785	771	-	-	1,556
	$ 12,941	$ 18,103	$ -	$ -	$ 31,044

e. Income tax assessments

The tax returns of the Company through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 2.53	$ 4.85
Diluted earnings per share	$ 2.52	$ 4.80

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit-for the Year

	For the Year Ended December 31	
	2023	2022
Earning used in the computation of basic earnings per share	$ 168,042	$ 321,665

	For the Year Ended December 31	
	2023	**2022**
Number of shares (in thousands)		
Weighted average number of ordinary shares used in the computation of basic earnings per share	66,300	66,300
Effect of potentially dilutive ordinary shares		
Compensation of employees	373	742
Weighted average number of ordinary shares used in the computation of diluted earnings per share	66,673	67,042

The Company may settle compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, and other equity).

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that were not measured at fair value

   The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair value cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 27,450	$ -	$ -	$ 27,450
Domestic unlisted shares	-	-	5,602	5,602
Foreign unlisted shares	-	-	56,334	56,334
	$ 27,450	$ -	$ 61,936	$ 89,386

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity				
Domestic unlisted shares	$ -	$ -	$ 14,000	$ 14,000
Foreign unlisted shares	-	-	16,077	16,077
	$ -	$ -	$ 30,077	$ 30,077

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of foreign and domestic unlisted equity investments were estimated using the market approach, either by the method of comparable listed companies or by the comparable transaction method, while the fair values of the preference shares were estimated using the option pricing method. The fair values of domestic unlisted equity investments of the ordinary shares were estimated using the Royalties Savings Act method. The significant unobservable inputs used were the discount for lack of marketability and discount for non-controlling interests. An increase in the discount for lack of marketability or non-controlling interests would result in an increase in the fair value.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at amortized cost (1)	$ 1,552,757	$ 1,653,633
Financial assets at FVTOCI - equity instruments	89,386	30,077
Financial liabilities		
Financial liabilities at amortized cost (2)	961,797	938,142

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (excluding tax refund receivable), and refundable deposits.

2) The balances included financial liabilities at amortized cost, which comprise long-term loans, short-term loans, notes payable, trade payables and other payables (excluding payables for salaries or bonuses and payables for employees' compensation and remuneration of directors).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. According to business nature and the degree and magnitude of risks, the Group monitors and manages the financial risks relating to the operations. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group minimizes the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

<u>Sensitivity analysis</u>

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 5% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the year ended December 31, 2023 would have decreased/increased by $64,758 thousand; the net income before tax for year ended December 31, 2022 would have decreased/increased by $63,985 thousand, respectively.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to fair value and cash flow interest rate risk because the Group held both fixed-rate financial assets and financial liabilities. The Group's management monitors fluctuations in market interest rate regularly. If it is needed, the management performs necessary procedures to control significant interest rate risks from fluctuations in market interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 228,070	$ 366,585
Financial liabilities	562,203	635,501
Cash flow interest rate risk		
Financial assets	868,090	648,516

The changes in interest rates did not have significant influence on the Group, so there was no sensitivity analysis.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes, the Group does not actively trade these investments. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The changes in equity securities did not have significant influence on the Group, so there was no sensitivity analysis.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation with financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group transacted with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents and bank loan facilities deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the earliest date on which the Group can be required to pay.

December 31, 2023

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 413,797	$ -	$ -
Lease liabilities	8,326	6,207	-
Fixed interest rate liabilities	342,000	206,000	-
	$ 764,123	$ 212,207	$ -

December 31, 2022

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 378,142	$ -	$ -
Lease liabilities	15,159	64,260	-
Fixed interest rate liabilities	342,000	218,000	-
	$ 735,301	$ 282,260	$ -

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2023 and 2022, the unused amounts of bank loan facilities were as follows:

	December 31	
	2023	2022
Bank loan facilities		
Amounts unused	$ 1,094,113	$ 1,097,088

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides the information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	**Related Party Category**
AuthenX Inc.	Associate (since May 11, 2022)

b. Purchases

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Associate		
AuthenX Inc.	$ 3,960	$ 279

The purchase transactions between the Company and related parties were based on agreements; the purchase prices of the products could not be compared with those of unrelated parties.

