Stock symbol: 6442
Market Observation Post System: http://mops.twse.com.tw
EZconn website: http://www.ezconn.com

EZconn Corporation

2024 Annual Report

Date of Publication: April 20, 2024

I. EZconn's spokesperson, deputy spokesperson, name, title, contact number and e-mail

Spokesperson: Chuang Kuo-An	Deputy spokesperson: Ting Hsiu-Chuan
Title: FA Division Chief Financial Officer	Title: Accounting Dept. Manager
Tel.: (02)2808-6333#8668	Tel.: (02)2808-6333#8660
E-mail: allen.chuang@ezconn.com	E-mail: emma.ding@ezconn.com

II. Addresses and phone number of the head office and plant

Head office: 13F., No.27-8, Sec. 2, Zhongzheng E. Rd., Tamsui District, New Taipei City, Taiwan	Tel.: (02)2808-6333
Tamsui Shangda Plant: No.380, Section 3, Danjin Road, Tamsui District, New Taipei City, Taiwan	Tel.: (02)2625-9768
Lide Plant: No. 12, Houzhouzi, Xianxiao Vil., Tamsui Dist., New Taipei City, Taiwan	Tel.: (02)2801-3339

III. Name, addresses, website and phone number of stock transfer agency

Name: Stock Affairs Agency Department of Taishin Securities
Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Taipei City
Website: stocktransfer.tssco.com.tw
Tel.: (02)2504-8125

IV. Name, Accounting firm, address, website and phone number of CPA(s) for the most recent FY

Certified Public Accountant: Chen Chun-Hung, Huang Hsiu-Chun
Accounting firm(s): Deloitte & Touche
Address: 20F., No.100, Songren Rd., Xinyi Dist., Taipei City
Website: www.deloitte.com.tw
Tel.: (02)2725-9988

V. Name(s) of the exchange(s) where our securities are traded offshore, and the method(s) with which the information of the offshore securities is accessed

None.

VI. EZconn website

www.ezconn.com

Contents

One. Letter to the Shareholders

Dear shareholders:

Thank you for participating in the regular shareholders' meeting of EZconn in 2024.
We briefly present the operating status in 2023 and the operational plan for 2024 as follows:

I. Operating status in 2023

(I) Result of the operational plan implementation

The 2023 consolidated net operating income is NT$2,617,385 thousand, a decrease of 11% from that in 2022; the consolidated gross operating profit margin is 35.55%, an increase of 12% from that in 2022; the consolidated net operating profit is NT$225,933 thousand, and the consolidated after tax net profit is NT$168,042 thousand; The consolidated EPS is NT$2.53 per share, while the net value per shared is NT$30.93

(II) Analysis of the financial expenses and receipts and profitability

1. Financial expenses and receipts

The 2023 net consolidated operating income is NT$2,617,385 thousand; a decrease of NT$322,803 thousand compared with NT$2,940,188 thousand in 2022. In terms of earnings, the 2023 net consolidated profit after tax is NT$168,042 thousand, a decrease of NT$153,623 thousand compared with a NT$321,665 thousand net consolidated profit after tax in 2022.

2. Analysis of profitability

<table>
<tr><td colspan="3">Analysis item</td><td>2022</td><td>2023</td></tr>
<tr><td rowspan="6">Analysis of profitability</td><td colspan="2">Return on asset (%)</td><td>10.13%</td><td>5.27%</td></tr>
<tr><td colspan="2">Return on equity (%)</td><td>17.25%</td><td>8.31%</td></tr>
<tr><td rowspan="2">Paid-in capital stock (%)</td><td>Operating profit</td><td>41.84%</td><td>34.08%</td></tr>
<tr><td>Profit (loss) before tax</td><td>61.53%</td><td>37.37%</td></tr>
<tr><td colspan="2">Net profit margin (%)</td><td>10.94%</td><td>6.42%</td></tr>
<tr><td colspan="2">Basic Earnings per share (NTD)</td><td>4.85</td><td>2.53</td></tr>
</table>

Note: The calculation is based on the consolidated financial statements in 2023

(III) R&D status:

1. The business group of high-frequency connector

Most of the products developed and produced by the Company are classified as high-frequency connector, which have strict requirements for the stability and reliability of the products. The cable television and wired broadband industry are the major applications of various products. To respond to the rapid development of the industry, our technology R&D team improved the product design and development ability via utilizing the Company’s resources and actively attending technology conferences held by each research institution. In addition, to be a leading company in the industry and correspond to the product demand of the global customers, we joined product standards institutes to grasp the latest standards of product specifications, develop and improve various products in a planned manner, and received the certifications of the safety standard units and the customers in each country.

As for the aspect of product expansion, we deployed the products by adding new types of crimp coaxial connector, optoelectronic integrated product, high-frequency isolator, coaxial filter, high shielding jumper and new type of high-frequency connector for cell sites. Regarding the improvement of production efficiency, we promoted lean plans in all plants and introduced intelligent manufacturing and assembly to effectively improve the production efficiency and yield rate. As for the talent cultivation, we continued to implement the education training in each department to enhance the coherence and the multi-skill training of the employees.

2. Optical communication

Our research and development mainly focused on three application markets of fixed broadband, data center and 5G fronthaul and backhual. For the application of the fixed broadband, our developed products included the XG-PON BOSA on board program, XGS-PON ONU transceiver that entered mass production and 10G-EPON/XGS-PON OLT optical transceiver module that completed the sample submission. Products expected to be developed contains the combo PON to upgrade the coexistence flexibility of GPON /XG-PON and the XGS-PON ONU mini stick applied to the fiber to the home. This mini stick also applies to a wide range of scenarios in the industrial network connection.

For the application of the Data center, the development of QSFP-SR4 AOC was completed and introduced into production due to the new standard of increasing the 25Gps Ethernet interface to 50Gps and the demand of upgrading the data center from 100Gbps to 400Gbps. As for the R&D projects under planning, we had 400G QSFP-DD SR8 and SFP28-SR optical transceiver module.

For the 5G fronthaul and backhual application, the related fronthaul products under developing were SFP28-LR and SFP28-BiDi optical transceiver module while backhual product was the XGS-PON mini ONU stick that applies to small cell backhual. It enables the small cell to use existing passive optical network for backhual.

Besides, to fasten the development of the aforementioned products, the R&D team constantly increases the capability of high-frequency circuit design, software and firmware integration and packaging and testing as well as the optimization of manpower to respond to the R&D demand and the challenges in the future.

II. The outline of the operational plan in 2024

(I) Business policies

1. Stabilizing the basis of existing customer and developing new customers in the targeted industry to expand the market share.
2. Continuing to promote standardized products and increase the commonality of each product to provide convenient designs that meets the cost benefit for customers.
3. Reinforcing the human resource cultivation and implementing the performance assessment.
4. Integrating the customer demand and the manufacturing technology of the critical part suppliers to shorten the R&D time and reduce the cost effectively during the R&D phase of new products.
5. Ensuring the product quality and promoting the service satisfaction of the customers.
6. Continuing to introduce automated equipment into the production to increase the production efficiency and decrease the human capital.

(II) Operational objectives

1. The business group of high-frequency connector
   The goal of the sales volume is estimated to be 76,072,745.
2. Optical communication
   The goal of the sales volume is estimated to be 33,675,285.

(III) Core policies on production and sales

1. Production policy: We continue to optimize the production process, increase the yield rate and shorten the product delivery time. We also form a manufacturing system with economies of scale and rationalized cost via the vertical integration.
2. Sales policy: We actively establish strategic alliance for marketing or partnerships with key customers to promote our core products and plan marketing project management based on the customer-oriented demand. In addition, we grasp the market dynamic messages and consumer trends to respond to the customer demand for diversified and real-time products.

III. The future development strategies of the Company

(I) The business group of high-frequency connector

Along with the ever-changing communication networks, and the launch of the new specs related to the new broadband cable TV DOCSIS 4.0, the new responding technologies are researched and developed to catch the opportunities early when the generations of DOCSIS are replaced by the newer ones. Furthermore, regarding 5G mmWave and LEO staellites, the current technologies will be upgraded to the ultra-high frenquency connectors and connecting cables for development, coping with the market of this communication field.

(II) Optical communication

In terms of long-term development strategy, the Company will improve internal technology in response to market and technology trends, develop vertical technology integration and diversify products for the market and closely follow market trends, such as the demand for applications to the high-speed optical transceiver modules, including high-speed optical receiver modules for 5G wireless access networks, data centers, cloud computing and edge computing applications. Considering that future high-speed devices will be based on the PIC technology, the Company will focus its future technology development on the products and programs related to PIC packaging.

Also, the Company will extend the business opportunities of optoelectronic packaging technology in other application markets, such as laser scanning, the medical field, etc... The training and acquisition of new technology capabilities are through technical development cooperation with domestic and foreign customers and domestic industrial research institutions to establish stable and competitive product technologies. For technical R&D personnel and organization, in addition to continuously recruiting practiced R&D personnel in the market, the Company will also conduct comprehensive on-the-job training to strengthen the professional technology and project management capabilities of the current R&D personnel.

IV. Impact of the external competitive environment, regulation environment and the overall business environment

Due to the continuous Sino-US trade war, and the COVID-19 global pandemic just overcome, the consumer market has ushered in a new era... In addition, the vertical integration of some competitors has made the low-price war become increasingly fierce, and the Company will continue to face the costs of key material acquisition, inventory control, production efficiency and the severe challenge of product delivery. However, the Company's management team and all employees will still adhere to their unremitting spirit to break through the difficulties and adversity faced, and make every effort to achieve the Company's annual growth goals and friendly operations in order to create maximum profits for the shareholders and the Company.

Wish good health and all the best to every shareholder!

EZconn Corporation
Chairman: CHEN STEVE
Managerial officer: Chang Ying-Hua
Accounting Manager: Chuang Kuo-An

Two. Company Profile

I. Date of establishment: September 4, 1996.

II. Company history:

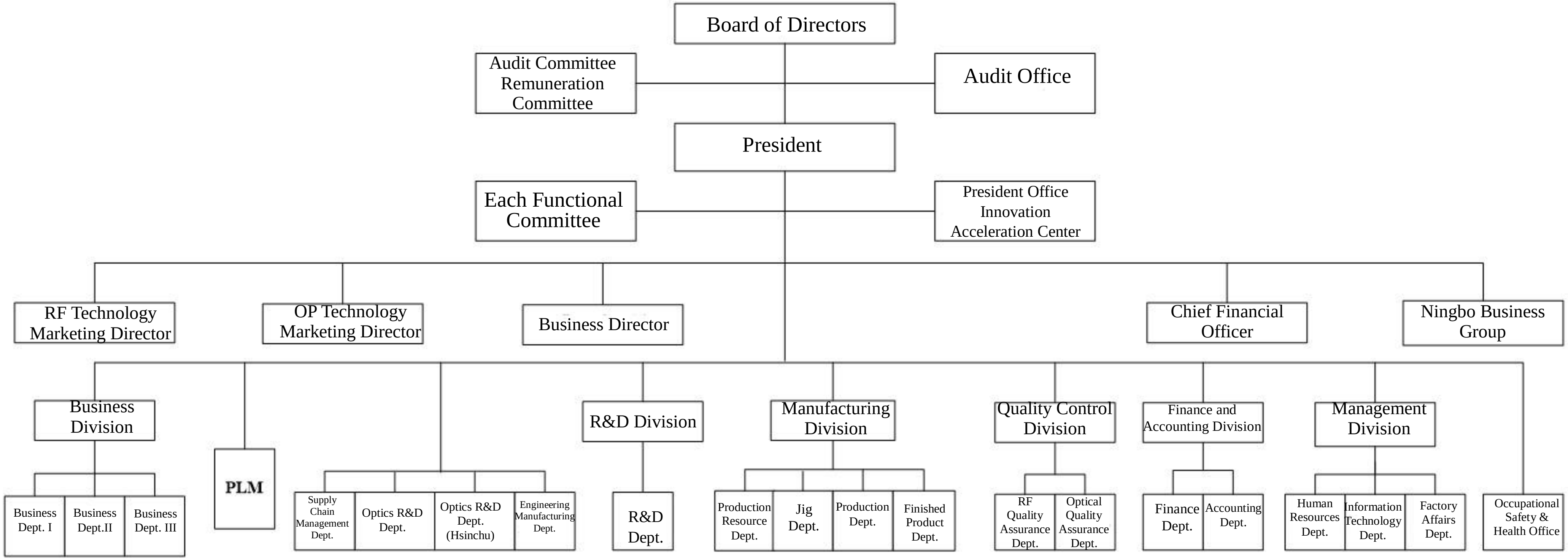
Year	Important events
1996	Set up EZconn Enterprise Inc. with a paid-up capital of NT$25,000,000.
2001	Passed the ISO 9001:2000 certification.
2002	Invested and set up subsidiary, EC-Link Technology Inc. (hereinafter as EC-Link). Reinvested in Light Master Technology Inc. (hereinafter as Light-Master) in order to reinvest in Light Master Technology (Ningbo) Inc. (hereinafter as Light Master Ningbo Inc.) as China’s production base. Passed the ISO 14001 Environmental Management System certification. Reinvested in EC-Optic Technology Inc. (hereinafter as EC-Optic) to reinvest in Yilikang International Trade (Shanghai) Limited Company (hereinafter as Shanghai Yilikang) and establish Shanghai marketing base.
2003	Merged and acquired Jian-Sheng Co., Ltd, and renamed it as EZconn Corporation. The cash capital increased NT$275,000,000 and the capital surplus was NT$90,000,000. The paid-up capital was NT$390,000,000. Set up Chiayi Dalin plant to manufacture passive optical communication products.
2004	The cash capital increased NT$110,000,000 and the paid-up capital was NT$500,000,000.
2005	The cash capital increased NT$40,000,000 and the paid-up capital was NT$540,000,000. Merged and acquired Infineon’s optical communications department to obtain Infineon FTTx BIDI patent and technologies. Invested and set up German subsidiary company, EZconn Europe GmbH, and took over Infineon's optical communications department.
2006	For the purpose of international development, CabTel Corporation invested in the Company with a 100% shareholding stake and the Company became the subsidiary of eGtran Corp. Invested in and set up EZconn Czech a.s. to expand the European market.
2007	Set up Tamsui Shangda plant to produce high-frequency connectors.
2008	Began to manufacture EP connectors.
2011	Dissolved and liquidated Shanghai Yilikang.
2012	To meet operations and development requirements, the Company underwent organizational restructuring. By the wholly owned subsidiary, EC-Link Technology Inc., the Company acquired 33.82% Light-Master’s share from its ultimate parent company, eGTran Corp..
2013	To meet operations and development requirements, the Company underwent organizational restructuring. After the restructuring, the company share which was originally 100% owned by CabTel was now directly and indirectly owned by the

	shareholders having the shares of Cabtel and its parent company, eGTran Corp. For the purpose of business development in Europe, we set up EZconn technologies CZ s.r.o. The initial public offering of the Company.
2014	Listed on Emerging Stock Board. The capital increased NT$60,000,000 by the earning and the paid-up capital was NT$600,000,000. Established the Hongshulin plant.
2015	Became a listed company. The cash capital increased by NT$60,000,000 and the paid-up capital was NT$660,000,000.
2018	Moved the passive optical production line of Chiayi Dalin plant to Tamsui Shangda plant.
2019	The capital increased NT$33,000000 by its earnings and the paid-up capital was NT$693,000,000. Acquisition of Tamsui Hongshulin Office
2020	Relocation of Business Headquarter to Tamsui Hongshulin Office
2021	Set up Lider factory to produce optical communication products.
2022	The Hongshulin factory obtained the license of manufacturer of medical equipment.
2023	After a capital reduction of NT$30,000,000 due to treasury shares cancellation, the paid-in capital totals NT$663,000,000 in all.
2024	Purchased the Shangda plant. After a cash capital increase of NT$93,000,000, the paid-in capital totals NT$756,000,000 in all.

Three. Corporate Governance

I. Organization system

(I) Organizational structure:



(II) Tasks of the main divisions:

Department		Main Duty
Business Division		Preparation and execution of the annual business plan and budget, processing of domestic and foreign customer orders and shipments, customer management, accounts receivable management, domestic and overseas market research and development, development of new products and new applications, introduction of new markets and new customers, customer relationship management and strategic alliance.
Supply Chain Management Department		Introduction and management of the suppliers, bargaining plans of critical materials, sourcing delivery and OTD control, planning of alternative materials and equipment procurement and planning.
Optical R&D Department		Product design and development of optical components and sub-module products, preparation of product operating instructions, pilot run of new products and technical support. Optical packaging and manufacturing process design and development and packaging and manufacturing process assessment, design, development and transfer.
Optical R&D Department (Hsinchu)		Product design and development of optical signal transceiver module, preparation of product operating instructions, pilot run of new products and technical support.
Engineering Manufacturing Department		Arrangement of the production schedule and material plans, product trial run and verification, promotion of production process yield to reach the mass production goal, product standard process and yield technology transfer to mass production bases and supporting other development projects of R&D Department.
R&D Division		Product design and development, preparation of product operation instructions, new product sample trial and technical support, production equipment design planning and implementation.
Manufacturing Division	Production Dept.	Manufacturing of products.
	Finished Product Dept.	The assembling, sorting and packing of products.
	Production Resource Dept.	The supplier management, procurement of raw materials and machinery equipment and delivery control. The planning and implementation of the production plans, production and marketing coordination, outsourcing contractors management, warehousing management of raw materials and receiving and dispatching of raw materials.
	Jig Dept.	The development and improvement of the production technology, jig designing, manufacturing and maintenance.
Quality Control Division		Quality standards, incoming quality control of raw materials, process quality control and outgoing quality control.

Department		Main Duty
Finance and Accounting Division	Accounting Dept.	Establishment and implementation of the accounting system, accounting management, carry-over and analysis of costs, financial statements analysis and tax reporting management.
	Finance Dept.	Fund planning and the credit line management, cashier operations and banking and the annual budget preparations.
Management Division	Human Resources Dept.	Personnel affair and salary management, human resources planning, employee education training and occupational safety and health management.
	Information Technology Dept.	Maintenance of the computer equipment and systems, maintenance of the computer data and information security, maintenance and management of the company website and the maintenance and management of the ERP system.
	Factory Affairs Dept.	General affairs, plant equipment, asset management, maintenance of production equipment and machinery, etc.
Audit Office		Establishment of the annual internal audit plan. Implementation of the annual internal audit plan and tracing the improvement of the audited units. Establishment and review of internal management regulations.

II. Information about directors, supervisors, president, vice president, assistant managers, and supervisors of the departments and branches:

(I) Director Information:

April 20, 2024 Unit: Share; %

Title	Name	Nationality or country of registration	Gender Age	Appointment (Inauguration) Date	Term	First appointment date	Shares held at time of appointment		Current shares held		Current shares held by spouse or minor children		Shares held in the name of others		Educational background and experience	Concurrent posts in the Company or other companies	Other supervisors, directors or supervisors in a spousal relationship or within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Chairman	SHC CONSOLIDATED INVESTORS LLC	The United States	–	June 6, 2023	3 years	November 8, 2013	2,175,812	3.28%	2,175,812	2.88%	0	0	0	0	–	–	None	None	None
	Representative: Chen, Steve	Republic of China/ the United States	Male 61~70	–	–	–	0	0	0	0	0	0	0	0	J.D. of Harvard Law School, the United States	Chairman of the Company, Chairman of eGtran Corp., Director of Spatial Digital Systems Inc., SHC Consolidated Investors LLC, a business partner and TriMax & Companies, LLC, a business partner, Chairman of Oak Analytics In, Director of StemBios Tech, Independent Director of Sercomm Corp. and Independent Director of Taishin Life Insurance Co., Ltd.	None	None	None

Title	Name	Nationality or country of registration	Gender Age	Appointment (Inauguration) Date	Term	First appointment date	Shares held at time of appointment		Current shares held		Current shares held by spouse or minor children		Shares held in the name of others		Educational background and experience	Concurrent posts in the Company or other companies	Other supervisors, directors or supervisors in a spousal relationship or within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Director	eGtran Corporation	British Virgin Islands	–	June 6, 2023	3 years	June 22, 2017	3,565,741	5.38%	3,565,741	4.72%	0	0	0	0	–	–	None	None	None
	Representative: Chang Ying-Hua	Republic of China	Female 61~70	–	–	–	0	0	87,472	0.12%	0	0	0	0	Department of Accounting, Hsing Wu University	President of the Company, Director of Guangsheng Technology (Ningbo) Co., Ltd.	None	None	None
Director	Jia Jiu Investment Co., Ltd.	Republic of China	–	June 6, 2023	3 years	June 22, 2017	840,000	1.27%	928,371	1.23%	0	0	0	0	–	–	None	None	None
	Representative: Pan, Po-Tsang	Republic of China	Male 41~50	–	–	–	0	0	209,224	0.28%	0	0	0	0	Double Bachelor's Degree in Finance and Laws, Macquarie University, Australia Assistant Vice President of Virgin Islands E WAY Technology Co., LTD	Chairman of the Board of TEIS INTERNATIONAL LIMITED and Director of Town Health International Investments Limited, Xinqun Investment Co., Ltd., Top Powder Technologies Co., Ltd. and Taiwan Union Technology Corporation.	None	None	None
Director	Transnational Investment Limited	British Anguilla	–	June 6, 2023	3 years	June 30, 2014	1,562,602	2.36%	1,562,602	2.07%	0	0	0	0	–	–	None	None	None
	Representative: Lan Ching-Ying	Republic of China	Male 41~50	–	–	–	0	0	1,126,457	1.49%	3,000	0.00%	0	0	Master Program of Optoelectronic Industry R&D, National Taipei University of Technology	OP Technical Marketing Director of the Company Director of Zhao Heng Investment Co., Ltd., Director of Lian Guan Construction Co., Ltd., Director of AuthenX Inc.	None	None	None

Title	Name	Nationality or country of registration	Gender Age	Appointment (Inauguration) Date	Term	First appointment date	Shares held at time of appointment		Current shares held		Current shares held by spouse or minor children		Shares held in the name of others		Educational background and experience	Concurrent posts in the Company or other companies	Other supervisors, directors or supervisors in a spousal relationship or within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Independent Director	Peng Hsieh-Ju	Republic of China	Male 51~60	June 6, 2023	3 years	June 10, 2019	9,683	0.01%	10,701	0.01%	0	0	0	0	EMBA, National Chiao Tung University	Member of the Company's Compensation Committee, Director of Icometrue Co., Ltd. and Independent Director of Wafer Works (Shanghai) Co., Ltd	None	None	None
Independent Director	Chiu Er-De	Republic of China	Male 71~80	June 6, 2023	3 years	June 24, 2020	0	0	0	0	0	0	0	0	PhD in physics, California Institute of Technology, Professor and Director of Institute of Biomedical Optoelectronics, National Yang-Ming Institute of Medical Optoelectronics	Compensation Committee of the Company Honorary Professor and Adjunct Professor, National Yang Ming Chiao Tung University Professor at National Cheng Kung University Adjunct Professor at National Taiwan Normal University	None	None	None

Title	Name	Nationality or country of registration	Gender Age	Appointment (Inauguration) Date	Term	First appointment date	Shares held at time of appointment		Current shares held		Current shares held by spouse or minor children		Shares held in the name of others		Educational background and experience	Concurrent posts in the Company or other companies	Other supervisors, directors or supervisors in a spousal relationship or within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
Independent Director	Huang Hui-Wen	Republic of China	Female 51~60	June 6, 2023	3 years	June 24, 2020	0	0	0	0	0	0	0	0	EMBA, National Taiwan University, Business Manager of Career Development Department, Taipei Medical University, President of Beiyi Medical International Biotechnology Co., Ltd., Chairman of Jizhi Hospital Management Consulting Co., Ltd., and President of Lu Shin Business Co., Ltd.	Compensation Committee of the Company President of Calgent Biotechnology Co., Ltd. Chairman and also President of Symgent Biomedical Inc.	None	None	None

1. Major shareholders of directors and supervisors acting as the corporate shareholders

Table 1: Major shareholders of the corporate shareholders

April 20, 2024

Name of corporate shareholders	Major shareholders of the corporate shareholders and the shareholding ratio
SHC Consolidated Investors LLC	Chen, Steve (100%)
Jia Jiu Investment Co., Ltd.	Pan Sheng-Li (100%)
Transnational Investment Limited	Chen Han-Feng (35.19%), Chen Kuo-Hsing (33.45%), Luan Yu-Chia (31.36%)
eGtran Corporation	TMX Consolidated Partners LLC (8.76%) SHC Consolidated Investors LLC (4.24%) Lin Min-Hsiung (4.01%) Weng Sheng-Chia (3.50%) Andreas Bechtolsheim (3.07%) Pan Sheng-Li (3.06%) Transnational Investment Limited (3.05%) Hung Chieh-En (3.02%) Dural Holdings Limited (2.55%) Chien Feng-Yi (2.39%)

Table 2: Major shareholders of the juridical person acting as major shareholders in Table 1

April 20, 2024

Name of the juridical person	Major shareholders of the juridical person	Shareholding ratio
TMX Consolidated Partners LLC	(Note)	—
SHC Consolidated Investors LLC	Chen, Steve	100.00%
Transnational Investment Limited	Chen Han-Feng	35.19%
	Chen Kuo-Hsing	33.45%
	Luan Yu-Chia	31.36%
Dural Holdings Limited	Lan Chung-Hsiung	39.00%
	Lan Chen-Tien	33.73%
	Yeh Lan-Hung	27.27%

Note: This means the trustee of the ultimate shareholder or beneficiary.

2. Disclosure of information on the professional qualifications of directors and the independence of independent directors

Qualifications / Name	Professional qualifications and experience	Independence situation	Number of other public companies where the member also serves as an independent director
Chairman Chen, Steve	Juris Doctor from Harvard Law School, currently serving as the Chairman of the Company, with lawyer related and more than five years of work experience in business, legal and corporate business, and none of the situations in Article 30 of the Company Act.	Not applicable.	2
Director Chang Ying-Hua	Accounting and Statistics Department, Hsing Wu Commercial College, currently serving as the President of the Company, with more than five years of work experience in business, finance, accounting and corporate business, and none of the situations in Article 30 of the Company Act.		None
Director Pan, Po-Tsang	Double Bachelor's Degree in Finance and Laws, Macquarie University, Australia, possess more than five years of experience in business, legal affairs, and company operation, and not subject to any of the circumstances set out in Article 30 of the Companies Act.		None
Director Lan Ching-Ying	Industrial R&D Master's Program of the Taipei University of Technology's Optoelectronics Group; currently serving as the Company's Technology Director with more than five years of work experience in corporate business, and has none of the conditions in Article 30 of the Company Act.		None
Independent director Peng Hsieh-Ju	EMBA degree from Chiao Tung University, with more than five years of work experience in business, finance, accounting and corporate business, and none of the situations in Article 30 of the Company Act.	1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (note 1). 2. The amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.	2

<table>
<tr><th>Qualifications
Name</th><th>Professional qualifications and experience</th><th>Independence situation</th><th>Number of other public companies where the member also serves as an independent director</th></tr>
<tr><td>Independent director
Chiu, Er-De</td><td>PhD in Physics from California Institute of Technology, currently a professor at the National Yang Ming Chiao Tung University, with more than five years of work experience in public and private colleges and universities in relevant departments and the required work experience and none of the situations in Article 30 of the Company Act.</td><td rowspan="2">1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (note 1).
2. The person (or in the name of others), his/her spouse and minor children do not hold shares in the Company.
3. The amount of remuneration received from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.</td><td>None</td></tr>
<tr><td>Independent director
Huang, Hui-Wen</td><td>Accounting and Statistics Department of Hsing Wu Commercial College; currently serving as the President of the Company with more than five years of work experience in business, accounting and corporate business, and has none of the conditions in Article 30 of the Company Act.</td><td>None</td></tr>
</table>

Note 1

1. Not the government agencies, legal persons or their representatives specified in Article 27 of the Company Act.
2. Concurrently serve as the independent director of other public offering companies, but no more than three.
3. There is none of the following situations in the two years before the election and during the term of office:
   (1) An employee of the Company or its affiliates.
   (2) A director or supervisor of the Company or its affiliates.
   (3) The person and his/her spouse and minor children hold more than 1% of the total issued shares of the Company in the names of themselves or others, or are top ten natural person shareholders.
   (4) A manager listed in (1), or the spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship of the persons listed in (2) and (3).
   (5) A director, supervisor or employee of a corporate shareholder which directly holds 5% or more of the Company's total issued shares, a top five shareholder, or which appoints a representative to serve as a company director in accordance with Article 27 of the Company Act.
   (6) A director, supervisor or employee of another company which is a director of the Company or controlled by the same person with more than half of the voting shares of the Company.
   (7) A director, supervisor or employee of another company or institution who is the same person or spouse as the Company's Chairman, President or equivalent.
   (8) A director, supervisor or manager or shareholder holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the Company.
   (9) A professional, business owner, partner, director, supervisor, manager or the spouse of a sole proprietorship, partnership, company or institution which provides to the Company or its affiliates audit services or business, legal, financial, accounting or other related services with less than NT$500,000 cumulative remuneration in the past two years. However, it is not limited to those who serve as members of the Company's Remuneration Committee.