c. Other receivables with related parties

	December 31	
Related Party Category	**2023**	**2022**
Associate	$ -	$ 1,500

d. Prepayments

	December 31	
Related Party Category	**2023**	**2022**
Associate	$ 140	$ 536

e. Others

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Cost of goods sold		
Associate	$ 4,050	$ 3,505
Operating expenses		
Associate	$ 660	$ 1,291

f. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 62,908	$ 73,116
Post-employment benefits	989	890
	$ 63,897	$ 74,006

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral and guarantees for the tariff of imported raw materials and goods (see Notes 8 and 13):

	December 31	
	2023	2022
Pledged deposits (classified as financial assets at amortized cost - non-current)	$ 2,309	$ 2,284
Land	126,000	126,000
Buildings	131,166	134,743
	$ 259,475	$ 263,027

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective the functional currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 37,477	30.7050 (USD:NTD)	$ 1,150,727
JPY	78,096	0.2172 (JPY:NTD)	16,962
USD	14,244	7.0872 (USD:RMB)	437,350
RMB	5,914	4.3352 (RMB:NTD)	25,639
Non-monetary items			
USD	-	30.7050 (USD:NTD)	-
Financial liabilities			
Monetary items			
USD	8,936	30.7050 (USD:NTD)	274,385
USD	604	7.0827 (USD:RMB)	18,534

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 38,284	30.7100 (USD:NTD)	$ 1,175,698
JPY	74,166	0.2324 (JPY:NTD)	17,236
USD	14,085	6.9646 (USD:RMB)	432,564
RMB	6,028	4.4094 (RMB:NTD)	26,580
Non-monetary items			
USD	524	30.710 (USD:NTD)	16,077
Financial liabilities			
Monetary items			
USD	7,506	30.7100 (USD:NTD)	230,501
USD	3,193	6.9646 (USD:RMB)	98,065

The Group's gains and losses of foreign currency translation for the years ended December 31, 2023 and 2022 were net gains of $14,807 thousand and $138,863 thousand, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose the gains and losses from the translation of each foreign currency on which the Group had a significant impact.

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 2)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 6)

b. Information on investees (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 8)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments under IFRS 8 "Operating Segments" are described below.

a. Segments, Revenues and Results

The following is an analysis of the Group's revenues and results from continuing operations by reportable segment.

	Optical Fiber Component	Radio Frequency Connector	Total
For the year ended December 31, 2023			
Segment revenues	$ 2,021,893	$ 595,492	$ 2,617,385
Segment income (loss)	$ 268,645	$ (42,712)	$ 225,933
Interest income			25,200
Other income			9,727
Other gains and losses			16,144
Finance costs			(12,738)
Share of associate's loss accounted for using the equity method			(16,513)
Profit before tax (continuing operations)			$ 247,753
For the year ended December 31, 2022			
Segment revenues	$ 2,055,100	$ 885,088	$ 2,940,188
Segment income (loss)	$ 290,981	$ (1,055)	$ 289,926
Interest income			6,273
Other income			4,835
Other gains and losses			138,130
Finance costs			(9,470)
Share of associate's loss accounted for using the equity method			(3,318)
Profit before tax (continuing operations)			$ 426,376

The segment revenues were all generated from external customers. There were no inter-segment transactions for the years ended December 31, 2023 and 2022.

Segment profit represented the profit before tax earned by each segment without interest income, other income, other gains and losses and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

However, the measure of segment assets was not provided to the chief operating decision maker.

b. Revenue from major products and services

The Group's reportable segments are based on major products, no additional information need to be disclosed.

c. Geographical information

The amounts of the Group's revenue from external customers and non-current assets by location are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	$ 666,849	$ 840,137	$ 811,464	$ 565,953
Asia	241,839	430,980	177,230	203,055
America	1,372,299	1,331,745	-	-
Europe	336,398	337,326	24,667	37,128
	$ 2,617,385	$ 2,940,188	$ 1,013,361	$ 806,136

Non-current assets excluded deferred tax assets.

d. Information on major clients

Single customers that contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Client A	$ 804,362	31	$ 654,340	22
Client B	545,803	21	642,055	22
	$ 1,350,165	52	$ 1,296,395	44

EZCONN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
EZconn Corporation	Enablence Technology Inc. - ordinary shares	-	Investments in equity instruments at FVTOCI - non-current	1	$ -	-	$ -	2
	Lightel Technologies Inc. - preference shares	-	As above	1,250	56,334	5.88	56,334	-
	OpXion Tech. Incorporation - ordinary shares	-	As above	6,000	5,602	17.14	5,602	-
	TrueLight Corporation	-	As above	1,000	27,450	1.04	27,450	-

Note 1: The marketable securities were not pledged.