3. Diversity and independence of the board of directors

(1) Board member diversification policy

According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversification shall be taken into consideration for the composition of the Board. Directors who are concurrently managers of the Company shall not exceed one-third of all Directors, and an appropriate diversification policy shall be formulated based on the Board's operations, operating patterns, and development requirements, which shall include but not limited to the standards of the following two aspects:

I. Basic qualification and value: Gender, age, nationality, and culture; the ratio of female Directors shall reach one-third of all Directors.

II. Professional knowledge and skills: Professional background (i.e., laws, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members shall generally possess knowledge, skills, and literacy required for the execution of their duties. To achieve the ideal target of corporate governance, the overall Board shall possess abilities as follows:

i. Operational judgment.

ii. Accounting and financial analysis ability.

iii. Operation and management ability.

iv. Crisis management ability.

v. Industrial knowledge.

vi. International market view.

vii. Leadership.

viii. Decision making ability.

(2) Implementation of Board member diversification

Currently, the Board of Directors of the Company consists of 7 board members, including 3 independent directors, 2 female directors, and 2 directors serving as an employee (accounting for 43%, 28%, and 29% of the board members, respectively); the board members have a wide variety of expertise in finance and accounting, law, optoelectronics, biomedicine, etc., which meets the requirement pertaining to the composition diversity of the Board of Directors and the professional competency.The Company focuses on gender equality in Board composition and adopts improving the proportion of female Directors to one-third (i.e., 35%) or above as the target. In the future, it will make efforts to increase the number of female Directors to achieve the target.

At present, the board of directors of the Company has seven directors, including three independent directors, two female directors and two directors with employee status (accounting for 43%, 28% and 29% of all directors respectively). The professional fields of the members of the board of directors include finance and accounting, law, electronics and electrical machinery and optoelectronics which are in line with the diversification of the composition of the board of directors and the professional abilities for performing their duties.

Substantial management targets and achievements of the diversification policy of the Company are as follows:

Management target	Achievement
Have at least one Independent Director with the expertise of accounting, finance, or business management	Achieved
Directors who are concurrently managers of the Company shall not exceed one-third of all Directors	Achieved
The ratio of female Directors shall reach one-third of all Directors	Not achieved

		Gender	Part time employee of the Company	Basic composition															
				Age					Term of office and seniority of independent directors		Professional background	Operational judgment ability	Accounting and financial ability	Management ability	Crisis management ability	Industrial knowledge	International market view	Leadership	Decision making ability
				41 to 50 years old	51 to 60 years old	61 to 70 years old	71 to 80 years old	81 to 90 years old	Less than 2 years	2 to 4 years									
Director	CHEN STEVE	Male				✓					Law	✓	✓	✓	✓	✓	✓	✓	✓
	Chang Ying-Hua	Female	✓			✓					Finance and accounting	✓	✓	✓	✓	✓	✓	✓	✓
	Pan, Po-Tsang	Male		✓							Finance law	✓	✓	✓	✓		✓	✓	✓
	Lan Ching-Ying	Male	✓	✓							Netcom				✓	✓	✓	✓	✓
Independent director	Peng Hsieh-Ju	Male			✓					✓	Finance and accounting	✓	✓	✓	✓			✓	✓
	Chiu, Er-De	Male					✓		✓		Biomedical optoelectronics	✓		✓		✓	✓	✓	✓
	Huang, Hui-Wen	Female			✓				✓		Biomedicine	✓	✓	✓	✓		✓	✓	✓

(3) The Board regularly conducts performance evaluations on a yearly basis and confirms the diversification background and competence of its members.

(4) Independence of the board of directors:

The board of directors of the Company is composed of seven directors, including three independent directors. The number of independent directors accounts for 43% of all directors; no more than two directors have spouse or second-tier relative relationship, and there are no circumstances specified in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. The primary responsibility of the board of directors of the Company is to supervise the Company's legal compliance, financial transparence and timely disclosure of important information, and to make objective and independent judgments on the Company's financial business. They have met the requirements of the laws and regulations at the time of being elected.

(II) Information of the President, Vice President, Assistant Manager, and Supervisors of departments and branches:

April 20, 2024 Unit: Share; %

Title	Name	Nationality	Gender	Inauguration date	No. of shares held		Shares held by spouse or minor children		Shares held in the name of others		Educational background and experience	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
President	Chang Ying-Hua	Republic of China	Female	April 1, 2019	87,472	0.12%	0	0	0	0	Department of Accounting, Hsing Wu University Director and Executive Vice President of Light Master Technology Inc.	Director of Light Master Technology (Ningbo) Inc.	None	None	None	None
Director of Manufacturing Division	Kao Yueh-Hui	Republic of China	Female	May 1, 2007	36,703	0.05%	0	0	0	0	Shixin High School Tatung Electronics/Philco Electronics	None	None	None	None	None
Director of Research & Sales Division	Chien Ming-Feng	Republic of China	Male	June 1, 2011	36,993	0.05%	0	0	0	0	Mechanical and Electro-Mechanical Engineering, Tamkeng University R & D Engineer of Sun Race Sturmey-Archer Inc.	None	None	None	None	None
OP Technical Marketing Director	Lan Ching-Ying	Republic of China	Male	March 9, 2018	1,126,457	1.49%	3,000	0.00%	0	0	R & D Graduate Program in Electro-Optional Engineering, National Taiwan University of Science and Technology, Department of Engineering and IT, University of Sydney	None	None	None	None	None
Business Manager	Lo Sheng-Hsin	Republic of China	Male	February 1, 2022	36,000	0.05%	3,151	0.00%	0	0	National Taipei University of Technology	None	None	None	None	None
Director of Quality Control Division	Li Yung-Chuan	Republic of China	Male	October 20, 2010	116	0.00%	0	0	0	0	M.B.A., Department of Mechanical Engineering, National Taiwan University	None	None	None	None	None
Director of Management Division	Kuo Mei-Lan	Republic of China	Female	February 1, 2022	37,417	0.05%	0	0	0	0	Special Assistant to the President of the Company	None	None	None	None	None
Chief Financial Officer	Chuang Kuo-An	Republic of China	Male	August 14, 2014	36,000	0.05%	0	0	0	0	M.B.A., EMBA, National Chengchi University CFO of Universal Vision Biotechnology Assistant Manager of Audit Division, Ernst & Young/Diwan & Company	Supervisor of MIA Intelligent Biotechnology Co., Ltd. Supervisor of Xi Yue Biomedicine Inc. Independent Director of Motion Technology Electric & Machinery Co., Ltd. Supervisor of AuthenX Inc.	None	None	None	None
Senior Manager	Chen Suu-Ming	Republic of China	Male	May 7, 2020	36,000	0.05%	0	0	0	0	Institute of Mechanical Engineering, Tatung University	Vice President of Light Master Technology (Ningbo) Inc.	None	None	None	None
Chief Auditor	Huang Ssu-Fen	Republic of China	Female	March 20, 2020	15,000	0.02%	0	0	0	0	B.B.A. in Business Administration, St. John's University	None	None	None	None	None

III. Remuneration for directors, supervisors, President and Vice President in the most recent year:

(I) Remuneration for directors

Units: NTD 1,000; %

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remuneration</th><th colspan="2" rowspan="2">The total amount of A, B, C, D and in net income after tax (%) (Note 10)</th><th colspan="8">Remuneration for part-time employees</th><th colspan="2" rowspan="2">Total amount of items A, B, C, D, E, F and G and their proportion to the net profit after tax(Note 10)</th><th rowspan="4">Remuneration from invested businesses other than subsidiaries or the parent company (Note 11) Director remuneration (C) (Note 3) EZconn</th></tr>
<tr><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Salary, bonus and special allowance (E) (Note 5)</th><th colspan="2">Retirement pension (F)</th><th colspan="4">Employee remuneration (G) (Note 6)</th></tr>
<tr><th rowspan="2">EZconn</th><th rowspan="2">All companies in financial report (Note 7)</th><th rowspan="2">EZconn</th><th rowspan="2">All companies in financial report (Note 7)</th><th rowspan="2">EZconn</th><th rowspan="2">All companies in financial report (Note 7)</th><th rowspan="2">EZconn</th><th rowspan="2">All companies in financial report (Note 7)</th><th rowspan="2">EZconn</th><th rowspan="2">All companies in financial report (Note 7)</th><th rowspan="2">EZconn</th><th rowspan="2">All companies in financial report (Note 7)</th><th rowspan="2">EZconn</th><th rowspan="2">All companies in financial report (Note 7)</th><th colspan="2">EZconn</th><th colspan="2">All companies in financial report (Note 7)</th><th rowspan="2">EZconn</th><th rowspan="2">All companies in financial report (Note 7)</th></tr>
<tr><th>Cash amount</th><th>Share amount</th><th>Cash amount</th><th>Share amount</th></tr>
<tr><td>Chairman</td><td>SHC Consolidated Investors LLC</td><td rowspan="14">1,040</td><td rowspan="14">1,040</td><td rowspan="14">0</td><td rowspan="14">0</td><td rowspan="14">3,300</td><td rowspan="14">3,300</td><td rowspan="14">352</td><td rowspan="14">352</td><td rowspan="14">4,692
2.79%</td><td rowspan="14">4,692
2.79%</td><td rowspan="14">12,619</td><td rowspan="14">12,619</td><td rowspan="14">0</td><td rowspan="14">0</td><td rowspan="14">4,500</td><td rowspan="14">0</td><td rowspan="14">4,500</td><td rowspan="14">0</td><td rowspan="14">21,811
12.98%</td><td rowspan="14">21,811
12.98%</td><td rowspan="14">None</td></tr>
<tr><td rowspan="2">Chairman’s representative</td><td>SHC Consolidated Investors LLC</td></tr>
<tr><td>Representative: Chen, Steve (Note 1)</td></tr>
<tr><td rowspan="2">Corporate director representative</td><td>SHC Consolidated Investors LLC</td></tr>
<tr><td>Representative: Ko Yuan-Yu (Note 2)</td></tr>
<tr><td>Director</td><td>eGtran Corporation</td></tr>
<tr><td rowspan="2">Director’s Representative</td><td>eGtran Corporation</td></tr>
<tr><td>Representative: Chang Ying-Hua (Note 3)</td></tr>
<tr><td>Director</td><td>Jia Jiu Investment Co., Ltd.</td></tr>
<tr><td rowspan="2">Director’s Representative</td><td>Jia Jiu Investment</td></tr>
<tr><td>Representative: Pan, Po-Tsang (Note 4)</td></tr>
<tr><td>Director</td><td>Transnational Investment Limited</td></tr>
<tr><td rowspan="2">Director’s Representative</td><td>Transnational</td></tr>
<tr><td>Representative: Lan Ching-Ying</td></tr>
<tr><td>Independent Director</td><td>Peng Hsieh-Ju</td><td rowspan="3">780</td><td rowspan="3">780</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">2,200</td><td rowspan="3">2,200</td><td rowspan="3">264</td><td rowspan="3">264</td><td rowspan="3">3,244
1.93%</td><td rowspan="3">3,244
1.93%</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">3,244
1.93%</td><td rowspan="3">3,244
1.93%</td><td rowspan="3">None</td></tr>
<tr><td>Independent Director</td><td>Chiu Er-De</td></tr>
<tr><td>Independent Director</td><td>Huang Hui-Wen</td></tr>
</table>

Note:

1. Stepped down as the corporate Director representative of eGtran Corporation on June 6, 2023, and assumed the position as the corporate Director representative of SHC Consolidated Investors LLC on the same day.
2. Stepped down as the corporate Director representative of SHC Consolidated Investors LLC on June 6, 2023.
3. Stepped down as the corporate Director representative of Jia Jiu Investment Co., Ltd. on June 6, 2023, and assumed the position as the corporate Director representative of eGtran Corporation.
4. Assumedd the position as the corporate Director representative of Jia Jiu Investment Co., Ltd..
5. The Board approved the remuneration of Directors and employees for distribution on March 14, 2024; however, the distribution has not been made, and the amounts presented are the amounts proposed.
6. Regarding the policy, system, standards, and structure for the payment of the remuneration of Independent Directors, the correlation with the amount of remuneration paid is described based on the duties assumed, risks, time invested, and other factors:

   The remuneration of the Company's Independent Directors is subject to the Articles of Incorporation, and the Remuneration Committee regularly examines the remuneration system based on the level of contribution of individual Directors to the Board and the Company's operations.
7. Except for the disclosures made in the table above, remuneration received by the Directors for providing services (i.e., being a non-employee consultant) to all companies within the financial statements in the most recent year: None.+

Remuneration Range Table

Remuneration range for directors of EZconn	Director name			
	The total amount of the first four remuneration items (A+B+C+D)		The total amount of the first seven remuneration items (A+B+C+D+E+F+G)	
	EZconn (Note 8)	All companies in financial report (Note 9) H	EZconn (Note 8)	All companies in financial report (Note 9) I
Under NT$1,000,000	eGtran Corporation SHC Consolidated Investors LLC Jia Jiu Investment Co., Ltd. Transnational Investment Limited Chen, Steve Ko Yuan-Yu Chang Ying-Hua Pan, Po-Tsang Lan Ching-Ying Peng Hsieh-Ju Chiu Er-De Huang Hui-Wen	eGtran Corporation SHC Consolidated Investors LLC Jia Jiu Investment Co., Ltd. Transnational Investment Limited Chen, Steve Ko Yuan-Yu Chang Ying-Hua Pan, Po-Tsang Lan Ching-Ying Peng Hsieh-Ju Chiu Er-De Huang Hui-Wen	eGtran Corporation SHC Consolidated Investors LLC Jia Jiu Investment Co., Ltd. Transnational Investment Limited Chen, Steve Ko Yuan-Yu Pan, Po-Tsang Peng Hsieh-Ju Chiu Er-De Huang Hui-Wen	eGtran Corporation SHC Consolidated Investors LLC Jia Jiu Investment Co., Ltd. Transnational Investment Limited Chen, Steve Ko Yuan-Yu Pan, Po-Tsang Peng Hsieh-Ju Chiu Er-De Huang Hui-Wen
NT$1,000,000 (incl.) ~ NT$2,000,000 (not incl.)	—	—		
NT$2,000,000 (incl.) ~ NT$3,500,000 (not incl.)	—	—	Lan Ching-Ying	Lan Ching-Ying
NT$3,500,000 (incl.) ~ NT$5,000,000 (not incl.)	—	—	—	—
NT$5,000,000 (incl.) ~ NT$10,000,000 (not incl.)	—	—	—	—
NT$10,000,000 (incl.) ~ NT$15,000,000 (not incl.)	—	—	Chang Ying-Hua	Chang Ying-Hua
NT$15,000,000 (incl.) ~ NT$30,000,000 (not incl.)	—	—	—	—
NT$30,000,000 (incl.) ~ NT$50,000,000 (not incl.)	—	—	—	—
NT$50,000,000 (incl.) ~ NT$100,000,000 (not incl.)	—	—	—	—
Over NT$100,000,000	—	—	—	—
Total	12	12	12	12

Note 1: The names of the directors must be listed receptively (for the corporate shareholders, their names and the representatives must be receptively listed), directors and independent directors shall be listed separately and each payment amount must be disclosed by summarization.

Note 2: This refers to the remuneration for the directors in the most recent year (including the directors' salary, differential pay, severance pay, various bonuses and incentive payment).

Note 3: This refers to the distribution of remuneration for directors approved by the Board of Directors in the most recent year.

Note 4: This refers to the related business execution fee of the directors in the most recent year (including traveling expenses, special allowance, various allowances and dormitories and cars in kind). If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If the driver is also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration.

Note 5: This refers to the remuneration for directors serving as the part-time employees (including part-time president, vice president, other managerial officers and employees) in the most recent year, including the salary, differential pay, severance pay, various bonuses, incentive payment, traveling expenses, special allowance, various allowances and dormitories and cars in kind. If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If the driver is also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration. In addition, according to the salaries expense listed in the "Share-Based Payment" of IFRS2, expenses including the employee stock option certificate acquirement, employee restricted stock and employee participation in cash capital increase and stock subscription must be counted in the remuneration.

Note 6: This means the directors serving as the part-time employees (including part-time president, vice president, other managerial officers and employees) and receiving the employee remuneration (including shares and cash) must disclose the distribution amount of remuneration for employees approved by the Board of Directors. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio last year.

Note 7: The total amount of each remuneration paid by all companies (including EZconn) to the Company's directors in the consolidated report must be disclosed.

Note 8: Regarding the total amount of each remuneration paid by EZconn to each director, the names of the paid directors must be disclosed based on the remuneration range in which the remuneration belongs.

Note 9: The total amount of each remuneration paid by all companies (including EZconn) to each director of the Company in the consolidated report must be disclosed. The names of the paid directors must be disclosed based on the remuneration ranges in which the remuneration belongs.

Note 10: The net income after tax refers to the net income after tax of EZconn or individual financial reports in the most recent year.

Note 11: a. This column must clearly specify the related remuneration amount paid to the Company's directors from invested businesses other than subsidiaries or the parent company. (If none, please fill in "None.")

b. The directors of the Company who receive Parent related remuneration from invested businesses other than subsidiaries or the parent company must include the remuneration acquired from such businesses to column I in the remuneration range table and the name of this column should be change to "The parent company and all invested businesses."

c. The remuneration refers to the received remuneration (including the remuneration of employees, directors and supervisors) of the Company's directors serving as the directors, supervisors or managerial officers in the invested businesses other than subsidiaries or the parent company and the related remuneration of the business execution fee.

* The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. Therefore, this table is used for information disclosure instead of taxation.

(II) Remuneration for supervisors: The Company has set up an Audit Committee, so there is no remuneration for supervisors.

(III) Remuneration for President and Vice President

Units: NTD 1,000; %

Title	Name	Remuneration (A) (Note 2)		Retirement pension (B)		Bonus and special allowance (C) (Note 3)		Employee remuneration (D) (Note 4)				The total amount of A, B, C, D and in net income after tax (%) (Note 8)		Remuneration from invested businesses other than the subsidiaries or the parent company (Note 9)
		EZconn	All companies in financial report (Note 5)	EZconn	All companies in financial report (Note 5)	EZconn	All companies in financial report (Note 5)	EZconn		All companies in financial report (Note 5)		EZconn	All companies in financial report (Note 5)	
								Cash amount	Share amount	Cash amount	Share amount			
President	Chang Ying-Hua	3,842	3,842	0	0	6,434	6,434	3,780	0	3,780	0	14,056 8.36%	14,056 8.36%	None

Note 1: On March 14, 2024, the board meeting approved the proposed amount of remuneration for directors and employees, which has not yet been distributed; the proposed amount is therefore filled in.
Note 2: The Company only has one President, and there are no other equivalent positions.

Remuneration Range Table

Remuneration range for the President and Vice President of EZconn	President and Vice President name	
	EZconn (Note 6)	All companies in financial report (Note 7) E
Under NT$1,000,000	—	—
NT$1,000,000 (incl.) ~ NT$2,000,000 (not incl.)	—	—
NT$2,000,000 (incl.) ~ NT$3,500,000 (not incl.)	—	—
NT$3,500,000 (incl.) ~ NT$5,000,000 (not incl.)	—	—
NT$5,000,000 (incl.) ~ NT$10,000,000 (not incl.)	—	—
NT$10,000,000 (incl.) ~ NT$15,000,000 (not incl.)	Chang Ying-Hua	Chang Ying-Hua
NT$15,000,000 (incl.) ~ NT$30,000,000 (not incl.)	—	—
NT$30,000,000 (incl.) ~ NT$50,000,000 (not incl.)	—	—
NT$50,000,000 (incl.) ~ NT$100,000,000 (not incl.)	—	—
Over NT$100,000,000	—	—
Total	1	1

Note 1:The name of the president and vice president must be listed receptively and each payment amount must be disclosed by summarization.
Note 2: This refers to the salary, differential pay and severance pay for the president and vice president in the most recent year.
Note 3: This refers to the various bonuses, incentive payment, traveling expenses, special allowance, various allowances, dormitories and cars in kind and other remuneration for the president and vice president in the most recent year. If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If the driver is also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration. In addition, according to the salaries expense listed in the “Share-Based Payment” of IFRS2, expenses including the employee stock option certificate acquirement, employee restricted stock and employee participation in cash capital increase and stock subscription must be counted in the remuneration.
Note 4: This refers to the distribution of the employee remuneration (including shares and cash) for the president and vice president approved by the Board of Directors in the most recent year. If the amount

cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio last year.

Note 5: The total amount of each remuneration paid by all companies (including EZconn) to the president and vice president of the Company in the consolidated report must be disclosed.

Note 6: Regarding the total amount of each remuneration paid by EZconn to the presidents and vice presidents, the names of the paid president and vice president must be disclosed in the remuneration ranges in which the remuneration belongs.

Note 7: The total amount of each remuneration paid by all companies (including EZconn) to the presidents and vice presidents of the Company in the consolidated report must be disclosed. The names of the paid president and vice president must be disclosed in the remuneration ranges in which the remuneration belongs.

Note 8: The net income after tax refers to the net income after tax of EZconn or individual financial reports in the most recent year.

Note 9: a. This column must clearly specify the related remuneration amount paid to the Company's President and Vice President from invested businesses other than subsidiaries or the parent company. (If none, please fill in "None.")

b. President and Vice President of the Company who receive Parent related remuneration from invested businesses other than subsidiaries or the parent company must include the remuneration acquired from such businesses to column I in the remuneration range table and the name of this column should be change to "The parent company and all invested businesses."

c. The remuneration refers to the received remuneration (including the remuneration of employees, directors and supervisors) of the Company's president and vice president serving as the directors, supervisors or managerial officers in the invested businesses other than subsidiaries or the parent company and the related remuneration of the business execution fee.

* The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. Therefore, this table is used for information disclosure instead of taxation.

(IV) Remuneration paid to each of the top five management personnel

Units: NTD 1,000; %

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus and special allowance (C) (Note 3)		Remuneration to employees (D) (Note 4)				The total amount of A, B, C, D and in net income after tax (%) (Note 6)		Remuneration from invested businesses other than the subsidiaries or the parent company (Note 7)
		EZconn	All companies in financial report (Note 5)	EZconn	All companies in financial report (Note 5)	EZconn	All companies in financial report (Note 5)	EZconn		All companies in financial report (Note 5)		EZconn	All companies included into the financial statement.	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
President	Chang Ying-Hua	9,509	9,509	0	0	11,825	11,825	6,300	0	6,300	0	27,634 16.44%	27,634 16.44%	None
OP Technology Marketing Director	Lan Ching-Ying													
Senior Manager	Chen Suu-Ming													
Business Manager	Sheng-Shin Luo													
Chief Financial Officer	Chuang Kuo-An													

Note 1: The aforementioned “the top five management personnel” are the Company’s managers meeting certain identification standards of the scope identified in “Manager” stipulated by Tai-Cai-Zheng-San Letter No. 0920001301 dated Mar. 27, 2003, Securities and Futures Commission, Ministry of Finance. The calculation and determination principle of “the highest five remunerations” is based on the salaries, retirement pensions, bonuses and special expenses and total remuneration to employees (that is the total of A + B + C + D) stated in the consolidated financial report.

Note 2: This refers to the salary, differential pay and severance pay for the five managers of the highest amount of remuneration in the most recent year.

Note 3: This refers to the various bonuses, incentive payment, traveling expenses, special allowance, various allowances, dormitories and cars in kind and other remuneration for the five managers of the highest amount of remuneration in the most recent year. If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If the driver is also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration. In addition, according to the salaries expense listed in the “Share-Based Payment” of 2, expenses including the employee stock option certificate acquirement, employee restricted stock and employee participation in cash capital increase and stock subscription must be counted in the remuneration.

Note 4: This refers to the distribution of the employee remuneration (including shares and cash) for the five managers of the highest amount of remuneration approved by the Board of Directors in the most recent year. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio last year.

Note 5: The total amount of each remuneration paid to the managers of the highest amount of remuneration by all companies (including EZconn) to the Company’ before in the consolidated report must be disclosed.

Note 6: Net income after tax refers to the net income after tax of EZconn or individual financial reports in the most recent year.

Note 7: a. This column must clearly specify the related remuneration amount paid to the Company’s directors from invested businesses other than subsidiaries or the parent company. (If none, please fill in “None”.)

b. The remuneration refers to the received remuneration (including the remuneration of employees, directors and supervisors) of the Company’s directors serving as the directors, supervisors or managerial officers in the invested businesses other than subsidiaries or the parent company and the related remuneration of the business execution fee.

Note 8: On March 14, 2024, the board meeting approved the proposed amount of remuneration for directors and employees, which has not yet been distributed; the proposed amount is therefore filled in.

* The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. Therefore, this table is used for information disclosure instead of taxation.

(V) Names of the managerial officers distributing employee remunerations and the distributing status

Units: NTD 1,000; %

	Title	Name	Share amount	Cash amount	Total	Proportion of total amount to net profit after tax (%)
Managerial officer	President	Chang Ying-Hua	0	8,640	8,640	5.14%
	OP Technology Marketing Director	Lan Ching-Ying				
	Director of Research & Sales Division	Chien Ming-Feng				
	Business Manager	Luo Sheng-Shin				
	Chief Financial Officer	Chuang Kuo-An				
	Associate	Chen, Ssu-Ming				
	Director of Manufacturing Division	Kao Yueh-Hui				
	Director of Quality Control Division	Li Yung-Chuan				
	Director of Management Division	Kuo, Mei-Lan				
	Chief Auditor	Huang, Si-Fen				

Note 1: On March 14, 2024, the board meeting approved the proposed amount of remuneration for directors and employees, which has not yet been distributed; the proposed amount is therefore filled in.

(VI) Comparison and analysis of the total remuneration as a percentage of net income stated in the financial report of EZconn or individual financial reports and paid by EZconn and all the companies in the consolidated report to each of EZconn's directors, supervisors, President, and Vice President in the most recent 2 fiscal years, and description of the policies, standards, and portfolios for payment of the remuneration, the procedures for determining the remuneration, and the association with the operation performance and future risk exposure

(1) Analysis of the total remuneration as a percentage of net income paid by EZconn and all the companies in the consolidated report to each of EZconn's directors, supervisors, President, and Vice President in the most recent 2 fiscal years:

Title	Proportion of total remuneration to net profit after tax (%) in 2023		Proportion of total remuneration to net profit after tax (%) in 2022	
	EZconn	All companies in the consolidated report	EZconn	All companies in the consolidated report
Director	14.91%	14.91%	9.99%	9.99%
Supervisor	0	0	0	0
President and Vice President	8.36%	8.36%	5.49%	5.49%

(2) The policies, standards, and portfolios for payment of the remuneration, the procedures for determining the remuneration, and the association with the operation performance and future risk exposure of EZconn and all the companies in the consolidated report:

(a) The presidents and vice presidents are appropriated pursuant to our personnel regulations.

(b) Remuneration for the directors and supervisors is based on regulations set forth in our articles of incorporation.

(c) The Company's remuneration policy is stipulated in the Company’s Articles of Association. From the Company’s annual pre-tax net profit before employees’ and directors' remuneration, no less than 5% should be allocated as employees’ remuneration and no more than 5% as director's remuneration. However, when the Company still has a cumulative loss, it should reserve the amount to make up for the loss in advance; the procedures for the directors’ and managers’ remuneration of the Company are based on the regulations on the management of directors and managers' remuneration and other regulations as the basis for evaluation.

The appointment, dismissal and remuneration of managers are handled in accordance with the Company’s regulations and approved by the board meeting. The overall remuneration package mainly includes the salary, bonus, employee remuneration and benefits, which are based on the manager's participation in the Company’s operations and the value of contribution and work goals. According to the salary level of the same industry, the manager's salary is paid to maintain the overall competitiveness of human assets and ensure the Company’s operational performance.

The Company has set up a compensation and remuneration committee. The performance appraisal of directors and managers and the rationality of their compensation are regularly reviewed and evaluated by the Remuneration Committee, and are adjusted in a timely manner according to the operating conditions and relevant laws and regulations. The amount of remuneration distribution for directors and managers in 2023 was decided by the board meeting after deliberation by the Remuneration Committee.

IV. Corporate governance:

(I) Operation status of the Board of Directors:

1. Ten (A) board meetings were held in the most recent year (2023), and the status of attendance of directors is as follows:

Title	Name	Number of presence (attendance) (B)	Number of meetings presented by proxy	Actual presence (attendance) rate (%) [B/A]	Remarks
Chairman	eGtran Corporation Representative: Chen, Steve	3	0	30%	The representative re-appointed by the corporate Director on June 6, 2023
Chairman	SHC Consolidated Investors LLC Representative: Chen, Steve	7	0	70%	Elected at the re-election of Directors on June 6, 2023
Director	SHC Consolidated Investors LLC Representative: Ko Yuan-Yu	3	0	30%	Stepped down as a corporate Director representative on June 6, 2023
Director	eGtran Corporation Representative: Chang Ying-Hua	7	0	70%	The representative re-appointed by the corporate Director on June 6, 2023
Director	Jia Jiu Investment Co., Ltd. Representative: Chang Ying-Hua	3	0	30%	The representative re-appointed by the corporate Director on June 6, 2023
Director	Jia Jiu Investment Co., Ltd. Representative: Pan, Po-Tsang	7	0	70%	The representative re-appointed by the corporate Director on June 6, 2023
Director	Transnational Investment Limited Representative: Lan Ching-Ying	10	0	100%	None
Independent Director	Peng Hsieh-Ju	10	0	100%	None
Independent Director	Chiu Er-De	10	0	100%	None
Independent Director	Huang Hui-Wen	10	0	100%	None

Other matters to be recorded:

I. Where any of the following circumstances occurs to the meeting of the Board of Directors, the date, term and proposal of the meeting as well as the opinions of all the independent directors and EZconn’s action on these opinions shall be described:

(I) The matters referred to in Article 14-3 of the Securities and Exchange Act:
Not applicable. The Company has established the Audit Committee and thus the provisions in Article 14-3 of the Securities and Exchange Act are not applicable. For the explanation regarding Article 14-5 of the Securities and Exchange Act, please refer to Pages34-37 of the Annual Report for the operations of the Audit Committee

II. Where the implementation status of recusal bearing on the interest of a director is involved, the name of the director, proposal, reasons for the recusal, and participation in the voting shall be described:

Date	Director name	Proposal	Reason for the recusal	Voting participation
March 24, 2023 The first meeting	Chang Ying-Hua Lan Ching-Ying	Remuneration of directors and managerial officers	The director also served as the managerial officer	Not participating in discussions and voting
November 7, 2023 The eighth meeting	Chang Ying-Hua Lan Ching-Ying	1. Proposal for the remuneration and year-end bonus plan for managers 2. Inauguration of the “employee stock ownership trust” plan.	The director also served as the managerial officer	Not participating in discussions and voting

III. A listed or OTC company shall disclose the evaluation cycle, period, scope and method and the content of the board of directors' self- (or peer) evaluation.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2023 ~ December 31, 2023	1. Board of directors 2. Individual directors 3. Functional committees	Self-evaluation	Detailed in note 1

IV. Evaluation of the goal (such as the establishment of the Audit Committee and promotion of the information transparency) and implementation status with respect to enhancement of the function of the Board of Directors in the current and most recent years:

1. EZconn continued to implement further education for directors and passed related proposals of “Corporate Governance Best Practice Principles”, “Rules Governing the Scope of Responsibilities of Independent Directors,” and “Code of Ethical Conduct for the Directors and Managerial Officers” to enhance the function of the Board of Directors.
2. The Company established the Investor Section on the official website, providing financial and corporate governance information, to offer the information of concern to the investors through the Internet.
3. The Company, upon the approval of the board of directors on November 11, 2022, to establish the Corporate Governance Officer to take charge of the operations related to the corporate governance, assisted the directors to execute the business for supervision. Meanwhile, regulations such as the “Corporate Governance Best Practice Principles,” the “Ethical Corporate Management Best Practice Principles,” and the "Rules for Performance Evaluation of Board of Directors” were established upon the approval of the board of directors.
4. The Company established the Audit Committee in June 2020.

Note 1:

Performance evaluation results of the board of directors for 2023

The performance evaluation of the Company's board of directors in 2023 covers the performance evaluation of the overall board of directors, individual directors and functional committees

The evaluation report is as follows:

Evaluation period: January 1, 2023 to December 31, 2023.

(I) Self-evaluation of Board performance:

The indicators of Board performance evaluation include five major aspects, with a total of 45 indicators, and the overall evaluation result was 5.00/5.00. The evaluation results of the five major aspects are set out in the following table. The evaluation results show that the Board duly fulfills its responsibilities for guiding and supervising corporate strategies, material businesses, and risk management and is able to establish an appropriate internal control system with comprehensive operations in general that complies with the corporate governance requirements.

Five major aspects for self-evaluation	Evaluation item	Score
A. Level of participation in the Company's operations	12 items	4.99
B. Improving the decision-making quality of the Board	12 items	5.00
C. Board composition and structure	7 items	5.00
D. Election and continuing education of Directors	7 items	5.00
E. Internal control	7 items	5.00

(II) Self-evaluation of Board members:

The indicators of Board member performance evaluation include six major aspects, with a total of 23 indicators, and the overall evaluation result was 5.00/5.00. The evaluation results of the six major aspects are set out in the following table. The evaluation results show that the Directors have positive ratings in terns of the efficiency and effects of operations of various indicators.

Six major aspects for self-evaluation	Evaluation item	Score
A. Comprehension of targets and missions of the Company	3 items	5.00
B. Awareness of the Directors' duties	3 items	5.00
C. Level of participation in the Company's operations	8 items	4.98
D. Internal relationship management and communication	3 items	5.00
E. Professionalism and continuing education of Directors	3 items	5.00
F. Internal control	3 items	5.00

(III) Self-evaluation of the Audit Committee

The indicators of the Audit Committee performance evaluation include five major aspects, with a total of 24 indicators, and the overall evaluation result was 4.99/5.00. The evaluation results of the five major aspects are set out in the following table. The results show that the overall operation of the Audit Committee was comprehensive and complied with the corporate governance requirements, which effectively improved the functions of the Board.

Five major aspects for self-evaluation	Evaluation item	Score
A. Level of participation in the Company's operations	4 items	5.00
B. Awareness of the functional committee's duties	7 items	5.00
C. Improving the decision-making quality of the functional committee	7 items	4.95
D. Composition of the functional committee and member election	3 items	5.00
E. Internal control	3 items	5.00

(IV) Self-evaluation of the Remuneration Committee

The indicators of the Remuneration Committee performance evaluation include five major aspects, with a total of 24 indicators, and the overall evaluation result was 4.99/5.00. The evaluation results of the five major aspects are set out in the following table. The results show that the overall operation of the Remuneration Committee was comprehensive and complied with the corporate governance requirements, which effectively improved the functions of the Board.

Five major aspects for self-evaluation	Evaluation item	Score
A. Level of participation in the Company's operations	4 items	5.00
B. Awareness of the functional committee's duties	7 items	5.00
C. Improving the decision-making quality of the functional committee	7 items	4.96
D. Composition of the functional committee and member election	3 items	5.00
E. Internal control	3 items	5.00

(V) The performance evaluation results in 2023 are as follows:

The rating for the evaluation items of the Board performance evaluation was 4.95/5 or above, and there was no material item that required improvement. The evaluation results were reported to the Directors at the 2nd Board meeting in 2024, and they serve as the reference for the performance, remuneration, and nomination for re-appointment of the Board and functional committees.

(II) Operation status of the Audit Committee:

1. Operation status of the Audit Committee:

(1) The Audit Committee held 8 meetings (A) in the most recent (2023) year, and the attendance of the independent directors is as follows:

Position	Name	Actual attendance (B)	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Peng Hsieh-Ju	8	100%	None
Independent Director	Chiu Er-De	8	100%	None
Independent Director	Huang Hui-Wen	8	100%	None

Other items needed to be recorded:

I. If the operation of the Audit Committee falls under any of the following circumstances, state the Audit Committee date, period, contents of the proposals, the results of the Audit Committee's resolutions, and the Company's handling of the Audit Committee's opinions:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act: The independent directors of the Company have no circumstances of objections or reservations.

<table>
<tr><th>Date</th><th>Proposal</th><th>Opinions of all independent directors and the Company's handling of opinions of independent directors</th></tr>
<tr><td>March 24, 2023
The first meeting</td><td>1. The 2022 business plan, parent-only financial statements, and consolidated financial statements.
2. Proposal to distribute the 2022 earnings and cash dividends.
3. Proposal for the appointment of CPAs in 2023 and evaluation of the CPAs' independence and competence.
4. Proposal for the intended private placement of ordinary shares or private placement of domestic convertible corporate bonds (including secured or unsecured corporate bonds).
5. The company's 2022 "Statement of the Internal Control System."</td><td rowspan="4">1. Approved with no objection from any of the Audit Committee members present.

2. The Company's handling of the opinions of Audit Committee members: There was no objection or reservation.</td></tr>
<tr><td>April 21, 2023
The second meeting</td><td>1. Proposal for the intended private placement of ordinary shares, preferred shares, or private placement of domestic convertible corporate bonds (including secured or unsecured corporate bonds) (addition of the category of securities for the private placement).</td></tr>
<tr><td>May 9, 2023
The third meeting</td><td>1. The consolidated financial statements, Q1 2023.
2. Proposal for the amendment to partial provisions of the "General Rules for the Internal Control System."</td></tr>
<tr><td>August 14, 2023
The fourth meeting</td><td>1. The consolidated financial statements, Q2 2023.</td></tr>
</table>

August 23, 2023 The fifth meeting	1. Proposal for the investments in listed companies.	
November 7, 2023 The sixth meeting	1. The consolidated financial statements, Q3 2023. 2. Proposal for the 2024 audit plan. 3. Proposal for the establishment of a subsidiary in the US.	
November 21, 2023 The seventh meeting	1. Proposal for the capital increase in cash through the issuance of new shares. 2. Proposal for the intended purchase of land and plants.	
Dceember 14, 2023 The eigth meeting	1. The purchase of land and plants.	

(II) Except for the matters previously mentioned, other matters that have not been approved by the Audit Committee but approved by more than two thirds of all directors: None.

II. On the implementation of avoidance by independent directors on proposals with personal interests, state the names of the independent directors, proposal contents, reasons for avoidance and status of participation in the voting conditions: None.

III. Communication between independent directors and head of audit and accountants (state the major matters, methods and results of the communication on the finance and business conditions of the Company):

1. After the audit report and follow-up report are reviewed, the audit supervisor of the Company will deliver the audit report and follow-up report to the independent directors before the end of the month following the completion of the audit project, and submit the audit report and follow-up report to the independent directors and report at the meeting of the Audit Committee. The two sides communicated smoothly. The Company's audit supervisor and the CPA also maintain a smooth communication channel, and in accordance with the regulations of the competent authority, the implementation of the audit plan for the next year and the annual audit plan for the previous year, as well as the improvement of the annual internal control deficiencies and abnormal matters, have been completed. After completing the reporting, a copy will be sent to the CPA for inspection.

2.The CPAs report to the independent directors on the financial statement review or audit results, key audit matters, amendments to the IFRSs bulletin or the impact of other laws and regulations on the Company every quarter; the CPAs may directly contact the independent directors; the communications are good.

Communication date	Attendees	Matters communicated	Communication results
March 14, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director Huang, Hui-Wen Accountant Chen, Jun-Hong	1. Audit of the financial report. 2. Amendments to laws and regulations and important issues.	Passed without objection
May 9, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director	1. Financial report review situation. 2. Amendments to laws and regulations and important issues.	Passed without objection

	Huang, Hui-Wen Accountant Chen, Jun-Hong		
August 14, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director Huang, Hui-Wen Accountant Chen, Jun-Hong	1. Financial report review situation. 2. Amendments to laws and regulations and important issues.	Passed without objection
November 7, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director Huang, Hui-Wen Accountant Chen, Jun-Hong	1. Financial report review situation. 2. Amendments to laws and regulations and important issues.	Passed without objection
November 7, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director Huang, Hui-Wen Accountant Chen, Jun-Hong	1. The 2023 AQI. 2. Amendments to laws and regulations and important issues.	Individual seminar

3. The audit unit of the Company shall regularly send all internal audit reports to the independent directors, and shall meet with the Audit Committee members at least once a quarter and report the resolutions at the board meeting:

Communication date	Attendees	Matters communicated	Communication results
March 14, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director Huang, Hui-Wen Chief Auditor Huang, Si-Fen	1. Performance status of audit. 2. 2022 " Statement of Internal Control System."	Passed without objection
May 9, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director Huang, Hui-Wen Chief Auditor Huang, Si-Fen	1. Performance status of audit	Passed without objection
August 14, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director	1. Performance status of audit	Passed without objection

		Huang, Hui-Wen Chief Auditor Huang, Si-Fen		
	November 7, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director Huang, Hui-Wen Chief Auditor Huang, Si-Fen	1. Performance status of audit. 2. 2024 audit plan.	Passed without objection
	November 7, 2023	Independent Director Peng, Hsieh-Ju Independent Director Chiu, Er-De Independent Director Huang, Hui-Wen Chief Auditor Huang, Si-Fen	1. Results of risk assessment for the internal control system. 2. Improvements for abnormalities/deficiencies of 2023	Individual seminar

(III) Corporate governance and differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Item for evaluation	Status of implementation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the Company establish and disclose the corporate governance practices pursuant to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the board meeting has formulated the Company's "Corporate Governance Best Practice Principles", and disclosed it on the Company's website.	In compliance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
II. Shareholding structure and shareholder's equity (I) Does the Company have an internal procedure and act accordingly for handling of the suggestions, doubts, disputes, and lawsuits of the shareholders? (II) Does the Company have the lists of major shareholders who actually control the company and the ultimate controller list of major shareholders? (III) Does the Company establish and implement a firewall mechanism to control the risks between the Company and the affiliates? (IV) Does the Company have internal regulations to prohibit insiders from using undisclosed information in the market for securities trading?	✓		(I) EZconn have a spokesperson, a deputy spokesperson and the shareholder service agent is responsible for managing the problems of the shareholders. In addition, EZconn's website has the "Stakeholder Relations" and the "Investor Relations" area to disclose the contact number and e-mail of the spokesperson, the deputy spokesperson and the shareholder service agent. (II) EZconn has the roster of shareholders provided by the shareholder service agent and regularly discloses major shareholders and the ultimate controller list of major shareholders in accordance with the laws. (III) For affiliates having a business relationship with EZconn, we have the price terms and payment based on the principles of fairness and reasonableness and established the "Regulations Governing the Supervision and Management of Subsidiaries" to control all the trading with the affiliates. (IV) The Company has established its "Operational Procedures for Internal Significant Information Processing", "Ethical Corporate Management Best Practice Principles" and "Management Measures for	(I) No material differences. We will review and establish related procedure in the future. (II) In compliance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. (III) In compliance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. (IV) In compliance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEx

Item for evaluation	Status of implementation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Prevention of Insider Trading" which expressly forbids company insiders to use information unpublished on the market to buy and sell securities for personal gain.	Listed Companies.
III. Responsibilities of the Board of Directors and its formation (I) Has the board of directors formulated diversification policies on the composition of members and specific management objectives, and implemented them?	✓		(I) The Company has a diverse members of the Board. The members generally possess the knowledge, skills and profession necessary to perform their duties. It is stipulated in the company's “Corporate Governance Code” that the Board shall discloses the diversified policies on the composition of its members on the Company's website and MOPS. There are currently 7 members in the Board: 1. Three of the independent directors have majors in business, finance, science and technology and biotechnology, with the professional background, professional skills and industrial experience of EMBA of National Chiao Tung University and Taiwan University and PhD. in physics of California Institute of technology. 2. Four of the general board members have the academic background of PhD. in Law, Harvard University of Law and Master’s Program of Optoelectronic Industry R&D, National Taipei University of Technology. 3. The Company has always paid attention to gender equality among board members. At this stage, there are two female directors (including one independent director) and the ratio is over 28%.	(I) No material differences. We will review and establish related procedure in the future.
(II) Does the Company voluntarily form other functional committees similar to the Remuneration Committee and Audit Committee set up pursuant to relevant laws and regulations?			(II) The Company, in addition to the Remuneration Committee and Audit Committee set up according to law, has not set up other functional committees.	(II) We will establish the committees according to the needs of corporate governance in the future.

Item for evaluation	Status of implementation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(III) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis? Are the results of the evaluation reported at the Board Meeting and used as reference for remuneration and the nomination for re-election?			(III) The Company’s board meeting has passed the "Board Performance Evaluation Measures", and since 2020, all directors started evaluating the overall operation of the board of directors as well as individual directors. The Company completed the board evaluation at the end of 2023, and the evaluation results were reported at the board meeting in March 2024.	(III) No material differences.
(IV) Does the Company assess the CPAs for their independence on a regular basis?			(IV) The Audit Committee evaluates the independence and competence of CPAs annually. Except for requesting the CPAs to provide their “statement of independence” and “AQIs,” it carries out evaluations based on the standards in Note 2 and 13 AQIs. As confirmed, except for the expenses for certification and taxation, there are no other financial benefits, or business relationships between the CPAs and the Company, and family members of the CPAs do not violate the independence requirements. Based on the Qis, it is confirmed that the CPAs and the CPA’s firm are more favorable than the average standards within their line of business in terms of auditing experience and training hours. In addition, digital audit tools will continue to be introduced in the following three years to improve audit quality. The evaluation results for the most recent year were discussed and approved by the Audit Committee on March 14, 2024, and reported to the Board on March 14, 2024, and the Board resolved to approve the evaluation of the independence and competence of the CPAs. The Company’s Audit Committee evaluates the independence and suitability of the certifying CPAs annually. In addition to requiring the CPAs to provide a "Declaration of Detached Independence", an	(IV) No material differences.

Item for evaluation	Status of implementation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			evaluation is carried out according to the standards in Note 2. After confirming that the CPAs have no other financial interests or business relationship with the Company except for certification and tax case fees and that the CPAs' family members have not violated the independence requirements, the assessment results of the most recent year were issued on March 14, 2024, after discussion and approval by the Audit Committee, and was submitted to the board meeting on March 14, 2024, for approval on the independent assessment of CPAs.	
IV. Does the TWSE/TPEx listed company set up a full/part-time corporate governance unit or personnel to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, handling relevant matters with board meetings and shareholders meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings?	✓		On November 11, 2022, the Company’s board meeting approved the appointment of Chief Financial Officer Chuang, Guo-An as the Corporate Governance Manager, and the top executive in charge of corporate governance-related matters. The businesses executed in 2023 are as follows: 1. Assisted independent directors and general directors to perform their duties, provided required information and arranged for directors to study. 2. Responsible for reviewing the release of major information of important resolutions of the board meeting to ensure the legality and correctness of the information content, so as to ensure the equivalence of investors' transaction information. 3. The board members have completed at least 6 credits of refresher courses. 4. The Company took out liability insurance for each director and reported to the board meeting after the renewal of the insurance. 5. In 2023, a total of 5 board meetings, 8 audit committees and 1 general meeting of shareholders were held.	No material differences.
V. Does the Company establish channels for communication	✓		EZconn has established service line for customers and	No material differences.

Item for evaluation	Status of implementation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), design special web pages for the stakeholders on the website, and appropriately respond to important CSR issues concerned about by the stakeholders?			suppliers and the employee complaint system and spokesperson system as the channels of communication. We have Stakeholder Relations area on the company website with contact method for the stakeholders to keep contact with the Company at all times and have CSR area on the website.	
VI. Does the Company commission a professional registrar to deal with the affairs of the shareholders' meeting?	✓		The Company has entrusted the Stock Affairs Agency Department of Taishin Securities as the agent to handle shareholders' meeting affairs.	In compliance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VII. Information disclosure (I) Does the Company have a website to disclose the financial and corporate governance information of the Company? (II) Does the Company adopt other information disclosure methods (such as setting up an English website, designating a person for collection and disclosure of information, implementing a spokesperson system, and publishing the process of investor conferences on the website)? (III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report Q1, Q2, Q3 financial reports and the operating status of each month in advance of the prescribed deadline?	✓		(I) EZconn has established a Company website and designated personnel for maintenance to disclose the financial and corporate governance information of the Company. EZconn's website: http://www.ezconn.com. (II) EZconn has established the spokesperson and deputy spokesperson system and designated personnel for the regular and irregular reporting of each financial information on the Market Observation Post System. (III) The Company announced and reported the annual financial report after the end of the fiscal year, and announced and reported Q1, Q2, Q3 financial reports and the operating status of each month before prescribed deadline. Please inquire the relevant information on MOPS of TWSE, at: https://mops.twse.com.tw/mops/web/index	(I) In compliance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. (II) In compliance with the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. (III) No material differences.
VIII. Does the Company have additional important information that is helpful to understand the operation of the corporate	✓		1. EZconn has good employee welfare to ensure the employee's rights, provide regular health examinations	In compliance with the regulations of the Corporate

Item for evaluation	Status of implementation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
governance (including but not limited to the rights and care of employees, investor relationship, supplier relationship, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and measurement criteria, implementation of customer policies and liability insurance coverage for directors and supervisors)?			at each plant and the Head Office every year and hold family day activities and employee travels to promote the physical and mental health of the employees. We observe the principle of equal employment opportunity and recognized the contribution of diverse talents to the corporate culture and innovative spirit. We recruit talents through an open selection process and designated them to the appropriate position. 2. The directors of EZconn all have professional background and actively finished related advanced studies (Note 1). 3. EZconn has good performance in the director attendance at the meeting. 4. EZconn has established units designated for the implementation of risk management policies and risk assessment standards. 5. EZconn has good performance in maintaining smooth communication channels with our customers. 6. The directors of EZconn all complied with the laws and regulations and avoid participation in the discussion and voting of proposals due to personal interest. 7. EZconn has liability insurance coverage for directors.	Governance Best Practice Principles for TWSE/TPEx Listed Companies.

IX. On the basis of the result of corporate governance evaluation released by TWSE's Corporate Governance Center in the most recent year, please describe the matters to which improvements have been made. Regarding the matters to which improvements have yet to be made, please list those which have been selected as priorities and the measures to be taken (Companies not listed in the evaluation do not have to answer this part):

The matters strengthened and measures in 2023 are as follows:

1. Performance evaluation of the board of directors: The Company regularly conducts the performance evaluation of the board of directors every year since 2020.
2. The Company continues strengthen the structure and operation of the board of directors and enhance the information transparency in the governance evaluation indicator category, so as to improve the corporate governance evaluation results year by year.

Note 1: Status of director's further study in 2023:

Professional title	Name	Date of further studies	Hours	Continuing training institution	Course Title
Chairman	CHEN STEVE	June 2, 2023	3	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Electricity Summit Forum
Chairman	CHEN STEVE	August 14, 2023	3	Taiwan Academy of Banking and Finance	Corporate Governance – Money Laundering Risk Prevention – Eigh Major National Money Laundering Risk Patterns
Chairman	CHEN STEVE	October 12, 2023	3	Chinese National Association of Industry and Commerce	Principles of Treat Customers Fairly and the Financial Consumer Protection Act
Chairman	CHEN STEVE	October 12, 2023	3	Chinese National Association of Industry and Commerce	Financial Inclusiveness and Inclusive Financing
Chairman	CHEN STEVE	November 6, 2023	3	Chinese National Association of Industry and Commerce	Tax Laws and Regulations and Practices of Corporate Operation and Investment (India)
Chairman	CHEN STEVE	November 6, 2023	3	Chinese National Association of Industry and Commerce	Tax Laws and Regulations and Practices of Corporate Operation and Investment (the US and Mexico)
Independent director	Peng Hsieh-Ju	October 6, 2023	3	Taiwan Corporate Governance Association	Response to Corporate Carbon Rights and Carbon Asset Management under the Operation of the Global Carbon Transaction System
Independent director	Peng Hsieh-Ju	October 6, 2023	3	Taiwan Corporate Governance Association	Taiwanese Enterprise Management and M&A Strategies from Global Political and Economic Status
Independent director	Chiu, Er-De	October 6, 2023	3	Taiwan Corporate Governance Association	Response to Corporate Carbon Rights and Carbon Asset Management under the Operation of the Global Carbon Transaction System
Independent director	Chiu, Er-De	October 6, 2023	3	Taiwan Corporate Governance Association	Taiwanese Enterprise Management and M&A Strategies from Global Political and Economic Status
Independent director	Huang, Hui-Wen	October 6, 2023	3	Taiwan Corporate Governance Association	Response to Corporate Carbon Rights and Carbon Asset Management under the Operation of the Global Carbon Transaction System
Independent director	Huang, Hui-Wen	October 6, 2023	3	Taiwan Corporate Governance Association	Taiwanese Enterprise Management and M&A Strategies from Global Political and Economic Status
Corporate Director	Chang Ying-Hua	October 6, 2023	3	Taiwan Corporate Governance Association	Response to Corporate Carbon Rights and Carbon Asset Management under the Operation of the Global Carbon Transaction System
Corporate Director	Chang Ying-Hua	October 6, 2023	3	Taiwan Corporate Governance Association	Taiwanese Enterprise Management and M&A Strategies from Global Political and Economic Status
Corporate Director	Pan, Po-Tsang	October 6, 2023	3	Taiwan Corporate Governance Association	Response to Corporate Carbon Rights and Carbon Asset Management under the Operation of the Global Carbon Transaction System
Corporate Director	Pan, Po-Tsang	October 6, 2023	3	Taiwan Corporate Governance Association	Taiwanese Enterprise Management and M&A Strategies from Global Political and Economic Status
Corporate Director	Lan Ching-Ying	October 6, 2023	3	Taiwan Corporate Governance Association	Response to Corporate Carbon Rights and Carbon Asset Management under the Operation of the Global Carbon Transaction System
Corporate Director	Lan Ching-Ying	October 6, 2023	3	Taiwan Corporate Governance Association	Taiwanese Enterprise Management and M&A Strategies from Global Political and Economic Status

Note 2: CPA Independence assessment items

Item	Independence assessment items	Yes	No
1	There is no direct or significant indirect financial interest relationship between the certified public accountants and the Company.	V	
2	There is no significant close commercial relationship between the certified public accountants and the Company.	V	
3	There is no potential employment relationship between the certified accountants and the Company.	V	
4	The certified public accountants shall ensure integrity, impartiality and independence of their assistants.	V	
5	The certified public accountants did not accept any present or gift of great value from the Company or the Company's directors, supervisors and managers (the value of which did not exceed the standard of general social etiquette).	V	
6	The certified public accountants have never had any financial loan with the Company.	V	
7	The certified public accountants do not concurrently operate other businesses that may cause them to lose their independence.	V	
8	The certified public accountants did not receive any business-related commissions.	V	
9	The certified public accountants do not hold any shares of the Company.	V	
10	The certified public accountants do not have regular concurrent work in the Company to receive fixed salaries.	V	
11	The certified public accountants have no joint investment or interest-sharing relationship with the Company.	V	
12	The certified public accountants are not involved in the management function of the Company's decision-making.	V	
13	The certified public accountants have not held any position as directors, supervisors or managers or positions with significant influence on the audit case of the Company at present or in the last two years; it is also confirmed that they will not hold the aforesaid positions during the future audit period.	V	
14	During the audit period, the certified public accountants and their spouses or dependent relatives do not hold any positions of directors, supervisors or managers or positions with direct and significant influence on the audit work of the Company.	V	
15	The certified public accountants shall issue a "Declaration of Transcendental Independence".	V	

(IV) If the company has a remuneration committee, the composition, responsibilities and operation of the committee shall be disclosed:

1. Information of the members of the Remuneration Committee

<table>
<tr><th colspan="2">Qualifications
Member type / Name</th><th>Professional qualifications and experience (note 2)</th><th>Independence situation (note 3)</th><th>Number of other public companies where the member also serves in a remuneration committee</th></tr>
<tr><td>Independent Director convener</td><td>Peng Hsieh-Ju</td><td rowspan="3">Please refer to “2. Disclosure of information on the professional qualifications of directors and the independence of independent directors” on page 17</td><td rowspan="4">(1) Not an employee of the Company or its affiliates.
(2) Not a director or supervisor of the Company or its affiliates.
(3) Does not hold more than 1% of the total issued shares of the Company in his/her or his/her spouse’s or minor children’s or in another person’s name, or is not a top ten individual shareholder.
(4) Not a manager in (1), nor the spouse, second-tier relative or third-tier relative of the persons listed in (2) or (3).
(5) Not a director, supervisor or employee of a corporate shareholder which directly holds more than 5% of the total issued shares of the Company, or a top five shareholder, or which appoints him/her as its representative to serve as the Company’s director or supervisor in accordance with paragraph 1 or 2 of Article 27 of the Company Act
(6) Not a director, supervisor or employee of another company which has a seat on the Company’s board of directors, or more than half of its shares with voting rights are controlled by the same owner of the Company.
(7) Not a director, supervisor or employee of another company or institution who is the same person or spouse as the Chairman, President or an equivalent position of the Company.
(8) Not a director, supervisor or manager of another company or institution which has financial or business dealings with the Company, or is a shareholder holding more than 5% of the shares of the Company.
(9) Not a professional, sole proprietor, partner, business owner or partner, or a director, supervisor, manager or the spouse of the above of a company or institution which provides audit services to the Company or its affiliated enterprises, or the cumulative remuneration amount of which in the past two years exceeds NT$500,000 for business, legal affairs, finance or accounting related services.
(10) Does not have any of the conditions in Article 30 of the Company Act.</td><td>2</td></tr>
<tr><td>Independent director</td><td>Chiu, Er-De</td><td>None</td></tr>
<tr><td>Independent director</td><td>Huang, Hui-Wen</td><td>None</td></tr>
<tr><td>Others</td><td>Tsai Hsing-Chuan</td><td>Master of International Enterprise Institute, National Taiwan University
Manager of Investment Department of Cathay Securities
Supervisor of MStar Semiconductor
Director of Tong Lung Metal Industry Co., Ltd.
Director of Huawei Venture Capital
Director of Cathay Pacific Ventures</td><td>None</td></tr>
</table>

2. Remuneration Committee’s Responsibilities

The Remuneration Committee shall, with the attention of good managers, faithfully perform the following functions and powers, and submit the recommendations to the board meeting for discussion. Its main responsibilities are as follows:

(1) Formulate and review the policies, systems, standards and structures of the performance evaluation and remunerations of directors and managers of the Company at least once every three years.