Note 2: The carrying amount was zero as of December 31, 2023 due to the impairment loss recognized in prior years.

EZCONN CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
EZconn Corporation	Land and buildings	2023/12/14	$ 560,000	As of December 31, 2023, the Company had paid $280,000 thousand and paid the remaining $280,000 thousand in January 2024.	Elitegroup Computer Systems Co., Ltd.	Non-related parties	N/A	N/A	N/A	$ -	Negotiation based on real estate valuation report, decided by the board of directors	In response to business needs and long-term development and planning	-

EZCONN CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount (Foreign Currencies in Thousands) (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Foreign Currencies in Thousands) (Note)	% to Total	
EZconn Corporation	Light Master Technology (Ningbo) Inc.	Sub-subsidiary	Purchases	$ 625,483 (US$ 20,076)	54	T/T 90 days	-	-	$ (226,628) (US$ 7,381)	68	

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 4

EZCONN CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 3) (Foreign Currencies in Thousands)	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Light Master Technology (Ningbo) Inc.	EZconn Corporation	Parent company	Trade receivables from related parties $ 226,628 (US$ 7,381)	-	$ -	-	$ 115,596	Note 1

Note 1: No impairment loss was recognized on trade receivables from related parties.

Note 2: Subsequent period was from January 1, 2024 to March 14, 2024.

Note 3: All intercompany transactions have been eliminated upon consolidation.

EZCONN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profits (Loss)	Note
				December 31, 2023 (Foreign Currencies in Thousands)	December 31, 2022 (Foreign Currencies in Thousands)	Shares (In Thousands)	%	Carrying Amount (Foreign Currencies in Thousands)			
EZconn Corporation	EC-Link Technology Inc.	Samoa Islands	Investment	$ 679,543	$ 679,543	-	100.00	$ 677,754	$ 63,357 (US$ 2,034)	$ 48,128	Note 2
	EZconn Europe GmbH	Germany	Manufactures and sells precision metal components and optical fiber components of various electronic products	185,143	185,143	-	100.00	69,262	(17,759) (US$ -570)	(17,759)	Note 2
	AuthenX Inc.	Taiwan	Manufacturing of Electronic products	61,015	61,015	7,625	29.52	39,900	(40,489)	(16,513)	Note 3
EC-Link Technology Inc.	Light Master Technology Inc.	Samoa Islands	Investment	702,438 (US$ 22,877)	702,438 (US$ 22,877)	-	100.00	669,830 (US$ 21,815)	63,396 (US$ 2,035)		
EZconn Europe GmbH	EZconn Czech a.s.	Czech	Manufacturing of various optical fiber components	64,902 (EUR 1,910)	64,902 (EUR 1,910)	-	100.00	72,659 (EUR 2,138)	(15,067) (EUR -447)		
EZconn Czech a.s.	EZconn technologies CZ s.r.o.	Czech	Manufacturing and research of optical communication components	13,720 (CZK 10,000)	13,720 (CZK 10,000)	-	100.00	8,517 (CZK 6,208)	(2,117) (CZK -1,507)		

Note 1: For information on invested company in mainland China, refer to Table 6.

Note 2: All intercompany transactions have been eliminated upon consolidation.

Note 3: Refer to Note 12 for more information.