(2) Evaluate the remunerations of directors and managers of the Company at least once a year.

3. Remuneration Committee Operation

(1) There are four members of the Remuneration Committee of the Company.
(2) The term of office of the current term of committee members: The term of office of the fourth term is from August 13, 2020 to June 06, 2023. The fifth term is from August 14, 2023 to June 5, 2026.
(3) In the most recent year (2023), the Remuneration Committee held three meetings in total. The qualifications and attendance of the members are as follows:

Title	Name	Number of actual attendance (B)	Number of meetings presented by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Peng Hsieh-Ju	3	0	100%	None
Member	Chiu Er-De	3	0	100%	None
Member	Huang Hui-Wen	3	0	100%	None
Member	Tsai Hsing-Chuan	3	0	100%	None

Other matters to be recorded:

I. If the Board of the Directors does not adopt or revise the suggestions of the Remuneration Committee, the decision must indicate the date of Board of the Directors meeting, term, contents of the proposal, Board of the Directors resolution and how the Company handle the Committee’s opinions (if the amount of remuneration approved by the Board of the Directors is higher than that suggested by the Committee, the differences and reasons must be indicated): None.

II. In the event that any member of the Remuneration Committee has expressed dissent or reservation over the Committee’s decisions, and that the dissent or reservation has been recorded or delivered in writing, the decision shall indicate the date of the Committee’s meeting, term, contents of the proposal, opinions of all the members, and how the opinions of a member is handled: None.

III. Causes of discussions by the Remuneration Committee, resolution results, and the Company’s treatment to the members’ opinions.

Date	Proposal	Resolution	Opinions of all independent directors and the Company's handling of opinions of independent directors
March 14, 2023 The first meeting	1. 2022 remuneration for directors and managerial officers of the Company. 2. Continuation of the current structure of the managerial officers’ remunerations of the Company. 3. Proposal for the remuneration of Directors and managers.	Approved with no objection from any of the Remuneration Committee members present.	It was proposed to the board meeting and approved by all directors present.
August 23, 2023 The second meeting	1. 2022 remuneration for directors and managerial officers of the Company.	Approved with no objection from any of the Remuneration Committee members present.	It was proposed to the board meeting and approved by all directors present.
November 7, 2023 The third meeting	1. Proposal for the amendments to partial provisions of the “Regulations for Remuneration Paid to the Directors, Supervisors, and Functional Committees.” 2. Proposal for the remuneration and year-end bonus plan for managers. 3. Inauguration of the “employee stock ownership trust” plan.	Approved with no objection from any of the Remuneration Committee members present.	It was proposed to the board meeting and approved by all directors present.

(V) The implementation of promoting sustainable development and the differences and reasons from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

Promoted item	Execution status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development? Is the senior management authorized by the board meeting to handle it, and what is the supervision status of the board meeting?	✓		The Company establishes the Sustainable Development Committee, which is authorized by the Board of Directors to take charge of the overall planning about the corporate governance, economic, environmental and social issues, and report the implementation status to the the Board of Directors regularly.	No material differences.
II. Has the company conducted risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulated relevant risk management policies or strategies?	✓		At the beginning of each year, the Company determines the major risks related to environmental safety and health issues; the President approves the annual strategic goals of the relevant environmental safety and health issues, and develops specific and feasible work goals to have them implemented accordingly. Environmental management policy: 1. Observe and comply with the requirements of environmental protection regulations 2. Implement the operation of the environmental management system 3. Full-participation in seeking low-pollution environments 4. Promote environmental management circulation and continuous improvement Environmental objectives and targets: Product: 1. New products in compliance with the HSF requirements: The monthly achievement rate of RF and optical communication of 100%. 2. No order for HSF level D suppliers: The monthly achievement rate of RF and optical communication of 100%. Operating activities: 1. Waste reduction: Regarding the average control for the monthly business waste (excluding recoverable resource wastes) per working hour, it is 0.08 kg/working hour for Shangda Plant (excluding wood chips). 2. CO2 emission intensity: Regarding the control for the CO2 emission per capital calculated based on the monthly power consumption, it is 2.6kg-CO2e/working hour and 1.7kg-CO2e//working hour for Shangda Plant and Honshulin Plant, respectively. The Company has prepared its own Corporate Sustainability Reports, and has formulated relevant major issues such as environmental, social and corporate governance (refer to pages 47~58 of the Company's 2023 Corporate Sustainability Reports)	No material differences.
III. Environmental issues				No material differences.
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		EZconn has passed ISO 14001 Environmental Management System certification and continued our improvement. The latest certificate is valid from July 1, 2022 to June 30, 2024. 2. The Company obtained the ISO 14064-1 carbon inventory verification in 2023 (2022/1/1-2022/12/31).	No material differences.
(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		The Company continues to promote e-operation, and sorts and recycles resources to reduce waste and reduce the impact on the environment.	No material differences.

<table>
<tr><th rowspan="2">Promoted item</th><th colspan="3">Execution status</th><th rowspan="2">Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(III) Has the company assessed the current and future potential risks and opportunities of climate change, and taken relevant countermeasures?</td><td>✓</td><td></td><td>EZconn has control over the light wattage and the temperature of air conditioning for energy saving and carbon reduction. The management unit gathers statistics every month for the analysis and review of the electricity and water consumption and uses it as the basis of improvement.
Furthermore, we promote and enhance the employees' awareness of environmental protection and energy savings. The specific evidence is as follows:</td><td>No material differences.</td></tr>
<tr><td>(IV) Does the company have statistics on the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and has it formulated policies for greenhouse gas reduction, water reduction or other waste management?</td><td>✓</td><td></td><td>1.The Company considers the effects of its operations on the ecological benefits, promotes the philosophy of sustainable consumption, and adopts domestic/foreign standards or guidelines that are commonly used to carry out its corporate GHG inventory for disclosures. It also formulated energy-saving, carbon reduction, and GHG emission reduction strategies based on the operating status and GHG inventory results. The definition of the organizational boundary for the GHG inventory of the Company referred to the standards under WBCSD/WRI and ISO 14064-1: 2018. The geographical boundary of the Company is adopted as the scope, and the organizational boundary was established based on the "method of business control." At present, the scope covers four plants of EZconn in Taiwan.
2022 is the base year, and the GHG emission inventory was established for GHG emission inventory and GHG emission follow-ups. The GHG emissions of the Company are primarily from CO2 generated from purchased electricity required for operations during the course of power generation. The emission source accounts for 93.88 % of the overall emissions in 2023 or above. The GHG emission inventory results in 2023 are compiled as follows: In response to the requirements under ISO 14064-1 and GHG Protocol, the Company aims to reduce the GHG emission progressively year by year since 2023 as the record year. Since 2023 as the record year, the Company has established a list of GHG emissions to take an inventory of GHG emissions and follow up on them. In 2023, the Company's Scope 1 and Scope 2 GHG emissions totaled 1951.423 tCO2e, including the emission under Scope 1, 31.8353 tCO2e (about 1.62% of the total weights of both scopes), and the emission under Scope 2, 1919.5877 tCO2e (about 98.38% of the total weights of both scopes). The main source of the Company's GHG emissions is the CO2 generated in the process of power generation purchased by the Company from others to satisfy its business needs. The source accounted for about 92% of the Company's total emissions in 2023. The GHG accounting results for 2023 are summarized as follows:
<table><tr><th colspan="2">2023 GHG accounting results
ISO 14064-1</th></tr><tr><td>Scope 1
Direct GHG emission</td><td>Scope 2
Indirect GHG emission from energy</td></tr><tr><td>104.4428 tons CO2e</td><td>1.601.2727 tons CO2e</td></tr></table></td><td>No material differences.</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted item</th><th colspan="3">Execution status</th><th rowspan="2">Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>2. The Company records the total weight of waste and the intensity of carbon dioxide emissions on a monthly basis and reviews at the “Quality and Environment Committee Meeting” whether the target has been achieved on a quarterly basis, in its aim to achieve our waste, energy and carbon reduction goals. The carbon emission target in 2023 was 2,000,000kg, the actual carbon emission was 1,951,423kg, and the carbon reduction target was achieved in 2023. In 2023, the carbon emission target for the Hongshulin Plant and Shangda Plant was <2.2 kg-CO2e/working hour and <3.1 kg-CO2e/working hour, respectively, and the actual carbon emissions were approximately 1.7 kg-CO2e/working hour and 2.6kg-CO2e/working hour, respectively; the carbon reduction target was achieved in 2023.
♦Power Consumption Statistics Table
<table>
<tr><th>Year</th><th>2023</th><th>2022</th></tr>
<tr><td>Power consumption (unit: degree)</td><td>3,144,753</td><td>3,970,714</td></tr>
<tr><td>Energy consumption (Unit: megajoule)</td><td>11,321,111</td><td>14,294,570</td></tr>
<tr><td>Carbon emission(kg)</td><td>Scope 1
104.4428 tons CO2e
Scope 2
1,601.2727 tons CO2e</td><td>Scope 1
106.0792 tons CO2e
Scope 2
1,880.5168 tons CO2e</td></tr>
</table>
3. The waste of the Company is divided into process waste and domestic waste
(1) Process waste:
The process of the Company does not generate hazardous business waste. The Company has set a monthly control emission target per capital for business wastes. The target was 0.07Kg/working hour (excluding wood chips) for Shangda Plant, and Shangda Plant complied with the expected target. There was no material waste or chemical substance leakage during the storage, clearing, and processing course, and there was no violation of environmental laws and regulations that resulted in massive fines. All manufacturing/production activities comply with local environmental protection regulations.
(2) Domestic waste:
After garbage classification, recoverable wastes (i.e., paper and bottles) are donated to a neighboring public welfare group, Tzu Chi Foundation, and the Company selects waste processing companies permitted by the Environmental Protection Administration of the Executive Yuan to clear and process non-recoverable wastes according to the waste clearing plan.
4. None of the product manufacturing process of Company consumes water resources. Therefore, the water consumption refers only to the general water consumption that is managed under ISO14001 system for the implementation of water conservation measures.
Water consumption in the past 2 years:
<table>
<tr><th>Year</th><th>2022</th><th>2023</th></tr>
<tr><td>Meter Reading</td><td>11,768</td><td>8,768</td></tr>
<tr><td>Water Consumption Intensity</td><td>4.00</td><td>3.35</td></tr>
</table>
Note: Water Consumption Intensity = Total Water Consumption/Operating Revenue (NTD Million)</td><td></td></tr>
<tr><td>IV. Social Issues</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(I) Does the Company have management policies and procedures</td><td>✓</td><td></td><td>Pursuant to the international human right standards, including the “International Code of Human Rights,” the “International</td><td>No material differences.</td></tr>
</table>

Promoted item	Execution status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:
	Yes	No	Summary	
in accordance with relevant regulations and international human rights conventions?			Labor Organization-Declaration on Fundamental Principles and Rights at Work," the "Ten Principles of the United Nations Global Compact," and the "Code of Conduct for Responsible Business Alliances," in the working rules approved by the competent authority, the human right policies are established, with the relevant management regulations. The implementation guidelines are as follows: 1. Free choice of occupation, respect for employee freedom, and prohibition of any form of forced labor. 2. Prohibition of child labor. 3. Humane treatment. 4. Anti-discrimination. 5. Workplace safety. 6. Salary and benefits. 7. Working hours. 8. Freedom of assembly. 9. Grievance protection. 10. Ethical management. 11. No undue advantage. 12. Labor-management harmony. The Company respects the employees' freedom of association. Other than holding the regular management-labor meetings and publicizing the meeting minutes, the Company also listens to the opinions and advice from employees through diverse communication channels, and responds immediately to ensure the management-labor harmony. When accepting the assessments from customers in 2023, there was no relevant major defects found.	
(II) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.) and appropriately reflect the results of operating performance in employee compensation?	✓		The Company values the rights and interests of employees and implements the corporate social responsibility, to ensure the recruitment, retention, and incentives for human resource, and achieve the goal of sustainable operations. The regulations of compensation management are established. The compensations are determined based on the nature of job, working conditions, working environment, and different required skills, while referring to the compensation market conditions and structures. Based on the Company's operations and referring to the movement of compensations in the market, macro economy, the changes in prosperity of the industry, and the governmental regulations, compensations may be adjusted. The employee bonus distribution management measures are formulated in order to motivate employees' morale, motivate outstanding talents, enhance labor-capital harmony, share profits and allow labor-capital joint participation in enterprise operations. In addition, business performance and peer standards are also considered, and year-end bonuses are allocated according to the performance of individual employees in accordance with the performance appraisal management regulations. According to the abovementioned policy, the year-end bonus, bonuses, employee bonuses, and other rewards distributed in 2023 were over five months of salaries of employees per person on average. Meanwhile, it promotes the employee stock ownership trust and retains 15% of the number of issuance of new shares under the capital increase in cash for employees to subscribe.	No material differences.
(III) Does the Company provide a safe and healthy work environment to its employees? Does the Company regularly provide safety and health education for the employees?	✓		The Company's workplace complies with the occupational safety and health standards. It established workplace safety policies and regularly organized in-service labor safety training and employee health inspections. (Note 1)	No material differences.
(IV) Does the Company have an effective career capacity development training program established for the employees?	✓		EZconn holds regular employee education training to cultivate employees' multiple talents.	No material differences.

<table>
<tr><th rowspan="2">Promoted item</th><th colspan="3">Execution status</th><th rowspan="2">Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(V) Regarding issues such as customer health and safety, customer privacy, marketing and labelling of products and services, has the company followed relevant regulations and international standards, and formulated relevant policies and appeal procedures for the protection of consumers or customers’ rights and interests?</td><td>✓</td><td></td><td>The marketing and labeling of EZconn’s products and services all conforms to relevant regulations and international ISO standards. We voluntarily provide satisfaction survey for the customers. When customers have complaints about the products, the sales and quality control unit will handle the complaint immediately.</td><td>No material differences.</td></tr>
<tr><td>(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?</td><td>✓</td><td></td><td>When EZconn signs contracts with main suppliers, the compliance with each parties’ CSR policy shall be specified in the contract. For example, the suppliers shall not bribe the employees of EZconn for expected promises and the Company may cancel the contract at any time if any violation is discovered. Besides, the suppliers shall comply with related environmental protection laws. If the suppliers violate related regulations, the Company may make a claim for damage compensation.</td><td>No material differences.</td></tr>
<tr><td>V. Does the company refer to the internationally accepted report preparation standards or guidelines to prepare reports that disclose non-financial information of the company, such as the sustainability report? Has any confirmation or assurance opinion of a third-party verification unit obtained for the disclosure reports above?</td><td>✓</td><td></td><td>The Company has voluntarily prepared a Corporate Sustainability Reports (2022). Not yet verified by third parties.</td><td>No material differences.</td></tr>
<tr><td colspan="5">VI. If the company has set its own best practice principles for sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the difference between its operation and the set provisions: There is no major difference.</td></tr>
<tr><td colspan="5">VII. Other important information helpful to understand the implementation of the promotion of sustainable development:
1. EZconn’s related regulations and systems not only complied with the laws and regulations but also treated the employees as equal and protected their rights regardless of nationality.
2. We established the “Working Regulations of Safety and Health” to protect the safety and health of our employees in accordance with the Occupational Safety and Health Act.
3. The Company has passed the ISO14001:2015 environmental management system verification, and continues to promote environmental improvement.
4. Quality Management System: ISO9001:2015
5. Occupational Safety and Health Management System: ISO45001:2018
6. Taiwan Occupational Health and Safety Systems: CNS45001:2018
7. To realize the diversification of labor composition and gender equality and improve female employees’ authority and capacities, the Company provides equal and fair working environments in terms of recruitment, employment, training, rewards, promotion, termination, retirement, and other employment conditions without discrimination or differentiated treatment for employees due to gender, sexual orientation, age, ethnicity, color, nationality, disability, pregnancy, religion, political party, group member status, martial status, or other circumstances protected by laws. As of December 31, 2023, there are 40 male supervisors, accounting for 65.6%, and there are 21 female supervisors, accounting for 34.4%, which exceeds 30%.
8. The Company supports relevant culture and art activities and the cultural creativity industry to facilitate the development of domestic culture. To balance employees’ physical and mental health, the Company encourages employees to participate in culture and art activities. The Company also adopted actual actions to contribute resources to relevant institutions. On December 2, 2023, it sponsored the In Fashion Flamenco for its “Color of Love” activity at the Xinzhuang Culture and Arts Center. Apart from supporting volunteers, a total of 65 employees and their family members participated in the performance, and the Company sponsored NT$50,000.
9. The Company values its effects on the community and prioritizes local laborers for employment to improve community recognition. It invests resources in organizations that solve social or environmental issued through business models or relevant activities organized by civil organizations, charitable/public welfare groups, and governmental institutions that participate in community development and community education to facilitate community development. There are 209 persons with household registrations within the neighboring communities, accounting for 66% of all employees, showing that EZconn’s operating activities drive the local economic prosperity and employment opportunities. In addition, the ratio of the senior management being local residents in Taiwan is 100%. EZconn’s selection of senior management personnel complies with the local employment principle. A localized management team also reinforces its human resource capital and improves the quality of local talents.</td></tr>
</table>

Note 1:

Workplace safety policy:

The Company respects the human rights of employees and bans brutal and unethical treatment of employees, including sexual harassment, sexual abuse, physical punishments, threats, exploitation, mental or physical pressure, or verbal abuse in any form, and threats to engage in any of such acts are prohibited. Meanwhile, it provides safe and healthy working environments, protects employees' health and physical safety, reduces injuries and diseases, and prevents occupational disasters.

Protective measures:

To protect the safety and health of employees and worders, the Company has its occupational safety and health management department, personnel, labor health nursing practitioners, and contracted labor health service physicians in place in accordance with the Occupational Safety and Health Act to implement occupational safety and health, health management, and health improvement.

The Company has introduced the ISO／CNS 45001:2018 occupational safety and health management system. Our plants continue to improve and optimize work safety, find potential hazards, risks, and opportunities regarding operating, environmental, and system aspects to prevent disasters in advance and formulate preventive or improvement measures.

Implementation:

I. Occupational safety and health facilities: The improvement plans in 2023 are as follows, and improvements have been completed.

Prevention item	Name
Chemical hazard	Improve the safety of chemical operations - safety cabinet
Transportation	Improve the inhouse- traffic safety – electronic iron gates
Sli	Improve the on-site anti-slip safety – fire control construction for the external walls of plants

II. Occupational safety and health management:

Internal and external audits:

The Company and its plants introduced the ISO／CNS 45001:2018 occupational safety and health management system to effectively monitor the operation and implementation performance of the management system through the audit function annually. In 2023, the audit was completed, and relevant improvement opportunities for improvement have been improved.

Risk assessment and identification:

In 2023, our plants and departments have completed and confirmed the inventory and assessment of the following five items.

Item	Hazard identification	Environmental considerations	Operation inventory	Chemicals	Automatic inspections
No.	795	426	470	96	207

III. Occupational safety and health education and training:

To build awareness of workplace safety and safety culture, EZconn continuously organizes plant-wide occupational safety and health education and training each year. In 2023, the implementation is as follows:

New employee occupational safety and health training, HSF (RoHS) hazardous substance training, sexual harassment, ethical corporate management, unjust benefits, anti-terrorism training, workplace illegal infringement training, emergency response drills (fire control drills), general in-service occupational safety and health training, chemical general knowledge education and training, hearing protection education and training, special equipment training, and project training (class A occupational safety and health supervisors, B occupational safety and health managers, and fire control managers).

To allow employees to pay attention to health issues, we organized the first annual health planning activity to promote a series of annual health activities (i.e., slogan competition, drawing competition, daily steps, health lectures, family day walking activity, and health passport) in the hope of encouraging employees to actively participate in sports and activities, maintain their health, and improve the health awareness and living quality of employees. In addition, to improve employees’ health awareness and safety concepts, the occupational nursery practitioners regularly send health service newsletters for health promotion and have meetings with the HR department to care for and provide recommendations and assistance to employees with high risks of health.

Climate Information

1. Implementation of Climate Information

<table>
<tr><th>Items</th><th>Implementation</th></tr>
<tr><td>1. Specify the supervision and governance measures taken by the Board of Directors and the management against the climate-related risks and opportunities.</td><td>The Board of Directors is the executive governance unit responsible for the guidance, supervision, and management of climate-related issues. The Board of Directors shall formulate policies to strengthen risk management and establish measures to ensure rapid response to the challenge posed by climate change. The Company has constituted a sustainable development committee to assess the risks and opportunities in relation to climate change. The committee shall report to the Board of Directors on the implementation of the relevant risk management to facilitate the operational decisions-making process.</td></tr>
<tr><td>2. Specify how the identified climate-related risks and opportunities affect the Company in terms of operation, strategy, and finance (short-term, medium-term, long-term).</td><td>The Company has not completed the identification of climate risks and opportunities as of the date of the annual report. The relevant content will be disclosed on the Company's website upon completion.</td></tr>
<tr><td>3. Specify the impact of extreme climate events and transformation actions on finance.</td><td>The Company has not completed the assessment of the financial impact of extreme climate events and transformation actions on finance as of the date of the annual report. The relevant content will be disclosed on the Company's website upon completion.</td></tr>
<tr><td>4. Specify how the climate risk identification, assessment, and management processes are integrated into the risk management system.</td><td>The Company has not completed the identification, assessment, and management process of climate risks as of the date of the annual report. The relevant content will be disclosed on the Company's website upon completion.</td></tr>
<tr><td>5. Where Scenario Planning is used to assess the resilience against climate change risks, the scenarios used, parameters, assumptions, planning factors, and main financial impacts shall be specified.</td><td>Under assessment.</td></tr>
<tr><td>6. In the case of a transformation plan to manage climate-related risks, the content of the plan, the indicators and goals used to identify and manage physical risks and transformation risks shall be specified.</td><td>Under assessment.</td></tr>
<tr><td>7. Where Internal Carbon Pricing is used in the process as a planning tool, the basis for setting the price should be specified.</td><td>Under assessment.</td></tr>
<tr><td>8. For the established climate-related goals, if any, the activities involved, the category of greenhouse gas emission, the timetable, and the expected annual achievements shall be stated; if Carbon Offsets or Renewable Energy Certificates (RECs) are used to achieve the goals, the source and number of carbon reduction credits or the number of RECs shall be specified.</td><td>The greenhouse gas emissions of the Company are mainly from the purchased electricity required for the plant operation (Category 2), which account for more than 98% of total emissions. To attain energy costs reduction, carbon footprint reduction, and other goals, we will continue to upgrade our equipment (such as air compressor system, alternating current and lighting, etc.) and implement a night shift alternative lights-out program to reduce power consumption and to achieve the goal set for greenhouse gas emissions reduction. The statistics in 2023 show that, during the reporting period, the emissions from Category 1 indirect energy consumption totaled approximately 104.44 metric tons of carbon dioxide and the emissions from Category 2 indirect energy consumption totaled approximately 1601.27 metric tons of carbon dioxide. In addition, during the reporting period, the average carbon emissions per working hour of the Hongshulin plant, Shangda plant, and Lide plant are approximately 1.7kg-CO2e/working hour, 2.6kg-CO2e/working hour, and 2.5kg-CO2e/working hour respectively, all the data met the expected targets.
<table>
<tr><th>Plant</th><th>Target for year 2023 (kg- CO_2e /working hour)</th><th>Performance in year 2023 (kg- CO_2e / working hour)</th><th>Whether the targets are achieved?</th></tr>
<tr><td>Hongshulin plant</td><td><2.2</td><td>1.7</td><td>Yes</td></tr>
<tr><td>Shangda plant</td><td><3.1</td><td>2.6</td><td>Yes</td></tr>
<tr><td>Lide plant</td><td><3.1</td><td>2.5</td><td>Yes</td></tr>
</table>
</td></tr>
<tr><td>9. Greenhouse gas inventories and assurance engagements, carbon reduction goals, strategies, and specific action plans (fill in 1-1 and 1-2).</td><td>Refer to the following explanation.</td></tr>
</table>

1-1 Greenhouse gas inventories and assurance carried out by the Company in the past two years

1-1-1 Greenhouse gas inventories information

Specify the greenhouse gas emission volume (metric tons, CO_2e), intensity (metric tons CO_2e/million dollars) and data coverage in the past two years.

		2022		2023	
		Emission volume (tons, CO_2e)	Intensity (tons, CO_2e /Revenue - NT$ million dollars)	Emission volume (tons, CO_2e)	Intensity (tons, CO_2e /Revenue - NT$ million dollars)
The Company	Category 1 Direct greenhouse gas emissions	106.0792		104.4428	
	Category 2 Indirect greenhouse gas emissions	1,880.5168		1,601.2727	
	Total	1,986.5960	0.6757	1,705.7155	0.6518

1-1-2 Greenhouse Gas Assurance Information

Specify the assurance status in the last two years prior to the date of the annual report, including the scope of the assurance, the assurance organization, the standards on assurance, and the opinion on the assurance.

Scope of Assurance		Emissions in Year 2022	Emissions in Year 2023
The Company (only the parent company's emissions)	Category 1 Direct greenhouse gas emissions	106.0792	104.4428
	Category 2 Indirect greenhouse gas emissions	1,880.5168	1,601.2727
	Total	1,986.5960	1,705.7155
Assurance organization		BSI	Under assessment
Assurance status		Standards on Assurance Engagements No. 3410/ISO 14064-3:2019 Reasonable Assurance	—
Opinion on assurance/Opinion		Unqualified opinion	—

(VI) The Company's performance of ethical management and the reasons for the difference with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Item for evaluation	Description			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
I. Development of ethical management policies and programs				
(I) Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed publicly? Have the Board of Directors and the senior management team demonstrated their commitments to implement the policies? (II) Has the Company established an evaluation mechanism for the risk of dishonesty behaviors? Does the Company regularly analyze and evaluate business activities with a higher risk of dishonesty in the business scope, and formulate a plan to prevent dishonesty behaviors, which at least covers Paragraph 2 of Article 7 in Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (III) Has the Company established relevant policies for preventing any unethical conduct? Are the implementation and reviews of the relevant procedures, guidelines and training mechanism provided in the policies?	✓ ✓ ✓		EZconn has established the Ethical Corporate Management Best Practice Principles as a basic premise to implement the ethical management. We also complied with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, related regulations for TWSE/GTSM listed companies or other laws related to business activity	No material differences.
II. Implementation of ethical management				
(I) Does the Company assess the past records of the counterparties regarding ethics? Do contracts between the Company and the counterparties include clear clauses governing ethical conduct? (II) Has the Company set up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics, and report to the Board about any operation policies. And plans and supervision on honesty and integrity and prevention of dishonesty on a regular basis (at least once a year)?	✓ ✓		(I) EZconn has established the internal control for sales and receipts, procurement and payment to conduct the business activities in a fair and transparent way. If the counterparties or manufacturers with strategic alliance violate the ethical conduct, the Company must terminate its business relationship immediately to implement the ethical management principles. (II) Prior to any commercial transactions, EZconn has taken into consideration and has credit checks for the legality of the agents, suppliers, clients, or other trading counterparts and whether any of them are involved in unethical conduct to avoid any dealings with persons so involved. The contract signed with the counterparts shall include the compliance with the ethical management policy. If the trading counterpart involves in any unethical conduct, the Company may terminate or cancel the contract. The Company reported to the board meeting on November 11, 2023 the "Ethical Corporate	No material differences.

			Management Best Practice Principles and Prevention Plan".	
(III) Does the Company have policies against conflicts of interest and provide proper channels through which explanations may be given? Has the Company implemented them?	✓		(III) EZconn has not established a special unit or designated an existing unit as subordinate for the implementation of corporate ethical management. However, the auditing unit regularly or irregularly conducts business activity audits and the commodity transaction matters are submitted to the Board of Directors for discussion and approval according to the laws and regulations.	
(IV) Has the Company established effective accounting and internal control systems for the implementation of policies, prepared audit plans according to the evaluation result of dishonesty risks, and audit such execution and compliance, or hire external auditors to audit such execution and compliance?	✓		(IV) To implement the ethical management, EZconn has established effective systems for accounting and internal control to effectively review and audit related operation.	
(V) Does the Company regularly hold internal and external education training regarding ethical management?	✓		(V) The Company regularly organizes training, and conveys the concept of ethical corporate management through different themes; in 2023, the education of ethical management was conducted to the employees under the name of “Education of Corporate Ethical Management” for total 393 attendees and total 393 hours trained.	
III. Functioning of whistleblowing systems				
(I) Does the Company have concrete systems for whistleblowing and rewards? Does the Company have convenient channels in place for whistleblowing and has it appointed appropriate personnel to deal with the persons who are the subject of whistleblowing? (II) Has the Company established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms? (III) Does the Company take any measures to protect whistleblowers from improper treatment as a result of their whistleblowing?	✓ ✓ ✓		The Company has established a clear reporting channel for internal (external) personnel to report unethical or improper conducts; the Company will handle the relevant whistle-blowing process, and report to the board meeting about the reported situation, the handling method and the follow-up review and improvement measures.	No material differences.
IV. Increasing disclosure of information				
Does the Company disclose the contents of its ethical management principles and outcome of implementation on its website and the Market Observation Post System?	✓		The internal website of EZconn timely discloses information of the contents and handling in relation to the violation.	No material differences.

V.	In the event the Company has established its own ethical management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences between the implementation of ethical management and the Company's own ethical management best practice principles: No material differences.
VI.	Other important information helpful for understanding the implementation of the Company's ethical management: (such as review and amendment of the Company's own ethical management best practice principles): None.

(VI) If the Company has established the corporate governance best practice principles and relevant regulations, the ways through which they can be searched for must be disclosed:

EZconn has established a code of corporate governance, and has strictly implemented it; relevant information has been disclosed on the Company's website and the Market Observation Post System for reference.

(VIII) Other important information helpful for increasing understanding of the company's corporate governance may be disclosed along with the above information:

1. Interests and care of employees

   EZconn beholds the principle that talents are the most valuable asset and the foundation of the Company to establish comprehensive measures of welfare and education training along with the updating of the occupational safety software and hardware equipment for the employees. Please refer to section 5. Labor relations on Page 119-122 of the annual report.

2. Relationship of investors and suppliers and rights of stakeholders

   EZconn has set up a Chinese and English website and various business contact windows to provide channels for investors, suppliers and stakeholders to communicate and exchange opinions.

3. Liability insurance coverage for directors, supervisors and managerial officers of the Company

   The Company has purchased liability insurance for all directors, Remuneration Committee members and managers since September 1, 2015. The latest insurance coverage is as follows:

Insured	Insurer	Insured amount	Insurance coverage period (Note 1)
All Directors, Remuneration Committee members and managers.	AIG Taiwan	USD3,000,000	From September 1, 2023 to August 31, 2024

Note 1: Since the insurance period is one year, the previous insurance period was September 1, 2022 ~ August 31, 2023, and the disclosed insurance period is the renewed period in 2023.

4. Continuing education participation of the accounting officer, corporate governance officer and internal chief auditor in 2023:

Title/Name	Date of course	Hour(s) of course taken	Course title	Institution
Accounting Officer Chuang Kuo-An	October 26, 2023 ~ October 27, 2023	12 hours	Continuing education program for accounting officers of issuers, securities firms, and securities exchanges	Accounting Research and Development Foundation
Corporate Governance Officer Chuang Kuo-An	February 21, 2023	3 hours	Material Corporate Information Disclosure and Responsibility of Directors and Supervisors	Taiwan Corporate Governance Association
	March 10, 2023	3 hours	Strategies for Shareholders' Meetings, Rights to Management, and Equity	Taiwan Corporate Governance Association
	April 21, 2023	3 hours	Ways for the Board to Formulate ESG Strategies in 2023	Taiwan Corporate Governance Association
	April 21, 2023	3 hours	Attack/Defense Strategies for Disputes of Rights to Management and the Legal Responsibility Risks of Representatives (Independent Directors) of Companies	Taiwan Corporate Governance Association
	October 6, 2023	3 hours	Response to Corporate Carbon Rights and Carbon Asset Management under the Operation of the Global Carbon Transaction System	Taiwan Corporate Governance Association
	October 6, 2023	3 hours	Taiwanese Enterprise Management and M&A Strategies from Global Political and Economic Status	Taiwan Corporate Governance Association
Chief Auditor Huang Ssu-Fen	July 6, 2023	6 hours	IT Operation Audit Practice Seminar	The Institute of Internal Auditors-Chinese Taiwan
	November 6, 2023	6 hours	"Internal Audit Digital Transformation" Practice Discussion	The Institute of Internal Auditors-Chinese Taiwan

(IX) The status of the implementation of internal control systems shall include the disclosure of the following matter(s):

1. Declaration on the Internal Control System: Please refer to Page 141.
2. If review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report must be disclosed: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) Important resolutions of the Shareholders' Meeting and Board of Directors' meetings during the most recent FY as of the date on which the annual report was printed:

1. Important resolutions of the Shareholders' Meeting:

Date of meeting	Important resolutions
June 06, 2023	(1) The Company's 2022 business report, individual financial statements and consolidated financial statements. Implementation: resolved to approve. (2) The Company's 2022 earnings distribution proposal. Implementation: July 25, 2023 is set as the ex-date of stock (cash) dividend distribution, and August 15, 2023 is the date of cash dividend distribution. (cash dividend of NT$2.10 per share). (3) Proposal for the partial amendment of the "Articles of Incorporation". Implementation: The change registration was completed on June 30, 2023. (4) Proposal for the partial amendment of the "Regulations for Election of Directors." Implementation: the amended procedures are complied with. (5) Proposal for the private placement of ordinary shares, preferred shares, or private placement of domestic convertible corporate bonds (including secured or unsecured corporate bonds). Implementation: It has not been implemented as of the date of preparation of the annual report. (6) Full re-election of Directors. Implementation: The re-election was completed on June 6, 2023.

	(7) Proposal for the release of the non-competition restriction on new Directors and their representatives. Implementation: The release of the non-competition restriction was completed on June 6, 2023.

2. Important resolutions of the Board of Directors' meetings:

Date of meeting	Important resolutions
March 14, 2023	(1) Approved the 2023 business report, individual financial statements and consolidated financial statements. (2) Approved the 2023 earnings distribution and cash dividend distribution. (3) Approved the 2023 employees' and directors' remuneration distribution plan. (4) Approved the 2023 engagement, and evaluation of the independence and compentence of the certified public accountants. (5) Approved issuance of common share private placement or domestic convertible corporate bond private placement (including both secured and unsecured). (6) Approved the discontinuation of the private placement for common shares approved by the 2023 regular shareholders' meeting during the remaining period. (7) Approved the establishment of base date for the capital decrease with the treasury shares bought back. (8) Approved the 2023 "Statement of the Internal Control System." (9) Approved the partial amendment to the "Articles of Incorporation." (10) Approved the partial amendment to the "Procedures for Election of Directors." (11) Approved the partial amendment to the "Ethical Corporate Management Best Practice Principles." (12) Approved the partial amendment to the " Corporate Governance Best Practice Principles." (13) Approved the partial amendment to the "Corporate Social Responsibility Best Practice Principles." (14) Approved the partial amendment to the "Management Regulations for the Finance and Business Operation of the Affiliates, Related Parties, Specific Companies, and Group." (15) Approved the continued adoption of the current manager remuneration structure. (16) Approved the remunerations of directors and managerial officers (17) Approved the 2024 bank credit lines and financial product transaction limits. (18) Approved the full re-election of directors (19) Approved the nomination of director and independent director candidates. (20) Approved the lifting of the non-competition restriction on the new directors and their representatives.

Date of meeting	Important resolutions
	(21) Approved the lifting of the non-competition restriction on the Finance Officer. (22) Approved matters relate to the 2024 regular shareholders' meeting.
April 26, 2023	(1) Approved the proposal for the amendments to partial provisions of the "Articles of Incorporation." (2) Approved the proposal for the private placement of ordinary shares, preferred shares, or private placement of domestic convertible corporate bonds (including secured or unsecured corporate bonds) (addition of the category of securities for the private placement). (3) Confirmed the qualification of Director (including Independent Director) candidates proposed by shareholders. (4) Approved the proposal for convening the 2023 annual shareholders' meeting.
May 9, 2023	(1) Approved the 2023 Q1 consolidated financial statements. (2) Approved the proposal for the establishment of the "general policy for pre-approved non-assurance services." (3) Approved the proposal for the amendment to partial provisions of the "General Rules for the Internal Control System."
June 6, 2023	(1) Approved the election of a new Chairman.
August 14, 2023	(1) Approved the 2023 Q2 consolidated financial statements. (2) Approved the appointment of Remuneration Committee members
August 23, 2023	(1) Approved the proposal for the investments in listed companies. (2) Approved the proposal for the distribution of remuneration of employees and Directors for 2022.
October 6, 2023	(1) Approved the proposal for the additional establishment of "Regulations for Litigation Subsidies for Official Duties."
November 7, 2023	(1) Approved the 2023 Q3 consolidated financial statements. (2) Approved the 2024 business plan and budget. (3) Approved the proposal for the 2024 audit plan. (4) Approved the proposal for the establishment of a subsidiary in the US. (5) Approved the proposal for the amendments to partial provisions of the "Regulations for Remuneration Paid to the Directors, Supervisors, and Functional Committees." (6) Approved the proposal for the remuneration and year-end bonus plan for managers. (7) Approved the inauguration of the "employee stock ownership trust" plan.
November 21, 2023	(1) Approved the proposal for the additional establishment of the "Regulations for Share Subscription by Employees under Capital Increases in Cash." (2) Approved the proposal for the capital increase in cash through the issuance of new shares in 2023. (3) Approved the proposal for the intended purchase of land and plants.
December 14, 2023	(1) Approved the purchase of land and plants. (2) Approved the proposal for the amendments to partial provisions of the "Rules of Procedure for Board Meetings."

Date of meeting	Important resolutions
January 11, 2024	(1) Approved the proposal for the share subscription by employees under the issuance of new shares for the 2023 capital increase in cash.
March 14, 2024	(1) Approved the 2023 business report, parent company only financial statements, and consolidated financial statements. (2) Approved the proposal for the distribution of remuneration of employees and Directors for 2023. (3) Approved the proposal for the appointment of CPAs in 2024 and evaluation of the CPAs' independence and competence. (4) Approved the proposal for the replacement of CPAs for the financial statements. (5) Approved the proposal for the private placement of ordinary shares, preferred shares, or private placement of domestic convertible corporate bonds (including secured or unsecured corporate bonds). (6) Approved the 2023 “Statement of Internal Control System.” (7) Approved the proposal for the continual application of the existing remuneration structure of managers. (8) Approved the remuneration of Directors and managers. (9) Approved the proposal for the bank loan limits and financial product transaction limits in 2024. (10) Approved the proposal for the intended participation and investment in the capital increase in cash of AuthenX Inc. within the limit of NT$40 million. (11) Approved the proposal for convening the 2024 annual shareholders’ meeting.

(XII) In the event that any director or supervisor expressed a dissenting opinion regarding any of the important resolutions adopted at the Board of Directors’ meeting during the most recent FY as of the date on which the annual report was printed, and that the opinion was recorded or delivered in writing, please describe its main content: None.

(XIII) Summary of resignation or dismissal of the company’s chairman, president, accounting manager(s), financial manager(s), internal audit manager(s), corporate governance manager(s) and R&D manager(s) during the most recent FY as of the date on which the annual report was printed: None.

V. Information on professional fees for CPAs:

Unit: NTD thousands

Name of Accounting firm	Name of CPA	Audit period	Audit professional fees	Non-audit professional fees	Remark
Deloitte Taiwan	Chen, Jun-Hong	2023	4,000	0	—
	Huang Hsiu-Chun				
	Hsu, Ying-Ying	2023	0	370	Commercial and industrial registration, and consultation on income tax law, etc.

(I) In the event the amount of non-audit professional fees paid to a CPA, the CPA's firm and any of its affiliates is at least 25% of that of audit professional fees, the amounts of audit and non-audit professional fees and the contents of non-audit service must be disclosed: None.

(II) In the event that the accounting firm has been changed and that the amount of audit professional fees paid during the FY when the change occurs is lower than that paid during the previous FY, the amounts before and after the change and the reasons must be disclosed: None.

(III) If the audit fee is reduced by more than 10% compared with that in the previous year, the amount, proportion and reason for the reduction of the audit fee shall be disclosed: None.

VI. Information on the change of accountant:

(I) Former CPAs

<table>
<tr><td>Replacement date</td><td colspan="4">March 14, 2024</td></tr>
<tr><td>Replacement reason and description</td><td colspan="4">To maintain the independence of CPAs, Deloitte & Touche conducted an internal rotation. Starting from 2024 Q1, the CPAs for the Company’s financial statements changed from CPAs Jeff Chen and Kathy Huang to CPAs Jeff Chen and Chang Cheng-Shuh.</td></tr>
<tr><td rowspan="3">Specify whether the consignor terminates or the CPA refuses to accept the appointment</td><td colspan="2">Parties involved
Circumstances</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Active termination of the appointment</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td colspan="2">Refuse to accept (continue) the appointment</td></tr>
<tr><td>Opinions other than unqualified opinions for the audit of reports in the most recent two years and reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Whether there is any opinion different from the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosures in the financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures (disclosures under item 1-4 to item 1-7, subparagraph 6, Article 10 of the Standards)</td><td colspan="4">None</td></tr>
</table>

(II) Succeeding CPAs

CPA's firm	Deloitte & Touche
CPAs	CPAs Jeff Chen and Chang Cheng-Shuh
Appointment date	March 14, 2024
Consultation of accounting treatments or accounting principles for particular transactions and possible opinions to be issued for the financial statements before the appointment and results	Not applicable
Written opinions for matters that the succeeding CPAs have different from the opinions of the former CPAs	Not applicable

(III) Reply from the former accountant on the matters set out in Items 1, 2, and 3, Subsection 6, Article 10 of the Regulations: None.

VII. The company's chairman, president, or financial/accounting manager served in the CPAs' firm(s) or any affiliate during the most recent year: None.

VIII. Change of shares transferred and pledged for directors, supervisors, managerial officers and any shareholder holding more than 10% of the Company's shares during the most recent FY until the date on which the annual report was printed:

(I) Change of shares for directors, supervisors, managerial officers and major shareholders:

Title	Name	2023		As of April 20, 2024	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
Chairman	SHC Consolidated Investors LLC	0	0	0	0
Chairman's representative	Chen, Steve	0	0	0	0
Director	eGtran Corporation	0	0	0	0
Representative of corporate director, President	Chang Ying-Hua	0	0	41,623	0
Director	Jia Jiu Investment Co., Ltd.	0	0	88,371	0
Representative of corporate director, President	Pan, Po-Tsang	0	0	(37,088)	0
Director	Transnational Investment Limited	0	0	0	0
Representative of corporate director OP Technical Marketing Director	Lan Ching-Ying	0	0	134,371	0
Independent director	Peng Hsieh-Ju	0	0	1,018	0
Independent director	Chiu Er-De	0	0	0	0
Independent director	Huang Hui-Wen	0	0	0	0
Director of Manufacturing Division	Kao Yueh-Hui	0	0	30,638	0
RF Technical Marketing Director	Chien Ming-Feng	0	0	36,094	0
Sales Director	Lo Sheng-Shin	0	0	36,000	0
Director of Quality Control Division	Li Yung-Chuan	0	0	0	0
Director of Management Division	Mei-Lan Kuo	0	0	36,134	0
Chief Financial Officer	Chuang Kuo-An	0	0	36,000	0
Senior Manager	Chen Suu-Ming	0	0	36,000	0
Chief Auditor	Huang Ssu-Fen	(5,250)	0	15,000	0

(II) Information on the counterparty as related party in shares transfer for directors, supervisors, managerial officers and shareholders holding more than 10 percent of the shareholdings: none.

(III) Information on the counterparty as related party in the pledge of shares for directors, supervisors, managerial officers and shareholders holding more than 10 percent of the shareholdings: none.

IX. Information on the top-10 shareholders who are related parties to each other:

April 20, 2024 Unit: Share；%

Name (Note 1)	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in the name of others		The title or name and relation in case of the top-10 shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or name)	Relation	
Special Investment Account of Chinatrust Commercial Bank as Custodian for Carter Bell Ltd.	6,295,555	8.33%	0	0	0	0	eGtran Corporation	Parent company and its subsidiary	None
Representative: Li Shih-Cheng	315,798	0.42%	0	0	0	0	None	None	
eGtran Corporation	3,565,741	4.72%	0	0	0	0	CabTel Corporation	Parent company and its subsidiary	None
Representative: Chen, Steve	0	0	0	0	0	0	SHC Consolidated Investors LLC	The representative is the same person	
TMX LLC Investment Accounts commissioned to CTBC Bank	2,968,828	3.93%	0	0	0	0	None	None	None
Representative:Scotte Lai	0	0	0	0	0	0	None	None	
Chia Ho Co., Ltd.	2,849,623	3.83%	0	0	0	0	None	None	None
Fiduciary investment account of Morgan Stanley International Co., Ltd. entrusted to HSBC Bank (Taiwan) Limited.	2,458,057	3.25%	0	0	0	0	None	None	None
SHC Consolidated Investors LLC	2,175,812	2.88%	0	0	0	0	None	None	None
Representative: Chen, Steve	0	0	0	0	0	0	eGTran Corporation	The representative is the same person	
Lin Min-Hsiung	1,649,506	2.18%	0	0	0	0	None	None	None
Transnational Investment Limited	1,562,602	2.07%	0	0	0	0	None	None	None
Representative: Lan,Ching-Ying	1,126,457	1.49%	3,000	0.00%	0	0	None	None	
Hung, Chieh-En	1,548,221	2.05%	0	0	0	0	None	None	None
SHIN TAI INDUSTRY CO., LTD.	1,459,973	1.93%	0	0	0	0	None	None	None
Representative: Wu Chin-Chuan	81,316	0.11%	0	0	0	0	None	None	

X. The total number of shares held in the same invested business by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company, and the calculation of the combined shareholding ratio:

April 20, 2024 Unit: NTD/foreign currency thousands; thousand shares

Invested business (Note)	Company’s investment		Investments of directors, supervisors, managerial officers and directly or indirectly controlled business		Total investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
EC-Link Technology Inc.	21,417	100%	—	0%	21,417	100%
EZconn Europe GmbH	- (Note 1)	100%	- (Note 1)	0%	- (Note 1)	100%
Light-Master Techonology Inc.	—	0%	15,050	100%	15,050	100%
EZconn Czech a.s.	- (Note 2)	0%	- (Note 2)	100%	- (Note 2)	100%
EZconn Technologies CZ s.r.o.	- (Note 1)	0%	- (Note 1)	100%	- (Note 1)	100%
Light Master Technology (Ningbo) Inc.	- (Note 1)	0%	- (Note 1)	100%	- (Note 1)	100%

Note: These are the investments made by the Company via the equity method.

Note 1: No shares are held by these limited liability companies.
Note 2: Since all previous capital increase shares had different par value when issued, the number of shares cannot be listed.

Four. Offering Status

I. Capital and shares:

(I) Source of capital stock:

1. Capital sources

April 20, 2024; Unit: thousand shares/ thousands

Year	Month	Issued price (dollar)	Authorized capital stock		Paid-in capital stock		Remarks		
			Number of shares	Amount	Number of shares	Amount	Capital sources	Property other than cash as substitute for share price	Others
1996	9	NT$10	2,500	25,000	2,500	25,000	Cash establishment	None	Note 1
2003	1	NT$10	30,000	300,000	30,000	300,000	Cash capital increase	None	Note 2
2003	12	NT$10	39,000	390,000	39,000	390,000	Capital surplus	Capital surplus	Note 3
2004	8	NT$10	50,000	500,000	50,000	500,000	Cash capital increase	None	Note 4
2005	9	NT$10	54,000	540,000	54,000	540,000	Cash capital increase	None	Note 5
2012	12	NT$10	100,000	1,000,000	54,000	540,000	None	None	Note 6
2014	9	NT$10	100,000	1,000,000	60,000	600,000	Capital surplus	Capital surplus	Note 7
2015	8	NT$10	100,000	1,000,000	66,000	660,000	Cash capital increase	None	Note 8
2019	8	NT$10	100,000	1,000,000	69,300	693,000	Capital surplus	Capital surplus	Note 9
2022	8	NT$10	180,000	1,800,000	69,300	693,000	None	None	Note 10
2023	4	NT$10	180,000	1,800,000	66,300	66,300	Cancelation of treasury shares	None	Note 11
2024	3	NT$10	180,000	1,800,000	75,600	75,600	Cash capital increase	None	Note 12

Note 1: Jian-Yi-Zi No. 85333456 on September 4, 1996

Note 2: Jing-Shou-Shang-Zi No. 09201013670 on January 16, 2003

Note 3: Fu-Jian-Shang-Zi No. 09226463220 on December 30, 2003

Note 4: Jing-Shou-Shang-Zi No. 09301159300 on August 31, 2004

Note 5: Jing-Shou-Shang-Zi No. 09401185040 on September 21, 2005

Note 6: Jing-Shou-Shang-Zi No. 10101256670 on December 18, 2012

Note 7: Jing-Shou-Shang-Zi No. 10301202620 on September 23, 2014

Note 8: Jing-Shou-Shang-Zi No. 10401156730 on August 11, 2015

Note 9: Jing-Shou-Shang-Zi No. 10801108530 on August 6, 2019.

Note 10: Jing-Shou-Shang-Zi No. 11101125640 on August 5, 2022.

Note 11: Jing-Shou-Shang-Zi No. 11230055840 on April 14, 2023.

Note 12: Jing-Shou-Shang-Zi No. 11330042430 on March 29, 2024.

2. Type of shares

April 20, 2024; Unit: Share

Type	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	75,600,000	104,400,000	180,000,000	Shares of listed companies

3. Information on general declaration systems: None.

(II) Structure of shareholders

April 20, 2024; Unit: Share; Person

Structure / Number	Government agency	Financial institution	Other juridical persons	Individual	Foreign institutions and foreign persons	Total
No. of person(s)	2	14	192	15,848	48	16,104
No. of shares held	1,135,000	381,565	12,062,192	37,982, 468	24,038,775	75,600,000
Shareholding ratio	1.50%	0.50%	15.96%	50.24%	31.80%	100.00%

Shareholding ratio of mainland enterprises: None.

(III) Status of ownership distribution

April 20, 2024Unit: Share; Person

Share	Shareholders	No. of shares held	Shareholding ratio (%)
1 - 999	11,200	377,162	0.50%
1,000 - 5,000	4,218	6,879,902	9.10%
5,001 - 10,000	306	2,305,514	3.05%
10,001 - 15,000	110	1,403,786	1.86%
15,001 - 20,000	71	1,329,469	1.76%
20,001 - 30,000	45	1,144,898	1.51%
30,001 - 40,000	26	929,084	1.23%
40,001 - 50,000	12	543,386	0.72%
50,001 - 100,000	34	2,445,048	3.23%
100,001 - 200,000	28	3, 981,388	5.27%
200,001 - 400,000	15	4,481,284	5.93%
400,001 - 600,000	7	3,462,891	4.58%
600,001 - 800,000	9	6,164,438	8.15%
800,001 - 1,000,000	6	5,413,374	7.16%
More than 1,000,001	17	34,738,376	45.95%
Total	16,104	75,600,000	100.00%

(IV) Major shareholders

April 20, 2024 Unit: Share; %

Shares / Name of major shareholder	No. of shares held	Shareholding ratio (%)
CabTel Corporation Investment Accounts commissioned to CTBC Bank	6,295,555	8.33%
eGTran Corporation	3,565,741	4.72%
TMX LLC Investment Accounts commissioned to CTBC Bank	2,968,828	3.93%
CHIA HO Co., Ltd.	2,894,623	3.83%
Fiduciary investment account of Morgan Stanley International Co., Ltd. entrusted to HSBC Bank (Taiwan) Limited.	2,458,057	3.25%
SHC Consolidated Investors LLC	2,175,812	2.88%
Lin Min-Hsiung	1,649,506	2.18%
Transnational Investment Limited	1,562,602	2.07%
Hung, Chieh-En	1,548,221	2.05%
SHIN TAI INDUSTRY CO., LTD.	1,459,973	1.93%

(V) Information on the market price, net value, earnings, and dividend per share in the recent two years

Units: NTD/thousand shares

Item / Year			2022	2023	Current year as of March 31, 2024
Market price per share (Note 1)	Maximum		71.00	91.80	161.50
	Minimum		33.85	43.30	64.60
	Average		43.68	59.88	107.59
Net value per share	Before allocation		30.05	30.93	-
	After allocation			-(Note 2)	-
Earnings per share	Weighted average shares (thousand shares)		66,300	66,300	-
	Earnings per share	Before adjustment	4.85	2.53	-
		After adjustment	4.85	-(Note 2)	-
DPS (Note 2)	Cash dividend		2.10	2.10	-
	Free-Gratis Dividend	Stock Dividend from Retained Earnings	0	0	-
		Stock Dividend from Capital Reserve	0	0	-
	Accumulated unpaid dividend		0	0	-
ROI analysis	PE (Note 3)		9.01	23.67	-
	PD (Note 4)		20.80	28.51	-
	Cash dividend yield % (Note 5)		4.81%	3.51%	-

Note 1: The table listed highest and lowest market price per share of common stock for each year and the average market price of each year is calculated based on the annual actual transaction value and volume. The data of 2022, 2023, 2024 and as of March 31 are those listed on the Taiwan Stock Exchange.

Note 2: The 2023 earnings distribution proposal was approved by the board meeting on May 8, 2024.

Note 3: PE = Average closing price per share of the current year / EPS.

Note 4: PD = Average closing price per share of the current year / cash dividend per share.
Note 5: Cash dividend yield = Cash dividend per share / average closing price per share of the current year.