TABLE 6

EZCONN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands) (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Foreign Currencies in Thousands) (Note 3)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Foreign Currencies in Thousands) (Note 3)	Net Income (Loss) of the Investee (Foreign Currencies in Thousands) (Notes 4 and 6)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Foreign Currencies in Thousands) (Notes 4, 6, 7 and 8)	Carrying Amount as of December 31, 2023 (Foreign Currencies in Thousands) (Notes 3, 6 and 8)	Accumulated Repatriation of Investment Income as of December 31, 2023 (Note 2)
					Outflow	Inflow						
Light Master Technology (Ningbo) Inc.	Manufacture and sale of optical fiber components and cable connector	$ 460,575 (US$ 15,000)	Note 1	$ 649,012 (US$ 21,137)	$ -	$ -	$ 649,012 (US$ 21,137)	$ 77,012 (US$ 2,472)	100	$ 78,239 (US$ 2,511)	$ 667,182 (US$ 21,729)	$ 588,542

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Foreign Currencies in Thousands) (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Foreign Currencies in Thousands) (Notes 1 and 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$649,012 (US$21,137)	$700,903 (US$22,827)	$1,230,436 (Note 5)

Note 1: The Company indirectly invested in Light Master Technology (Ningbo) Inc. through EC-Link Technology Inc. by investing via 3rd region. The amount included capital surplus of US$1,690 thousand of Light Master Technology (Ningbo) Inc.

Note 2: The board of directors of Light Master Technology (Ningbo) Inc. adopt a resolution to distribute dividends in cash of $118,359 thousand (RMB27,301 thousand), $81,943 thousand (RMB19,074 thousand), $119,269 thousand (RMB28,528 thousand), $117,566 thousand (RMB27,063 thousand) and $151,405 thousand (RMB34,201 thousand) on November 2018, 2019, September 2020, October 2021, and August 2023, respectively. The Company repatriated of Investment Income through EC-Link Technology Inc. for the year ended December 2019, March, December 2021 and August 2023. The accumulated repatriation of investment income as of December 31, 2023 was $588,542 thousand.

Note 3: The calculation was based on the spot exchange rate of December 31, 2023.

Note 4: The calculation was based on the average exchange rate from January 1, 2023 to December 31, 2023.

Note 5: The calculation was based on 60% of the Company’s net worth on December 31, 2023.

Note 6: The basis for investment income (loss) recognition is the financial statements audited and attested by parent company’s CPA in the ROC.

Note 7: The share of profits/losses of investee included the effect of unrealized gross profit on intercompany transaction.

Note 8: All intercompany transactions have been eliminated upon consolidation.

EZCONN CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
0	EZconn Corporation	Light Master Technology (Ningbo) Inc.	a	Trade payables to related parties	$ 226,628	No significant difference to others	6.77
		Light Master Technology (Ningbo) Inc.	a	Cost of goods sold	625,483	No significant difference to others	23.90
		Light Master Technology (Ningbo) Inc.	a	Payables of equipment to related parties	897	No significant difference to others	0.03
		EZconn Czech a.s.	a	Sales revenue	753	No significant difference to others	0.03
1	EZconn Europe GmbH	EZconn Czech a.s.	c	Other income	1,063	No significant difference to others	0.04
2	EZconn Czech a.s.	EZconn Technologies CZ s.r.o.	c	Trade payables to related parties	398	No significant difference to others	0.01
		EZconn Technologies CZ s.r.o.	c	Cost of goods sold	6,261	No significant difference to others	0.24
3	Light Master Technology (Ningbo) Inc.	EZconn Czech a.s.	c	Sales revenue	581	No significant difference to others	0.02

Note 1: The information about the transactions between the Company and the subsidiaries are marked in the note column as follows:

a. The Company: 0.
b. The subsidiaries were marked in numerical order from 1.

Note 2: Investment types as follows:

a. The Company to the subsidiaries.
b. The subsidiaries to the Company.
c. Between the subsidiaries.

Note 3: All intercompany transactions have been eliminated upon consolidation.

Note 4: The ratio of transaction amounts to total sales revenue or assets is calculated as follows: (1) asset or liability: The ratio was calculated based on the ending balance over the total consolidated assets; (2) income or loss: The ratio was calculated based on the midterm accumulated amounts over the total consolidated sales revenue.

EZCONN CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	% to Total		Payment Term	Comparison with Normal Transaction	Ending Balance	% to Total		
Light Master Technology (Ningbo) Inc.	Purchases	$ 625,483	54	No significant difference to others	No significant difference to others	No significant difference to others	$ (226,628)	68	$ 21,597	Note

Note: All intercompany transactions have been eliminated upon consolidation.

EZCONN CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
CabTel Corporation Investment Accounts commissioned to CTBC Bank	6,295,555	9.49
EGTRAN Corporation	3,565,741	5.37

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.