(VI) Dividend policy of the company and implementation status

1. Regulations of EZconn's Articles of Incorporation:

   According to Article 24 of the Articles of Incorporation, EZconn's dividends policy is specified as follows:

   If there is profit in the annual final accounts of the Company, no less than 5% shall be first allocated as employees' remuneration and no more than 5% as director's remuneration. After the board resolution on the distribution of the above and payment of taxes in accordance with the law, 10% shall be set aside as the legal reserve, but when the legal reserve has reached the total paid-in capital of the Company, then no more allocation may be made. After the provision or reversal of the special reserve according to laws or regulations of the competent authority, the board meeting shall formulate an earnings distribution proposal based on the balance plus the accumulated undistributed earnings as the distributable earnings applicable to distribution of dividends to the shareholders of common stock and preferred stock, and submit it to the shareholders' meeting for resolution to distribute or retain it.

   If the company has a cumulative loss in previous years, it shall make up for the loss before allocating the remuneration of employees and directors, and the balance shall then be allocated according to the proportion in the preceding paragraph. When the employees' remuneration is paid in shares or cash, the objects of the distribution shall include employees of subordinate companies who meet certain conditions.

   The dividend policy of the Company shall be based on the shareholder's equity and then consider the present and future industrial status, stages of development, future financial plans, capital needs and satisfaction of the shareholders' cash plans. According to the principle of dividend balancing, the cash dividend for shareholders must not be less than 10% of the total dividends for shareholders and the actual amount distributed shall be based on the amount approved at the shareholder's meeting. Notwithstanding, the total dividends distributed in the current year shall be no less than 10% of the earnings after tax for the current year.

2. Dividend distribution status:

   The Company's 2023 earnings distribution plan has been resolved by the board meeting on May 8, 2024 to distribute cash dividends of NT$158,760,000 (at NT$2.10 per share), and the earnings distribution status of cash dividends was reported at the general shareholders' meeting on June 18, 2024.

3. Description of any material changes in the expected dividend policy: None.

(VII) The influence of the bonus shares issuance proposed at the current shareholders' meeting on the operation performance and EPS of the Company: N/A

(VIII) Remuneration for employees, directors and supervisors

1. Percentages or ranges with respect to employee, director, and supervisor remuneration according to the Articles of Incorporation

   If there is profit in the annual final accounts of the Company, no less than 5% shall be first allocated as employees' remuneration and no more than 5% as director's remuneration. After the board resolution on the distribution of the above and payment of taxes in accordance with the law, 10% shall be set aside as the legal reserve, but when the legal reserve has reached the total paid-in capital of the Company, then no more allocation may be made. After the provision or reversal of the special reserve according to laws or regulations of the competent authority, the board meeting shall formulate an earnings distribution proposal based on the balance plus the accumulated undistributed earnings as the distributable earnings applicable to distribution of dividends to the shareholders of common stock and preferred stock, and submit it to the shareholders' meeting for resolution to distribute or retain it.

2. The basis for the estimate of the amount of remuneration of employees and directors for the current period, the basis for the calculation of the number of shares for the remuneration of employees and directors distributed by shares, and the accounting treatment when the actual distribution amount is different from the estimated amount:

   On the estimated amount of employees' and directors' remuneration, if the board meeting resolves at the end of the year to allocate remuneration to employees and directors, the amount will be recognized as an expense for the current year. When there is a discrepancy between the actually allocated amount and the estimated amount, the discrepancy will be adjusted according to the changes in accounting estimates, and recognized as the annual expense of 2024.

3. Status of the distribution of remuneration approved by the Board of Directors

   The Company's distribution of employees' and directors' remuneration for 2023 was approved by the board meeting on March 14, 2024. It is proposed to distribute NT$18,000,000 of employee remuneration and NT$5,500,000 of directors' remuneration in cash, which are the same as the estimated amounts, Therefore, there was no expense recognition discrepancy.

4. The actual distribution of remunerations for employee, directors and supervisors in the previous year (including the distributed number of shares, amount and share price). If there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor remuneration, please describe the discrepancy, cause, and management.

   The Board of Directors resolved on March 14, 2023 to distribute the 2022 earnings in cash, for NT$30,000,000 as the employee remuneration and NT$9,000,000 as the director remuneration, same as the estimated amount, so there was no difference from the recognized expenses.

(9) The Company's repurchase of its shares:

April 20, 2024

Number of Repurchases	First time in year 2020
Purpose of Repurchase	Transferred to employees
Actual Repurchase Period	February 3, 2020 - March 20, 2020
Repurchase Price Range	NT$27 to NT$55 per share
Type and Number of Shares Repurchased	3,000,000 ordinary shares
Value of Shares Repurchased	110,852,705 dollars
The ratio of the Shares Repurchased to the Expected Repurchase Amount(%)	100%
Number of Shares Canceled and Transferred	3,000,000 canceled ordinary shares
Cumulative Number of Shares Held	0 share
Ratio of the Cumulative Shares Held to the Outstanding Shares (%)	0%

II. Status of corporate bonds: None.

III. Status of preferred shares: None.

IV. Status of overseas depositary receipts: None.

V. Status of employee stock option certificates: None.

VI. Status of employee restricted stock: None.

VII. Status of new shares issuance in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Status of capital allocation plans and implementation:

(I) Issuance of ordinary shares under the capital increase in cash in 2023

1. Fund usage and utilization plan: Repayment of bank borrowings.
2. Approval date and document No.: Jin-Guan-Zheng-Fa-Zi No. 1120364551 dated December 22, 2023.
3. Total fund required for the plan: NT$534,750 thousand.
4. Source of fund: Issuance of 9,300 thousand ordinary shares under the capital increase in cash with an issuance price of NT$57 per share; the total fundraising amount is NT$530,100 thousand.
5. Fund usage and utilization progress:

Unit: NT$ thousand

Plan item	Estimated completion date	Total fund required	Estimated fund utilization progress
			2023 Q4
Repayment of bank borrowings	2024 Q1	534,750	534,750

Note: The amount raised is NT$530,100 thousand, and the difference of NT$4,650 thousand will be set off with the self-owned fund.

6. Benefits generated: The repayment of bank borrowings helps reduce the interest expenses required to be paid by the Company to financial institutions for borrowings, reduces the reliance on banks and interest rate fluctuation risks, and, in turn, improves the fund allocation flexibility.
7. Implementation of fund utilization: For the issuance of ordinary shares under the capital increase in cash in 2023, the total fundraising amount is NT$530,100 thousand, and the share payments were fully collected on March 5, 2024. The repayment of bank borrowings of NT$534,750 thousand was made based on the initial plan and progress in 2024 Q1, and the fund utilization plan is fully implemented.

(II) Other previous issuance plans for securities of the Company had been fully implemented, and the benefits of the plans were exhibited.

Five. Overview of business operation

I. Business activities

(I) Business scope

1. The major business of the Company:
   (1) Designing, developing, manufacturing and selling of relevant electronic devices like the RF connectors and filters.
   (2) Designing, developing, manufacturing and selling of optical transceiver modules and optical transceiver modules related to optical fiber communication products.
   (3) Designing, developing, manufacturing and selling to increase the vertical integration from LiDAR and packaging of measurement micro-electromachines to optical machinery.
   (4) Provide necessary assistance and services for the inspection, maintenance, processing and installation of the products and related businesses mentioned in the preceding paragraph.
   (5) Provide manufacturability design and mass production services for biomedical product design.
   (6) Agency, trade and investment of the aforementioned products and related businesses.

2. Operating proportion:

Unit: NTD thousands

Department/Product type	2022		2023	
	Operating revenue	Operating proportion	Operating revenue	Operating proportion
RF connectors	885,088	30%	595,492	23%
Optical communication products	2,055,100	70%	2,021,893	77%
Total	2,940,188	100%	2,617,385	100%

3. Current products (services) of the Company
   (1) Designing of RF connectors and the designing and processing of precision machinery for manufacturers' products.
   (2) Designing, processing and production of precision molds and jigs.
   (3) The supplier of active components and modules (TO-CAN packing, OSA, transceiver and AOC), photoelectric passive components (optical couplers and splitters, connectors, patch-cord and adapters) and the agency of related fiber optics communication equipment.
   (4) Most of our customers are manufactures that designs and manufactures optical communication equipment like transceivers. They directly provide products for the companies of system production or operation. Considering factors of the product technology upgrade and cost reduction, we excelled among the competitors to directly sell the optical transceiver sub-assemblies to manufacturers of communication device, causing this model to become the mainstream in the market. The customers of our photoelectric passive components mostly are manufacturers for the connection equipment of the communication network.
   (5) Packaging of mirror scanning micro-electromachines and laser scanning micro-electromechanical module of various bands.

(6) Obtained GMP certification and extended the optical, institutional and high-quality mass production capabilities accumulated in optical communications to biomedical products.

4. New products planned for development

RF connectors

Type of plan	Product name
Short-term development plan	1. Develop new DOCSIS 4.0 electronic filters
	2. Develop mmWave connectors
	3. Develop mmWave high-frequency wire sets
	4. Develop automotive connectors
	5. Develop parts for the aerospace industry
Long-term development plan	1. Develop military connectors for national defense
	2. Develop RFOF photoelectric integrated products

Optical communication products

Type of plan	Product name
Short-term development plan	1.10G/25G Combo PON optical sub-module
	2.25G PON ONU Sticks optical module
	3.50G PON optical module
	4. POF optical module and connectors for FTTH
	5. Satellite signal triband optical sub-module
Long-term development plan	1. PIC optical module and connectors
	2. High-resolution spectral analysis module
	3.100G C-PON optical module
	4.1.6T OSFP-XD optical module

(II) Overview of the industry

1. Current status and development of the industry

The main products of EZconn has two major categories, one is related to the radio frequency coaxial connector (hereinafter abbreviated as “RF connectors”) and the other is the receiver and component in relation to OP (Optical fiber component, hereinafter abbreviated as optical communication). The following will separately analyze the current status of the industries related to each product.

<u>RF connectors</u>

The RF connectors of EZconn is a niche product that have seldom manufacturers in Taiwan. Therefore, we briefly introduce this product in the following paragraphs. RF is the abbreviation of Radio Frequency. According to the electronics, a magnetic field appears around the conductor when the current passes the conductor while an alternating electromagnetic field appears around the conductor when the alternating current passes the conductor. This electromagnetic field is named the electromagnetic wave. When the frequency of the electromagnetic wave is lower than 100khz, it will be absorbed into the surface of the earth without forming an effective transmission. Nevertheless, when the frequency is higher than 100khz, the electromagnetic wave can travel through air. RF refers to the radio frequency electromagnetic wave with long distance transmission ability. Besides being widely used in the field of wireless communication, the radio frequency technology is also used in the cable television system via the utilization of the RF transmission.

RF connector is a component installed on the coaxial cables or instrument to enable the connection or disconnection of cable electric. It is classified as a product of mechatronics. The coaxial cables offer a closed medium with controllable resistance to enable the transmission of the RF energy. In addition, it is equipped with good electric property in RF environment to provide inherent EMI control and shielding. The RF connector is designed to preserve the performance advantages mentioned above and can be used in any fields involving in RF transmission and any interface with compact electric contact.

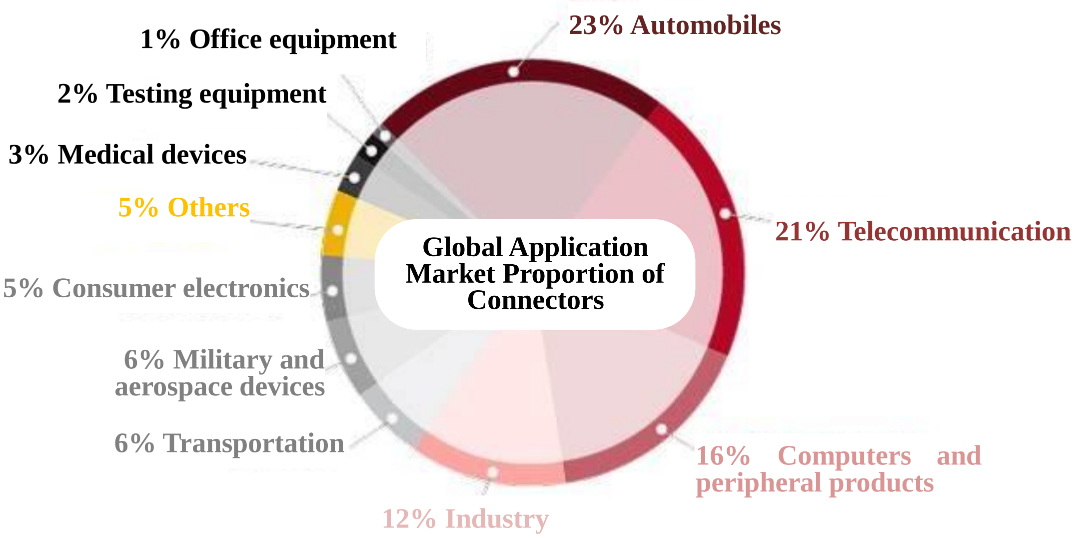
Most of the major connector manufacturers were mold manufacturers that gone through transformation in the early days. Since the mold technique is the mother of manufacturing, our country has a good foundation for the development of connector industry. In 1975, E. I. du Pont de Nemours and Company of the United states established plants to manufacture connectors in Taiwan. The company not only introduced more advanced machinery equipment and a production system with a certain scale but also became the pioneer of Taiwan connector industry. In the 1980s, the rise of personal computer industry drove the establishment of a complete computer industrial chain in Taiwan. The domestic connection industry benefited from the clustering effect of the computer industry and rose quickly in the international market. Though the domestic connector manufacturers occupied certain position in the computer related applications, they gradually applied the diversification strategy to operate their business in consideration of the risk of single application products. Currently, the network, communication and consumer electronic products are the main development directions. The domestic connector industry structure roughly remained the same even if the development directions were different. The mold technology of domestic manufacturers were recognized by overseas connector manufacturers in the early days. They received great amount of

OEM orders for molds that indirectly integrated the front-end mold designing and main process of the domestic connector industry. However, the connector manufacturers in Taiwan adopted low price to expand their share in the market in the past, causing a lower common requirement in the quality of the connector. To adjust to the international requirement of the quality, the back-end testing was gradually emphasized by the manufacturers.

The main process of the connector generally comprised three sub-processes of metal stamping, plastic injection and plating. Considering the problems of the technology and the cost, domestic connector industry in the early days used to outsource some sub-process to professional OEM. To meet the demand of international delivery within a short period, domestic manufacturers continued to perform the vertical integration of the main process by setting up departments of metal stamping, plastic injection and plating or investing in professional plants to shorten the transportation and inspection time between professional plants.

The PC model change trend is still ongoing. Apple launched its new iPhone and iPad products. The IoT, cloud computing and relative intelligent application industries rise abruptly. All the events contribute to the need for all kinds of connectors. Besides, the manufactures continue to put efforts in the non 3C application markets. Moreover, we are hoping this would bring us the continuous growth of production value. In addition to being widely used in the cable television system, radio frequency transmission is used in other wired or wireless transmission field. The details of its application field distribution is in the figure below.

Application area distribution of the RF connectors



Source of information: Bishop & Associates, Inc.

From the figure above, we can learn that one of the main application areas for RF connectors is the telecommunication. With the rapid development of science and technology, the frequency of communication network upgrades in countries around the world is getting faster and faster. Taking Taiwan for example, in July 2020, it officially entered the 5G era. In half a year, the scale of more than one million users has been achieved and the 5G network speed ranks fourth among the 12 countries. Looking forward to the new year, the five major telecommunications companies will continue to grow 5G users and accelerate the construction of base stations.

In 2023, the manufacturing industry in Taiwan faced inventory adjustments. With the destocking, the slowdown of inflation, and the drivers provided by the requirements for emerging technology application structures, the export demand is likely to improve. IEKCQM (ITRI) estimated that the production value of the manufacturing industry in 2024 will turn positive from negative for growth and reach approximately NT$23.38 trillion, with an annual growth rate of 5.49%.

With the diminishing negative effects of inventory adjustments, the demand for mobile phones, PCs, and end electronic products has been recovering. Driven by the establishment demand for data centers, the acceleration of the sales of servers will become stable on a quarterly basis. The continual expansion of 5G, AIoT, HPC, the automotive field, LEO, and other emerging applications has driven the demand for semiconductors, network equipment, electronic parts and components, displays, and other products. With the support of the low base period, the production value will return to positive growth. It is estimated that the production value of the information and electronic industry in 2024 will grow by 7.57%.

Looking back in 2023, there were negative effects on the market demand of consumer communication for the communication industry in Taiwan due to global inflation and uncertain currency policies; however, the momentum of corporate digital transformation remained. In particular, AI has driven the growth of cloud and data centers, becoming the main force for the growth of the production value during the year. In general, the communication industry production value in Taiwan throughout the year is estimated to be NT$1,307.8 billion, representing a growth of 3.0% from 2022. Observing the material issues in the global communication industry, the effects of generative AI on the communication industry are likely to bring about the demand for switches, STBs, gNB, Wi-Fi routers, and equipment for IoT and change the ecological system of the communication industry. The release of the ultra-low power device with a frequency band of 6GHz is likely to facilitate the development of smart wearable and IoT equipment. We also observed the network industry destocking overview and future prospects in Taiwan from export statistics.

Looking forward to 2024, the inventory adjustment effects of network equipment will be diminishing, and the shipping volume shall recover with the gradual expansion of 5G coverage and the introduction of industrial vertical applications, 5G open architecture’s industrial ecological chain, fueled by the application of enterprise private network, is expected to become the theme of 5G development in 2024. The non-ground network dominated by LEO satellites, the optimization of AI and millimeter wave communication have become an important development trend of B5G (beyond 5G).

With the slowing global pandemic and stabilizing economy, various countries have expanded the infrastructure investment to revitalize the economy. US President Biden announced a US$1.2 trillion bill on infrastructure design which will allocate US$65 billion for broadband network infrastructure, hoping to build high-speed broadband infrastructure by combining optical fiber network, satellite communication and 5G technology. As the US market is the largest export destination of Taiwan's overall Netcom products, it is expected to bring the most direct order opportunity to Taiwan.

The following is the market trend description of the RF connector end application relative to EZconn:

(1) Cable television market

RF connectors are used on cable televisions in the North America market. Since each cable television Multiple system operator (MSO) uses a different connector, end customers have to change all RF connectors when they use products from different system operators. Besides, human resource costs in the area are higher; thus, system operators usually will change all connectors in a house during establishment or repair. The transmission amount from a local family is not high, so most system operators lay coaxial cables to save the costs. All the factors above contribute to a stable demand of RF connectors from the system operators in the North America every year.

For long distance cabling, fiber optics has more advantages compared with coaxial cables. Usually, lots of information is gathered together for long distance transmission, resulting in a large transmission amount. Signals fade away with distance becomes longer, and fiber optics adoption allows higher transmission amount and decreasing signal decay. Yet for short distance transmission, cable extension or shifting is often needed; thus, coaxial cables have more advantages compared with fiber optics due to the price. Coaxial cables are thus laid in most applications. The main stream in the cable television and network around the world is to adopt the Hybrid Fiber and Coaxial (HFC). It combines the advantages of fiber optics and coaxial cables, use fiber optics as the backbone to provide high speed connection to fiber nodes. The optical receiver then turns the optical signal into TV signal and coaxial cables will send the signal to the users' ends. Recently, most countries have been actively laying fiber optics. The use of RF connectors grow stably with its complement to the fiber optics.

(2) Cable broadband market/communication application

Cable broadband service is mainly provided by cable television system operators. Countries in the emerging markets mainly use fiber optics for network establishment, resulting in the abrupt rise of optical communication. While in the developed countries in the North America, the structure of the network foundation is cable broadband. Therefore, the need for RF connectors is still stable. Wireless transmission and fiber optics transmission both use connectors connected to the antennas of the data modems or mobile networking devices of the client. The connector is a kind of RF connectors. The RF connector field can thus grow for its complement to optical communication field. The trend of optical communication and wireless transmission will not decrease the need of RF connectors.

<u>Optical communication products</u>

Currently, optical communication adopts optical fibers for data transmission. The transmission is a kind of cable transmission. Optical fiber is usually known as "fiber optics". It takes the idea of total reflection to transmit light through the fiber made from glasses or plastics. The transmitter on one end of the fiber optics is usually a LED or a beam of laser that pulse transits the light to the fiber optics. The receiver on the other end of the fiber optics adopts the photosensitive element to detect the impulse. By turning on and off the signal flashlight, a series of flashing light image is produced, and it is called the “optical signal”. The light can form shorter impulses, giving it the ability to form the image with higher density and more information. By combining the image units, “stacks” can be formed and a large volume of information can be contained in one fiber for transmission. Fiber optics has the advantages of high speed and capacity, long transmission distance and lower signal disturbance. Fiber optics is also light; therefore, optical communication has always been the communication technology with great development. Many telecom companies adopt a large amount of optical communication devices as the backbones for network transmission.

Advantage and Disadvantage of Optical Communication

Advantage	Disadvantage
1. Great communication capacity. The bandwidth can reach above 1~2GHz and will not be disturbed by electromagnetic wave. 2. It communicates to a long distance and this can help lower the costs. 3. It is light and small, which will save the space. 4. It can be highly secured, allowing it to be used in the military field.	1. The cost of its components is higher. 2. Fiber optics is more fragile and easier to get damage. 3. Higher construction cost. 4. It requires finer cutting and connecting technology

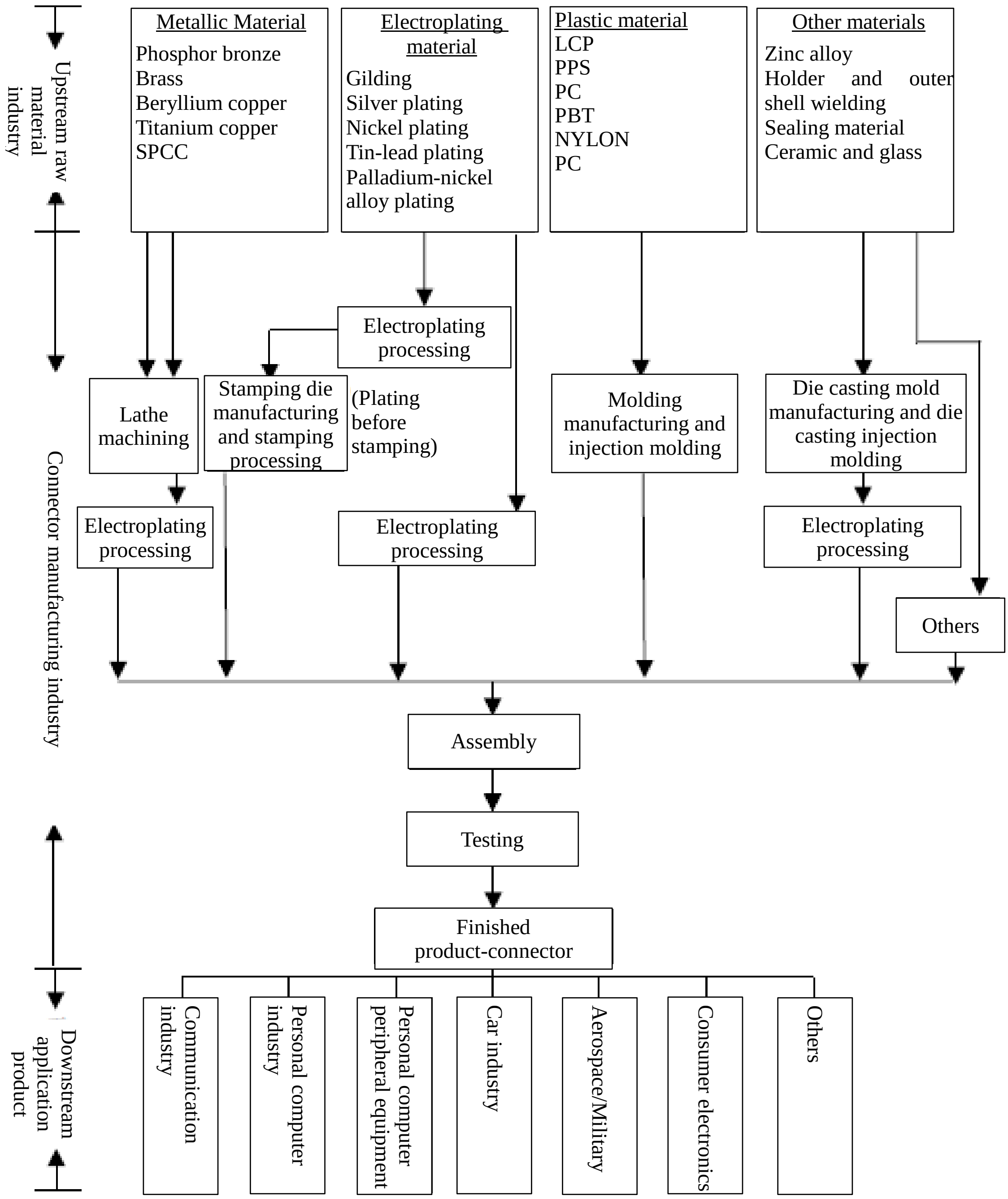
Source of information: Taiwan Institute of Economic Research

Generally, optical communication products can be divided into the following categories: Raw materials (fiber optics and optical cable), components (photoelectric active component and passive component) and optical communication devices. The increasing demand from the end market contributes to the stable growth of the optical communication industry. The opening of Facebook to the public in September 2006, represented a gradual change in the users’ habits on the Internet. The users have gradually transformed into information senders instead of just information receivers in the beginning. More and more social network platforms such as YouTube, Twitter and Weibo focus on the interactions between users. In addition, with the rise of online games, Internet users started to have higher demand on the transmission amount and speed. The first iPhone started its sale in June 2007, and this sped up the popularity of smart phones, tablets, smart TV and other intelligent devices. It deepened the customers’ dependency on the Internet as well. Customers started to have more and more demand on the Internet bandwidth. The recent rise of cloud computing, the establishment of data center and the concept of the IoT are still the trends. Companies and customers’ needs toward big data transmission and storage have increased greatly. They foster the USA, Japan, China and other countries to actively establish fiber optics network infrastructures to cope with the increasing demand for big data transmission like media video transmission.

2. The relation between the upstream, midstream and downstream companies in the industry

<u>RF connectors</u>

EZconn Corporation is a manufacturer that manufactures professional connectors. The raw materials needed are bronze and plastics and they come from the upstream companies in the cooper industry and plastic industry. Our end products are widely used in the electronics industry, communication industry, consumer electronics industry and transportation industry. We listed the relation between the upstream, midstream and downstream companies in the figure below:

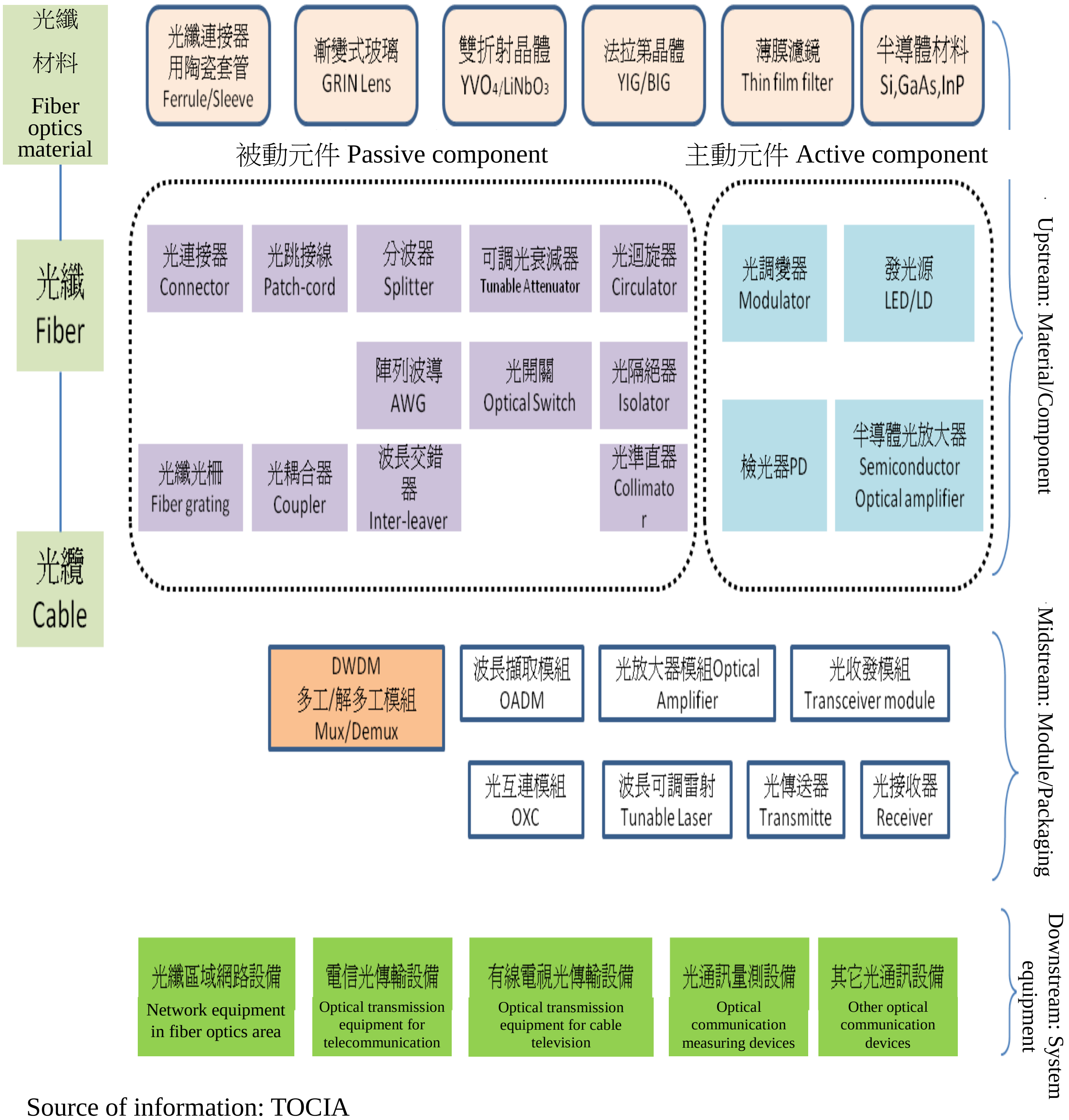


Source of information: IT IS program of the Industrial Technology Research Institute

The upstream raw material companies of the connector industry are suppliers of metals, plating plastics and other materials. The midstream companies are companies that design, assemble and manufacture connectors. The downstream companies are suppliers of all kinds of electronics. For the upstream raw materials, metal, plating and plastic materials are mainly used. Metal material is used for its mechanical strength, great conductivity and heat tolerance. Domestic connector manufacturers adopt the cooper alloy lead frames mainly made from brass and phosphor bronze. Although the international laws have no definite regulations for the “green product”, presenting the certificate stating the product does not use any forbidden material has become a trend. When unreliable materials are used in the products, customers might return the connectors. It will cause the distrust between the customers and the connector manufacturers as well. The downstream customers are trying to eliminate the connector suppliers they cooperate with. It is highly possible a supplier will be replaced. The trust we and long-term cooperation we have with the upstream suppliers are the best protection we have for the fine raw material supply. They also stand for the credibility of the certificate proving no forbidden materials are used. As for the downstream application industry in Taiwan, industry of computer and its peripheral products is the main industry that adopts connectors. Our RF connectors mainly are used in the system establishment of cable TV and the infrastructure of cable broadband.

Optical communication products

Fiber optics transmission equipment can be divided into 3 main categories: Raw materials (fiber optics and optical fiber), photoelectric active components and passive components. Photoelectric active components are the photoelectric components that need electricity for optical to electrical signal conversion or electrical to optical signal conversion and optical signal amplifying. Photoelectric passive components are the components responsible for optical signal transmission and modulation and are not related to photoelectric power conversion. The relation between the upstream, midstream and downstream companies in the industry is listed down below:



Source of information: TOCIA

3. Product development trend

RF connectors

With the development of electronic industry and technology, the RF connector type has become more and more diverse. Besides, people are pursuing the electronics to have higher speed, to become miniaturized and even to save more energy when using them. Some of the demand for the performance of the connectors is higher than it ever was and this leads to the development difficulty nowadays. Yet it is the key for manufacturers to survive in the industry as well. Each connector manufacturer has its own expertise, but it is still very important to know the general development trend of the connectors.

Connectors are widely used in the industries of car, computer and its peripheral products, communication and data application, military and aerospace, transportation, consumer electronics, healthcare, instrument, and business equipment. After our analysis, the industries that grow the most are car application, communication device and consumer electronic industries. Other industries such as the computer industry or the instrument market are almost saturated. Unless other novel application turns up, or the 3 industries growing the most should be the focus of the connector manufacturers.

The development trend of connectors is based on the trend of consumer products - higher speed, miniaturized and against harsh environment. If we observe the automobile, communication device and consumer electronic industries, we can see that they need more and more smaller components of higher speed and anti-interference functionality (including the interference resulted from high-speed transmission and the external physical and chemical damage or wear from the harsh environment to the connectors). Therefore, adopting new materials or technology to satisfy the need or resist the damage becomes the development trend for the connector manufacturers to work on.

As for making the connectors miniaturized, the trend for the main information or consumer electronic connector includes shortening the component clearance and reducing the connector itself. The former has always been the development trend in the connector industry. For example, shortening the component clearance from 0.5mm to 0.4mm or even to 0.3mm. Lowering the profile by adopting FPC or the board to board technology. Each connector manufacturer adopts its own technology to reduce the size of connectors but some variables are often ignored. For example, many consumer electronic devices require multiple connectors to meet the function of the devices. Improvement can be made in the design. Connectors used on the phones contain ground clamps, antenna, speaker and a vibrator. If too many different types of connectors are used, unbalanced elasticity, non-standard, or loose contact resistance might happen. Besides, quality inspection needs to be performed on multiple components. If the single contact connector design that can be utilized in all functions is adopted, reliability can be improved significantly, and the cost can be reduced as much as possible.

Carefully choosing the material and the material quality can achieve smaller design with less effort and obtain more benefits. Using the design to strengthen the connectors, such as the copper-beryllium alloy is often used as the material for the contacts of the connectors for it bears memory capacity and is highly conductive. Same material with a different thickness and beam column length will present different parameter changes.

Besides the adopted materials, complying with the International Protection Marking, IP66, IP67 and IP69, so that the connectors are water-proof and impact-resisting or have the sealing that can tolerate water pressure, and the UL certification are indispensable for the reliability of the connectors. To provide higher reliability for the cell phone circuit, force fit the contact in the module of the injected glass and use ceramic composites to seal the contact.

The main process of connectors in Taiwan is highly integrated. In addition, with our mature technology of computer connectors, international companies have considerable trust on our products. Benefited from the international low price trend of the electronics, huge international companies have been releasing orders to domestic manufacturers. Yet there are still potential risks regarding the cooperation between the domestic connector manufacturers and the upstream suppliers.

If we analyze the domestic connector industry structure, we can see the domestic connector industry lacks for material supply from upstream. High-end material is mostly imported from international suppliers, leading to insufficient bargain room and the pressure on cost for domestic connector manufacturers. We should also pay attention to the international requirement for "green products". Without considering the foreign materials existing in the recycled materials, connectors usually only contain "lead" as a raw material. However, to comply with lead free plating requirement, the trend now is to adopt tin cooper or plate thin nickel before tin is plated. Japan controls the tin/cooper plating technology and plating thin nickel before tin will lead to higher cost. High-end plastic materials of reflow are controlled by international companies. The "green product" trend will definitely affect our low price strategy. As a result, strengthening the domestic upstream material supply becomes very important for the development of the domestic connector industry in the future.

Technology trend for the domestic RF coaxial connectors

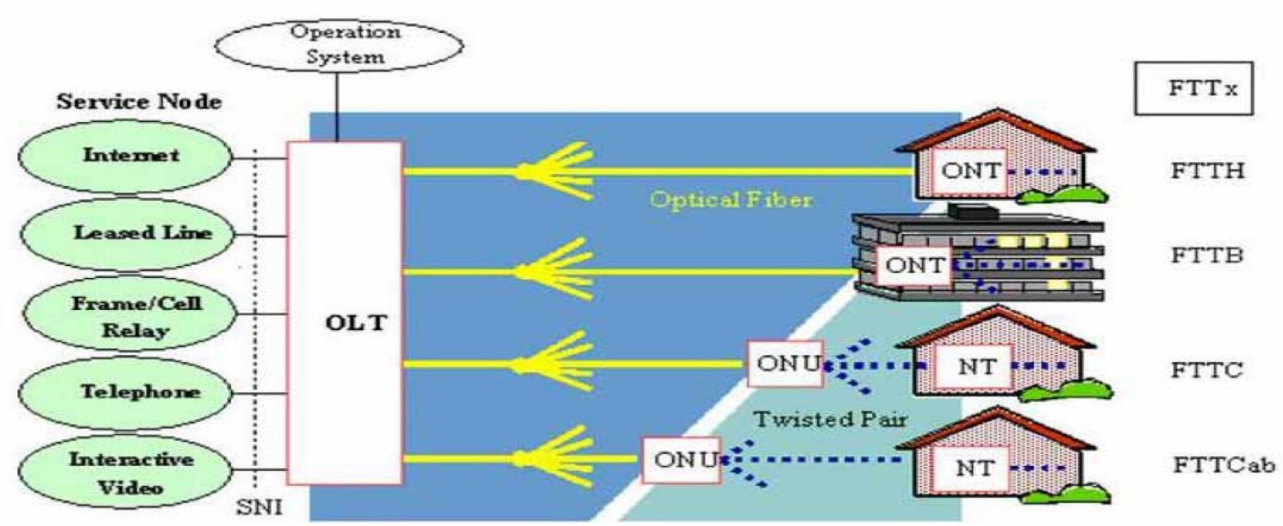
Technology Trend	Description
Multifunctional	It connects the signal and process filter, mixing, attenuation and phase modulation.
Highly stable	SMT, press-in mounting
Miniaturized	Stamping only once. The connector height is only 2-3 mm.
Modularization	Available for close packing, blind mating and surface mounting
Affordable	Adopting composite material and affordable structure

Source of information: Industrial Technology Research Institute (IEK)

Optical communication products

The digital era has led to the strong demand for network bandwidth around the globe. The diverse development of media application, including network TV, VoIP, P2P movie and music downloading, will result in the network bandwidth upgrade globally. IBTS states that since the current bandwidth is not enough to satisfy the huge data demand, the need of media application from the users now will trigger the bandwidth upgrade. The choice with the most attention is the FTTH network service. IBTS also states that with customers' potential need for bandwidth upgrade, telecom companies will be more active to lay fiber optics and establish relative triple play application services. For the network communication device companies and optical communication component companies around the globe, this is their best chance to expand business opportunity and improve operational profits.

FTTx Diagram



Source of information: Emerson.com

To satisfy the strong need, the Company has developed several kinds of bi-directional or triplexer optical sub-assembly designs for the FTTx application. The designs include RFOG BOSA, SC/APC Receptacle BOSA, Compact BOSA (1/2 size of current BOSA), BOSA with OTDR and OLT BOSA which doesn't need isolators for the central office. Moreover, to cope with the increasingly growing need in the future 1 to 2 years, we developed 10G GPON BOSA. And multi-fibers armored optical fiber patch-cord (MPO/MTP) is developed for the bandwidth demand of data center.

4. Market Competitive Landscape

RF connectors

The development direction for the connector companies was well-separated in the early days. However, under the trend of "Market Globalization" and "Product Maturity Stage", companies started to compete with each other in the overlapping fields. Although Japanese companies occupy almost the entire high-end market, the FPC and the Board to Board technology for connectors has reached the limit. They are now forced to satisfy the customers' need in the low-to-mid-end market. American companies have started the price war due to the low price trend of electronics as well, threatening the place of Taiwanese companies in their main market.

In order to survive, Taiwanese companies stepped out the computer application market with little profit and started to develop network communication products, consumer products and other mid-to-high-end products, gradually orienting to total solution services. Regardless of Taiwanese connector companies' place in the global computer connector market, the mid-to-high end product yield rate of the companies still needs to be improved. The supply of high-end FPC and Board to Board connectors still relies on production in Japan and the USA. Most Taiwanese companies still cannot provide effective total solution services.

While the technology of Taiwanese companies has improved in recent years. They will quickly gain the market share of the market dominated by the USA now. Since companies have started to compete with each other in the overlapping fields, mass-production ability, yield rate control ability, capacity for providing products on-site around the world and total solution services will all be the factors deciding whether a company stands.

Competitive landscape the domestic RF connector industry faces:

(1) Inadequate capacity and a scale that's too small.
(2) Obsolete idea for market competitive landscape leads to manufactures selling products at a price lower than the cost. Other unfair competition events have occurred too.
(3) Poor globalization consciousness. Unable to satisfy the need for the new economic era.
(4) Less developed digital and electronic commerce management.
(5) Lack of professions related to RF connectors in the college and university, causing the lack of professionals.
(6) The emergence of new competitors and local production.
(7) Less developed technology for precision connector and SMT connector.

To meet the market need, EZconn adopts low cadmium and lead materials on our products to comply with the RoHS and REACH requirements. Besides, we purchased professional detecting instruments (detecting instrument for hazardous substances) to perform control starting from the raw material stage. Relative products have gained value from the customers. The Company successfully developed the materials complied with the EU requirement (RoHS) and imported them into relative processes. In addition, we perform production control in the whole plant and ensure to use eco-friendly materials. We thus gained the trust of global renowned companies.

The development trend for the end application of our products is moving toward miniaturization. To follow the trend, EZconn has been sparing no efforts on creating the difference from other companies in the field and improve our competitive edge. We strengthen the R&D of the market and the certificates to make sure we are in the leading position in the industry.

Optical communication products

The key component technology is still controlled in the hands of large Japanese manufacturers; therefore, the vertical technology integration with the upstream optoelectronic companies is not complete yet. With our core technology that has been developed for years and the fine processing capacity, the quality of the optical transceiver sub-assemblies and fiber optic passive components we produce has great reputation and word-of-mouth publicity. We have gained the trust of large Japanese companies and have long-tern cooperation with them. We not only produce products of our own brand, but also try to get business from several ODM/OEM companies and build agency business of relevant equipment. By adopting flexible diversification strategy to operate the business, we are hoping to improve our overall competitiveness. The Company is currently deploying the data center market and cooperating with international manufacturers to develop related computer room data storage equipment. Recently, the company has completed product certification and received orders, which has improved its competitiveness to a certain extent.

(III) Technology and research development status

1. The R&D expenses in the recent years

Units: NTD thousands; %

Year	2019	2020	20201	2022	2023
R&D Expenses (A)	125,938	113,189	99,405	107,090	104,354
Net Operating Revenues (B)	2,424,158	2,413,548	2,813,016	2,940,188	2,617,385
R&D Expenses Percentage (A)/(B)	5%	5%	4%	4%	4%

2. Successfully developed technology or product

(1) Successfully developed technology or product

The products manufactured by the Company and its subsidiaries can be divided into 2 categories, RF connectors and optical communication products. R&D of the 2 categories has different outcomes and benefits with different product characteristics and customers' needs. 2023 main R&D outcomes of different products are listed down below:

Category	R&D Outcome
RF connectors	New RF tool-free high-frequency connector series
	New RF-compressed high-frequency connector series
	New high-frequency mmWave connector series
	New high-frequency mmWave wire series
	New RF high-frequency hard wire connector series
Optical communication products	10G PON OLT SFP+ N2 Class module
	25G PON SFP28 ONU sub-module
	25G PON SFP28 OLT optical module
	High-speed automotive optical fiber module
	Superconducting nanowire single photon detector (SNSPD)
Biomedical products	Inner ear vein OCT
	PCR spectroscopic light source

(2) R&D patent

The research and development patent achievements of the Company and its subsidiaries are as follows: (information as of March 31, 2024)

Category	Patent Amount	Country Issuing the Patent					
		Taiwan	China	Japan	The United States	EU	Others
Issued							
RF connectors	82	22	9	4	46	1	-
Optical communication products	85	32	21	5	26	1	-
Total	167	54	30	9	72	2	-
Applying							
RF connectors	32	6	6	1	13	-	6
Optical communication products	29	2	6	2	13	3	3
Total	61	8	12	3	26	3	9

Category	Purpose of Use
RF connectors	New coaxial connector used on millimeter wave
	New tool-free coaxial connector used on CATV
	New fast-lock coaxial connector for CATV
Optical communication products	Passive optical network dual system focusing device
	Spectrographic analysis device
	Optical inspection device
	Optical retarder
	Optical path adjustment device

(3) Collaboration plan

The Company joined the research plan of single photon detector under Institute of Astronomy and Astrophysics, Academia Sinica, to develop the optical sub-modules with receiving wave length of 1550nm for superconducting nano-wire single photon detectors jointly. The optical sub-modules may be applied in the quantum key distribution system in the optical fiber network, to improve the technology capability and catch the potential opportunities of advanced technologies via the industry-academic collaboration.

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

1. Short-term development plans

<u>RF connectors</u>

(1) Marketing strategy

A. We stabilize the basis of existing customers and developing new customers in the targeted industry to expand the market share.

B. We base our foundation in Taiwan, establish the marketing center in Taiwan and manufacturing sites overseas, and keep up our competitiveness with mass production and the advantage of costs to ensure the continuous growth of business.

C. A strategic alliance for marketing or partnerships with main customers is established to promote our core products and plan marketing project management based on the customer-oriented idea. We grasp the market trends to respond to the customer demand for diversified and timely products.

D. The Company is dedicated to providing the complete service before and after the sale for customers with our series products and overseas business locations. This will help us gain more orders that are international and increase our market share.

E. We pro-actively promote standardized products and increase the commonality of each product to provide convenient designs that meets the cost benefit for customers.

F. By following the business operating goal, we search for new products and make efforts to develop different product markets to increase sales and profits.

G. Reinforcing human resource cultivation and performance assessment.

(2) Production strategy

A. Mass and flexible production capacity.

B. Ensuring the product quality and promoting the service satisfaction of the customers.

C. Improving the production efficiency in the production base in China. Reaching scale economies and forming a low-cost production system with vertical integration.

D. Improving efficiency and product yield rate. Following the forecast from the customer’s end to schedule the manufacturing for orders. This will help decrease the loss due to inactivity and increase productivity effect.

E. After specification of products in each plant, logistics will take over to increase productivity and reduce cost.

F. Production management means manufacturing based on plans and orders to control mode and increase production efficiency.

(3) Product strategy

A. Increase R&D capacities and capacity of FILTER product.

B. Improve the R&D, production verification and promotion of photoelectric integrated products.

C. Collaborating with international companies on product development and design, launching niche products that meet the market needs rapidly.

D. Forecasting hot products in the future market and develop them first.

(4) Finance strategy

A. Continuing to implement the information integration for the Group. Effectively utilizing domestic and overseas plant resources.

B. Helping subsidiaries overseas build a fine financial relationship with local banks to increase the flexibility of capital movement.

C. Establishing close cooperation and mutually beneficial relationship with the financial institutions with which we collaborate. Grasping the financial market trends to improve the financial utilization performance.

D. Adopting pay-as-you-go strategy to perform natural hedging and use financial products appropriately to avoid exchange risks.

E. Strengthening the Company’s financial management and risk management.

Optical communication products

(1) Marketing strategy

A. Continuing to expand the growing XGSPON market in Europe and America to satisfy the market needs and stabilize the market share.

B. Actively obtaining the opportunity to supply the 25GS-PON of the next generation to the main customers.

C. Continuing the close cooperation with the equipment suppliers to develop customized products with additional value, and increasing product profits to create a win-win situation.

D. Cooperating with certain customers to provide 25G、50G OSA or OEM/ODM services for modules.

E. Importing the QSFP products that the data center needs and multi-fibers armored patch-cord (MPO/MTP) to satisfy its bandwidth need.

F. Cooperating with clients closely to develop highly customized products so that we can stand out among other competitors.

(2) Production and purchase strategies

With the rapid growth of the communication network service demand in China, the demand for fiber optics communication parts and components will rise in the future. The trend will lead to the increase of production and the rapid decline of the price. The Company will be more active on stabilizing material acquisition and quality management, improving cost control and production efficiency. We will speed up the import of automatic machines to decrease the human resource cost.

The Company's short-term purchase strategy is based on the demand of current customers, the price and the internal inventory amount that can be managed effectively. To achieve the goal, the Company will form a reliable partnership with key component suppliers.

(3) Research strategy

The focus of the Company's short-term development strategy: Designing customized optical sub-assembly to meet the requirements of the customers in the development cost and time of optical sub-assembly components. By improving and standardizing product design and process technology, we can decrease the cost of use for our customers.

The Company will jointly develop key optical components and sub-modules needed by different academic research units and product design companies, and assist them in completing mass production requirements, so as to expand its business to products outside the optical communications area.

2. Long-term development plan

<u>RF connectors</u>

(1) Marketing strategy

A. Vertical integration in the Group.

B. Stabilizing customer relationship.

C. Integrating core products with the strategic partners and expand the product line to gain business opportunity.

D. Establishing the professional image for the Company to build brand authority.

E. With the advantage of having complete product series, we integrate the channel systems between the Company and customers, establish brand marketing strategies and improve brand awareness.

F. Complying with the international trend and the customer's demand, we promote the EICC (Electronic Industry Code of Conduct). Improving the employees' rights and welfare to catch up with the international trend. These will not only strengthen the Company's image around the globe, but also satisfy the requirements or our international customers.

(2) Production strategy

A. Automatic production and process improvement will decrease the cost and increase our competitiveness.

B. Strengthening the supply chain.

C. Investing the production device and testing equipment with high accuracy to ensure the quality.

D. Effectively integrating the suppliers to establish complete and efficient SCM (Supplier Channel Management), helping increase production value and reduce the cost.

E. In addition to the role of a producer, the production base in China must support the development of the market to expand the market in China.

(3) Product strategy

A. Develop products in the new field.

B. Expanding the usage field and product specification of our current core products and continuing to develop the products with high additional value to meet the demand of the market in the future.

C. Cooperating with international companies with the idea of Time to Market and Time to Volume and developing new products simultaneously.

D. Developing RF and high speed transmission connectors.

E. Developing connectors for cellphones and radio communication.

F. Searching for technological cooperation partners to develop connectors for optical communication.

(4) Finance strategy

A. Stay friendly with financial institutions to well manage the capital needs and make plans for mid-long term funding according to the needs of capital transfer and domestic market exploration. Raising long-term capital at a lower cost from the capital market to increase the working capital and complete the financial structure.

B. Considering the operation scale, business performance growth and capacity expansion, the Company should not only support the financial plan with own funds and the loans from banks, but also make use of the wealth management tools on the capital market. We will rise capitals from the capital market when it's appropriate and strengthen the Company's financial structure in the hope to ensure sustainable operation and long-term growth of the Company.

<u>Optical communication products</u>

(1) Marketing strategy

A. Actively integrating the upstream product line to control key components. This will not only help lower the cost of the current 10G PON product and control the market share, but also benefit the "miniaturization and integration" development of the next-generation products.

B. Actively involving with device suppliers to work on strategy alliance. Improving the customer service level from "sub-assembly component" to "Sub-System Module".

C. Speeding up the product line deployment on the 25G and 50G PON optical transceiver module end and the client end to get ready for the situation when the 10G PON market is saturated.

D. Cooperating with telecom companies to enter their supply chain and connect with the product line of EZconn.

E. Establishing the complete marketing channels and separating customer source through exhibitions.

(2) Production and purchase strategies

The demand for fiber optics communication components production capacities is increasing, the product price is decreasing rapidly and customized product trend is rising. All of these factors will lead the Company to the severe challenge of key material acquisition costs, inventory management and production efficiency. The Company's strategies are:

A. In the respect of manufacturing and production, the Company will continue striving for a balance between internal production and OEM service to create most profits for the Company.

B. As for the purchase strategy, the Company will effectively manage the supply chain and the internal need of the supplier. We will continue the long-term and stable supply contract with the suppliers of key components, making them reliable partners to reduce the risk of material acquisition and inventory.

(3) Research strategy

A. Vertical technology integration. Expanding from optical sub-module design to chip packaging and high-speed module design.

B. Collaborating with domestic/international customers and research institutions to develop new products together and improve our product technology.

C. Planning the optical communication products development related to data center, 5G communication and the need of IoT.

D. Integrating the customer’s demand and the manufacturing technology of the critical part suppliers and working with them to shorten the R&D time and reduce the cost at the R&D phase of new products.

E. Developing non-optical communication application products based on the core optical communication technology.

II. Market and production and sales

(I) Market analysis

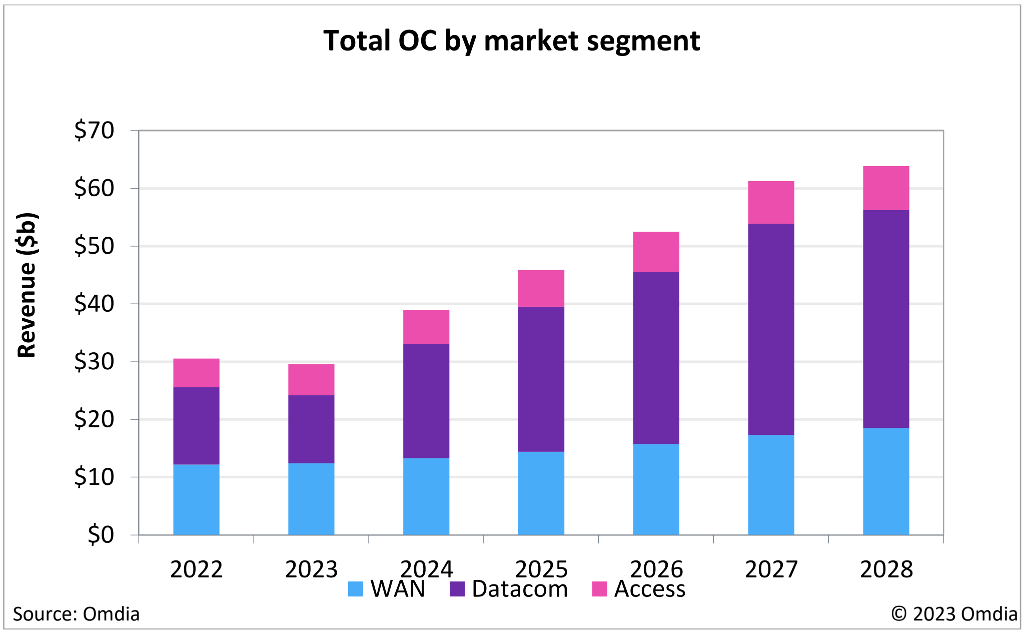
1. Revenue percentage analysis in sales area

Unit: NTD thousands

Area	2022		2023	
	Amount	%	Amount	%
Domestic sales	840,137	29%	666,849	25%
International sales	2,100,051	71%	1,950,536	75%
Total	2,940,188	100%	2,617,385	100%

2. Market share

The net revenue of the Company and its subsidiaries from high-frequency connectors in 2023 was NT$595,492 thousand (approximately US$19,114 thousand). Affected by the pandemic in 2020, the global connector market size was US$62.7 billion, but the growth resumed in 2022, and the scale of global connector market was US$73.63 billion, with year-on-year growth of 17.43%. In 2023, the market further grew to US$79.85 billion. According to the forecast of Bishop & Associates, global connector sales will reach US$90 billion in 2024, and the compounded annual growth rate between 2019 and 2024 will be 6.29%. For the high-frequency connector market in the global connectors, the growth rate would be faster than many other types of connectors. The global market shares of the Company and its subsidiaries' high-frequency connectors is 0.02%. The net revenue of the Company and its subsidiaries from optical communication products in 2023 was NT$2,021,893 thousand (about US$64,898 thousand). According to Omdia, the market scale of global optical communication access and datacom components in 2023 was about US$17,179 million, and the global market share of the Company and its subsidiaries in optical communication products in that year was about 0.38%. Among them, the global market scale of PON ONU (BOSAs and transceivers), the main product of the Company and its subsidiaries, was about US$1,556 million, and the market share of the Company and its subsidiaries was about 4.17%.



3. Market supply and demand status and growth in the future

RF connectors

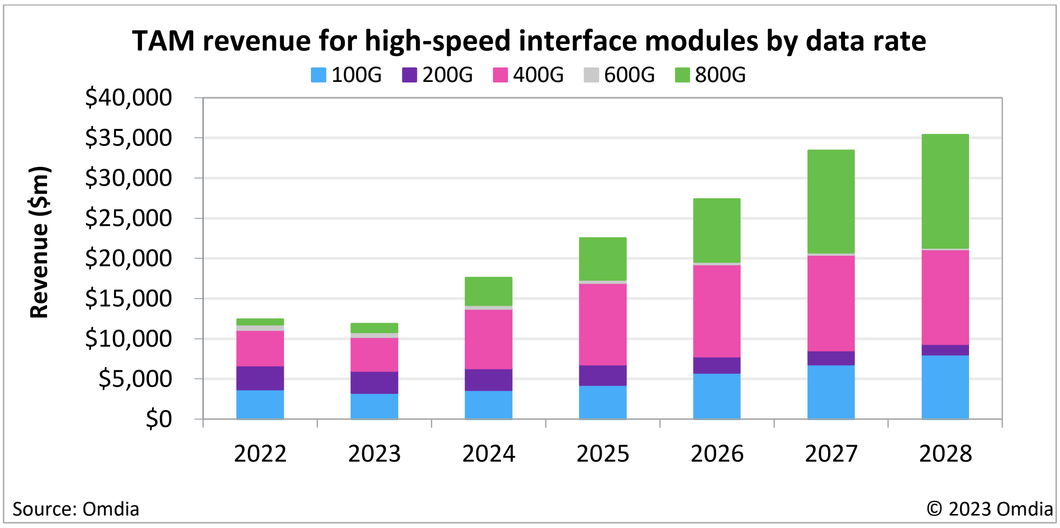
One of the main application fields for RF connectors is the telecommunication field. With the rapid growth of technology, the communication network upgrade around the globe becomes more and more frequent. Taking Taiwan for example, in July 2020, it officially entered the 5G era. In half a year, the scale of more than one million users has been achieved and the 5G network speed ranks fourth among the 12 countries. Looking forward to the new year, the five major telecommunications companies will continue to grow 5G users, and accelerate the construction of base stations.

With the promotion of emerging applications such as 5G, AI, high-performance computing and Internet of things, plus the international competitive advantage of high-level processes of leading semiconductor manufacturers in Taiwan, it is expected that the production and sales of information electronics industry will maintain a stable growth. According to the forecast of IEKCQM, the sub-industry of electronic parts and components in Taiwan in 2024 is likely to return to the track of growth, and the sum of the production value of the six major electronic parts and components is estimated to reach NT$2.35 trillion, representing a growth of 7.1% from 2023.

With the advent of the 5G era, the demand for high-frequency signal transmission will drive the radio-frequency connector industry to achieve overall technological upgrading and value enhancement. According to the forecast of Global Information, it is estimated that the global connector market from 2023 to 2028 will grow by US$26.67 billion, and the CAGR during the year forecasted is 6.48%.

Optical communication products

The benefit the optical communication industry gains from the end market's need is increasing. The recent rise of cloud computing, the establishment of data center and the concept of the IoT are still the trends. Companies and customers' needs toward big data transmission and storage have increased greatly. They drive the USA, Japan, China and other countries to actively establish fiber optics network infrastructures to cope with the increasing demand for big data transmission like media video transmission. As shown by Omdia data, all optical communication components have benefited from the strong demand in the terminal market with a rapid growth. Overall, the output value will grow from US$12,429 million in 2022 to US$35,378 million in 2028 at an annual compound growth rate of 17%.



4. Competition niches

(1) Strong R&D design and production capacity

The R&D teams of the Company and subsidiaries have been devoted to research in the fields of production process design, process simplification and automatic testing for a long time. With the experience in the R&D and mass production for many years, the Company owns outstanding optical, electrical and mechanism designs and many international design patents. We can develop and manufacture customized components according to the customers' needs, and improve the simplified process and the product quality from the design end. We also develop automatic machines, such as the laser optical coupling device and the coaxial connector automatic bounding machine. This not only effectively increases the product production stability, but also controls the material and production cost, making our product price more competitive in the market. By integrating the efficiency of different products, we can schedule the delivery to meet customer's requirements. The production mechanism adopted by the Company and subsidiaries has gained the ISO 9001 and ISO 14001 certificates, and our products has obtained the IECQ QC080000 environmental certificate.

(2) Joined the 25GS-PON MSA Group to participate in the promotion of 25GS-PON network technical specifications.

The Company and subsidiaries have been working with downstream international companies on collaborated projects for years; thus, comparing with our competitors, we are more likely to be able to provide customized production or the total solution service for our customers. And by working with customers on collaborated development, we will have more chances to be more involved in the development of the industry trend than our competitors.

The Multi Source Agreement (MSA) is an agreement established for the communication interface development. It establishes a standard for the components used in the communication system and provides the index value and other specific parameters, and the device suppliers can design systems in accordance with MSA to ensure the interoperability and interchangeability between interfaces and modules. Taking optical communication module as an example, MSA defines the standards for the light and electrical characteristics, external size of the mechanism, transmission and receiving of pin. If an optical transceiver module complies with MSA, it is the product with a certain degree of market recognition.

The goal of the 25GS-PON MSA Group is to drive and accelerate the development of the 25Gbs Symmetric Passive Optical Network technology. The 25GS-PON MSA specification is currently regarded as a key technology by many of the world's top operators and suppliers. Therefore, the company joined this association to jointly assist in promoting the development of related technologies to meet the massive information transmission needs of the mobile 5G era and large enterprises.

(3) Advanced technologies and products in the industry

A. 25G PON ONU Stick

25G PON ONU Stick is an ONU SFP Module that integrates with the PON MAC (media access control) layer, which can replace 10G PON/25G PON ONU BOX. It is small, hot-swappable, and requires no external power supply. The module is able to rapidly upgrade the home gateway with SFP ports and connect to 10G PON or 25G PON network services without replacing the entire home gateway, satisfying customers' requirements in a flexible manner and reducing operating and maintenance costs. IEEE-1588v2 and SyncE functions may be added to the module to support the network connection to xHaul of LTE/5G base stations. As compared to general optical module companies, the company and its subsidiaries technical team possesses the hardware and software development capacity for network system layers and the ability to provide support to customers.

B. 25G-PON/10G-PON compound optical fiber submodule

25G optical communications speed is replacing 10G to become the mainstream of the optical network. 10G-PON/25G-PON compound optical fiber sub-module is thus generated during the transition, which is an optical device with the integration of the former generation mainstream and the new generation mainstream communication systems. Utilizing wavelength division technologies, optical designs and structure design capacity as the design foundation, the company and its subsidiaries combined the foundation with its years of coupler experience to complete the design of high-yield processes to solve the difficulties of low-yield and low output of other companies when combining two sub-modules. At present, the company and its subsidiaries has a leading position within the industry by solving the yield issue through product and process designs.

C. PIC

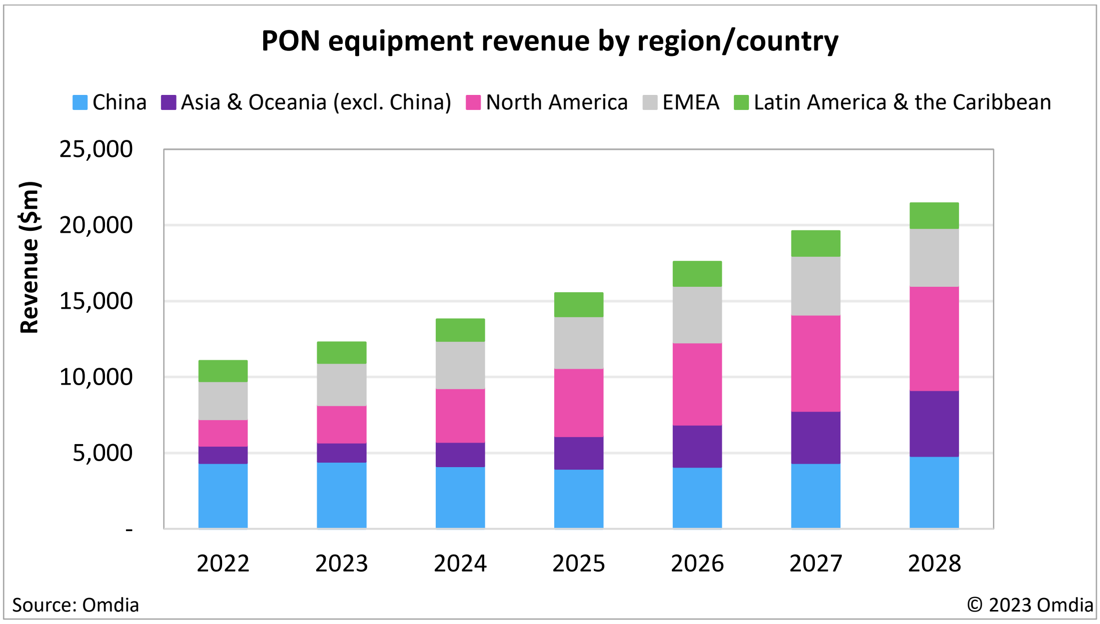
Due to the maturity and popularization of PIC with silicon photonics and InP, apart from high-end and high-speed (i.e., coherent optics, 800G, 1.6T and above) products that adopt the PIC technologies at present, the new generation BOSA also attempted to introduce the PIC technologies to obtain integrated WDM, microlens, and crucial PIC elements through the cooperation between silicon photonics design companies and silicon photonics foundry companies to allow the assembly of BOSA to use the PIC technologies to reach the target of micronization, lower costs, and production automation.

5. Favorable and unfavorable factors of development and countermeasures

(1) Favorable factors

A. Countries around the globe actively promote plans to improve information and communication transmission systems

In recent years, with the obvious improvement of the global economy, and the increasing demand for massive data transmission and storage by the government, enterprises and consumers, major telecom operators and cable TV system operators around the world have actively rushed to share this In the first market, in order to make the old transmission system meet the target of faster, larger and more stable transmission, the replacement and upgrade of the original transmission system and the laying of the new transmission system are in full swing, which further promotes the development of various communication systems. Requirements for transmission equipment, devices and components (as shown in the figure below). The 2 types of products the Company and subsidiaries produce are used in the RF transmission system and fiber optics transmission system. Therefore, both systems can obtain benefits from the trend. Fiber optics networks in most countries are mostly newly established transmission system; thus, they have higher demand for optical communication components and devices.



B. The rise of IoT and smart family

The concept of IoT (Internet of Things) is that all people and things can connect to the Internet through sensor components, information technology and wireless network are all getting more mature. Relative application includes car driving, security monitoring, logistics, medical care, entertainment and energy. The connection range can be small or large, from smart vehicles, smart families, smart buildings to smart cities. Its impact on people's lives is also increasing. Comparing to smart buildings and cities and other larger connection range applications, the development and application of smart family is becoming more common now. With the technology upgrade of the microprocessor, the data amount the smart family devices can process has greatly increased, and the manufacturing cost of smart appliances has dropped considerably as well. These lead to the popularization of smart family. Besides being applied to family entertainment, IoT is applied to automatic chore assistance, safety monitoring and energy management. In addition, the trend of aging society makes the application of smart family to home care of elderly people become more important. It is common for an ordinary family to have TV in the life. With the large screen and connecting cables, TV is like a stepping stone and key item to the development of smart family.

The RF connector produced by the Company and subsidiaries is mainly used in cable TV transmission system. With the development of smart family in the future, we can expect the demand for wireless transmission from each terminal will increase in the aspect of home beautification and having a convenient life.

(2) Unfavorable factors and countermeasures

A. The price in the field is becoming more competitive

With the expansion of market scale, many competitors have emerged. Some of the companies in the field adopt a low price strategy to get more business in order to take up a place in the market. This results in a more competitive market price, and it might further reduces the product profit.

Countermeasures:

Some companies in the field choose to utilize cheaper materials and adopt standard production technology to perform mass production and manufacture products with the same function but poor quality, so that they may become more competitive at a lower price. However, the Company and subsidiaries choose to provide high-quality and customized products and services to distinguish ourselves from the low-end products. This can help us effectively raise the product price. The Company and subsidiaries have been working with downstream international companies on projects for years. Comparing with our competitors, we are more likely to be able to provide customized products or total solution services for our customers. We can also assist customers and develop business products that can be put into mass production. Besides, we help customers improve their product performance index such as reducing return loss and insertion loss of the coaxial cables. The Company and subsidiaries not only strengthen the competitiveness of product price but also work hard on reducing production cost. With the long experience in the field, extraordinary R&D and production capacity, the Company and subsidiaries can simplify the process from design and maintain the quality of products. We further upgrade the automatic level of the production line by developing automatic machines on our own, such as the automatic laser optical coupling device and the coaxial connector automatic bounding machine.

This way, the human resource cost can be reduced and the process efficiency can increase effectively as well.

B. Risks of concentrated sales of goods

We strive to obtain business orders from the first-rank companies in Europe and America for our RF connectors. The main end users for RF connectors are cable television companies. The development of the industry is mature and the company with more resources will only get bigger. Therefore, we mainly sell our products to large cable television companies in Europe and America, which is a kind of concentrated sale of goods. Our optical communication products are mainly sold to renowned equipment companies in the world. With the product integration in recent years, companies with more resources tend to grow bigger. Downstream optical communication equipment companies usually have stable cooperation with system suppliers and the upstream supplier chain. Unless major event regarding product quality or delivery occurs, they won't change the certificated suppliers easily. The sales ratio of the Company and its subsidiaries from 2021 to 2023 to the top ten major sales targets were 63.40%, 68.30%, and 77.74%, respectively, and there is a situation of concentrated sales.

Countermeasures:

(A) RF connectors

We strive to obtain business orders from the first-rank companies in Europe and America for our RF connectors. In addition, our business partners are mainly large companies in Europe and America. The development of the industry is mature; thus, most companies in the industry are large companies, and this lead to a situation of concentrated sale of goods. With our outstanding module and jig manufacturing ability, we obtain long-term and stable cooperation relationship with customers for our exceptional delivery time and terms. Despite the sales increase and reduction among the end customers, we still manage to decrease the risk of losing business by obtaining business from other customers.

(B) Optical communication products

The Company and subsidiaries shall spare no efforts to improve our product quality and strengthen the manufacturing capacity. We have become the main supplier of many large companies for our exceptional product quality and service. To cope with the situation of concentrated sales of goods, we are working hard on vertical integration with equipment suppliers. Besides providing complete product line and service, we actively acquire customers such as communication companies in Europe and America to increase our core customer number. Meanwhile, we continue the development of new products and technology in order to satisfy the demand for quality, cost and delivery from the customer's end. Furthermore, our outstanding technology allows us to meet the customer's special manufacturing need, and this will reduce the risk of concentrated sales of goods.

Overall, for the stable operation of the Company, we endeavor to upgrade our technology and improve the process continuously. We also satisfy the customer's need with flexible manufacturing methods. Besides having a good cooperation relationship with the original customers, we acquire new customers to expand our sales and reduce the risk of concentrated sale of goods by doing so.

C. Risks of concentrated procurement of goods

The main materials for our optical communication products are laser diode (LD), since there are multiple sources to supply the materials and the Company is actively developing substitute materials such as APD, the concentration risk of purchase is not expected.

D. Profits affected by the floating exchange rate

We sell most of our products in dollars. Moreover, we use dollars to make purchase to be our natural hedging method. However, the sales amount is higher than the purchase amount, so the floating exchange rate will still affect profits to a certain degree.

Countermeasures:

To cope with the risk of exchange gains and losses, our Finance Dept. collects international financial information from the market so we can learn about the market capital movement trend and know the measures and attitude of the competent authorities toward exchange rate change. Moreover, we stay in close touch with the banks we work with to learn the exchange rate trend as use the rate as the reference for foreign exchange settlement. The Sales Dept. takes the impact of floating exchange rate on the sales price into consideration when it offers quotation. It will take future exchange rate into account and adjust the product price to ensure the profits. In addition, the Company and subsidiaries conduct purchase with the same currency to obtain natural hedging effect. We will adjust our foreign currency assets and debt positions as appropriate to reduce the risk of exchange rate fluctuation.

(II) Important uses and production processes of our main products

1. Important uses of the main products

RF connectors

The function of connectors is to provide an interface that can be separated to connect the 2 sub-systems within the electric system and transfer signals or electricity successfully. A RF connector is an electromechanical component that connects the wires of electronics. It enables electrical connection or disconnection of cables and it is a kind of mechatronic product with a more complicated failure mechanism.

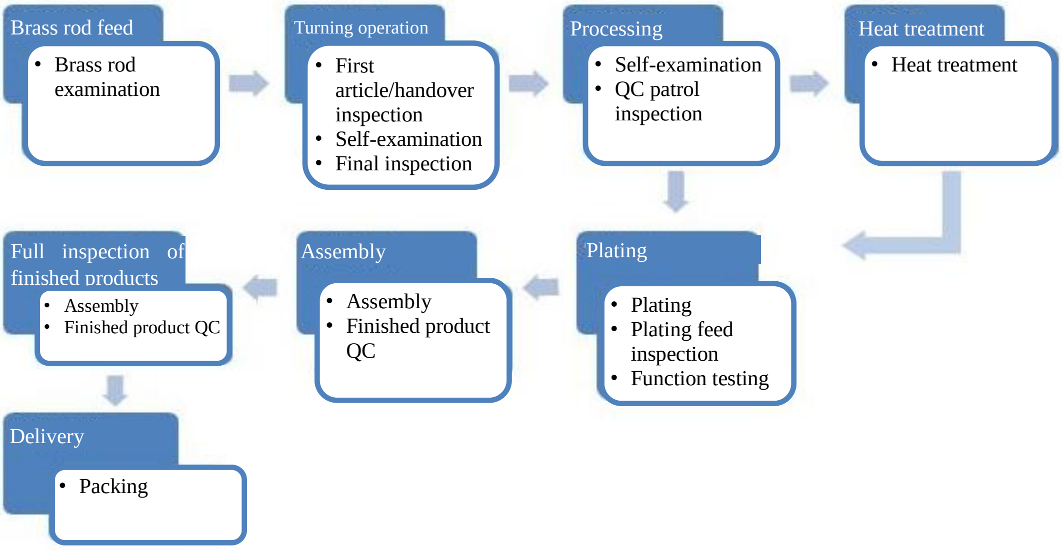
It is usually deemed as a component installed in the cable or instrument, used to enable the electrical connection or disconnection of cables. Its main application field includes the cable TV system, wideband network, antenna and cell site.

Optical communication products

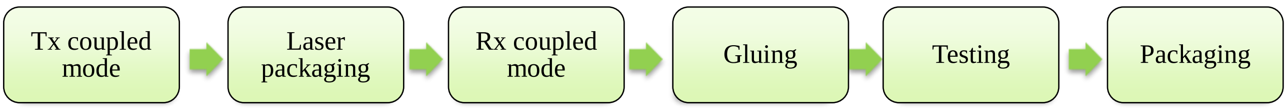
Main Product	Application Range
Transceiver module	Fiber optics communication transceiver module is mainly used for network and communication devices, data transmission devices and cable TV network devices.
Fiber optics transceiver component (sub-assembly)	Fiber optics communication transceiver module is mainly used for network and communication devices, data transmission devices and cable TV network devices.
Optical patch-cord, optical connector	Relative components for optical communication devices.

2. Production and manufacture process of products

RF connector



Optical communication products



(III) Main raw material supply status

Main raw material	Suppliers	Supply situation
Laser diode (LD)	SUMITOMO	Great and stable
Brass rod	Kuon Chen Hardware, Ho Zia Enterprise Co., Ltd,	Great and stable

(IV) The name of the top 10 purchase/sales customers and the purchase/sales amount and percentage in the recent 2 years

1. List of suppliers accounting for more than 10% of the total procurement amount in either of the last two years

Unit: NTD thousands

	2022				2023			
Item	Name	Amount	Annual net procurement ratio [%]	Relationship with the issuer	Name	Amount	Annual net procurement ratio [%]	Relationship with the issuer
1	Company A	254,241	22.59%	None	Company A	145,059	19.17%	None
2	Company B	123,337	10.96%	None	Company B	89,838	11.87%	None
	Others	747,895	66.45%	–	Others	521,789	68.96%	–
	Net purchase	1,125,473	100.00%	–	Net purchase	756,686	100.00%	–

<u>Increase/decrease reason:</u>

Mainly due to the Company’s adjustment of sales policy in consideration of industry conditions and competitive advantages.

2. List of customers accounting for more than 10% of total sales amount in either of the last two years

Unit: NTD thousands

	2022				2023			
Item	Name	Amount	Annual net sales ratio [%]	Relationship with the issuer	Name	Amount	Annual net sales ratio [%]	Relationship with the issuer
1	Customer A	654,340	22.26%	None	Customer A	804,362	30.73%	None
2	Customer B	642,055	21.84%	None	Customer B	545,803	20.85%	None
	Others	1,643,793	50.90%	–	Others	1,267,220	48.42%	–
	Net Sales	2,940,188	100.00%	–	Net Sales	2617,385	100.00%	–

<u>Increase/decrease reason:</u>

Mainly due to the Company's consideration of industrial conditions and competitive advantages, which led to an adjustment of sales policies.

(V) Production value over the past two years

Unit: NTD thousands; thousand pieces

Annual production value / Main department	2022			2023		
	Capacity	Volume	Value	Capacity	Volume	Value
RF connectors	172,040	100,000	713,340	118,624	55,705	472,861
Optical communication	59,747	59,271	1,250,151	55,839	34,456	1,332,951
Total	231,787	159,271	1,963,491	174,463	90,161	1,805,812

Increase/decrease reason:

The production capacity, production volume, and production value of high-frequency connectors decreased in 2023, primarily due to the decrease in market demand. The production capacity and production volume of optical communication products decreased in 2023, primarily due to the adjustments to product portfolios, while the production value increased, primarily due to the increase in market demand.

(VI) Sales volume and value over the past two years

Unit: NTD thousands; thousand pieces

Annual sales value / Department/Product	2022				2023			
	Domestic sales		International sales		Domestic sales		International sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
RF connectors	9,591	50,652	83,405	834,435	6,325	41,405	49,285	554,087
Optical communication	1,801	789,485	53,211	1,265,616	1,211	625,444	30,373	1,396,449
Total	11,392	840,137	136,616	2,100,051	7,536	666,849	79,658	1,950,536

Increase/decrease reason:

The Company primarily focuses on export sales. In 2022 and 2023, the ratio of export sales was 71% and 75% respectively, and the increase in the ratio was due to the increase in the market share of optical communication-related products in the Americas.

III. Employee information in the recent 2 years and to the date on which the annual report was printed

April 20, 2024

Year		2022	2023	Current year as of March 31, 2024
Number of employees	Direct employee	742	764	799
	Indirect employee	246	242	234
	Total	988	1,006	1,033
Average age		35	34	33
Average years of service		7.3	7.4	6.8
Degree distribution ratio	Doctoral degree	3	3	3
	Master's degree	31	29	29
	College	297	318	302
	Senior high school	409	425	455
	Below senior high school	248	231	244

IV. Information on environmental protection expenditure

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

The Company has not suffered from loss due to pollution in recent years and to the date on which the annual report was printed.

V. Labor relations

(I) Employee welfare measures:

1. Welfare measures provided by the Company: Group insurance, employee health check-up, business trip insurance, year-end dinner, dividend distribution, employee stock option, Mid-Autumn Festival bonus, year-end bonus, public interest leave, pension, nursing room, health center, subsidy of employment check-up, internal lecturer allowance, allowance for public-used private car, business cell phone allowance, book borrowing, patent bonus, QCC bonus, LEAN bonus, profit sharing bonus, bonus for benefits of proposals, bonus for premium activities, false alarm

reporting bonus, recommendation bonus, subsidy for permits and licenses, salary adjustment, parking lot, salary account discount, meal allowance, flexible working hours, preferential retirement, leave without pay due to non-statutory reason, education and training, legal consultancy, health management, subsidy for labor and national health insurance deductibles of the disabled or indigenous new recruits.

2. Welfare measures provided by the Employee Welfare Committee: Company trip, working cash gift, Mid-Autumn Festival coupon, birthday cash gift, year-end party, wedding allowance, birth allowance, hospitalization allowance, funeral allowance, meal allowance, collaborated company discount, scholarship, emergency allowance, club allowance, family day, chartered movies and etc. In 2023, material activities organized were company trips for employees in batches, gatherings for employees of different departments, family days, and other activities to improve employees' relationships.

(II) Staff education and training and their implementation:

The Company establishes regulations regarding education and training, in-service training, and internal lecturer, and provides diverse training courses and in-service training, including the following:

Orientations for new employees (company introduction, occupational health and safety, quality, information, and departmental job training), professional trainings by job, management trainings, self-development trainings, re-training for reinstatement, internal lecturer training, specific trainings (required by law or audit), common trainings (hazardous substance, emergency response, sexual harassment, ethical management, improper benefits, counter-terrorism trainings, training for illegal infringement at workplace, and occupational health and safety), to train all employees to improve their knowledge and skills.

To actively cultivate the core talent, improve the talent quality, and cope with the future development of the Company, employees are made to receive continuing education in academic institutions for systematic learning of professional knowledge and skills related to specific theme, and employees are also encouraged to study for the degrees other than their original majors or higher degree with tuition and expenses subsidized, as the incentive of continuing education.

(III) Retirement system and implementation:

1. The Company complied with the regulations of the Labor Act to regularly contribute the employee retirement funds to an individual account in Bank of Taiwan before July 1, 2005. In accordance with the law, we also established a Workers' Retirement Reserve Fund Supervision Committee to supervise and manage the workers' retirement reverse fund. The Workers' Retirement Reserve Fund Supervision Committee Charter is also established to implement for securing the interests of employees.

2. Starting from July 1, 2005, the government's new pension system was established. In accordance with the regulations of the Labor Pension Act, companies have to contribute no less than 6% of the income of employees to the retirement funds account. On the day of onboard or during the service, employees may apply for the voluntary contribution, and relative retirement affairs are processed in accordance with the regulations of the Labor Pension Act.

3. We established the Regulations for Retirement Management and reported it to get approval for reference. Other than the pension under the Labor Standards Act (old system) or the Labor Pension Act (new system), the early (preferential) retirement program is available for employees' considerations. When an employee applies for retirement, if the day of assumption is before July 1, 2005, his/her pension shall be calculated based on the standards of the applicable pension system he/she selected.

4. In 2023, there was one person who retired.

(IV) Agreements between labor and management:

The Company established the Employee Welfare Committee, management-labor meetings, Workers’ Retirement Reserve Fund Supervision Committee, Infocomm Security and Personal Information Protection Committee, Occupational Safety & Health Committee, Audit Committee, Remuneration Committee, Ethical Management Committee, and Enterprise Sustainable Development Committee.

The Ethical Management Task Force, Enterprise Sustainable Development Task Force, Human Resource Deliberation Committee, and Quality and Existence of Hazardous Substance Committee are also established.

Regarding the management-labor meeting, the Company establishes the Regulations for Managing the Management-Labor Meetings to be implemented by each factory pursuant to laws. The interests and working condition of employees may be complained pursuant to the Company’s internal regulations, and the fair and reasonable treatment will be obtained through the channel. Since the establishment up to now, the Company enjoys the harmonious management-labor relationship.

Regarding the Occupational Safety & Health Committee, the Company establishes the Occupational Safety & Health Committee Charter. The representatives of the laborers take up more than 1/3 of all members from the election in the management-labor meeting, to implement the Company’s occupational safety and health policies to prevent occupational disaster from happening and establish a fine and healthy working environment, for securing the safety and health of employees.

(V) Protection of employees’ rights and interests:

The Company has established its document management system that sets out various management regulations and stipulates employees’ rights and interests, obligations, and welfare, and it examines and amends the content from time to time to protect employees’ rights and interests.

The Company has established, including but not limited to, the following management regulations:

The Work Rule (approved by the competent authority for reference), Working Standards of Health and Safety (approved by the competent authority for reference), and the Regulations for Countering and Handling the Sexual Harassment in Workplace, Regulations for Implementation of Employees’ Appeals, Regulations for Managing Ethical Conducts, Regulations for Managing the Free Association and Collective Bargaining, Regulations for Managing Employee Bonus Distribution, Regulations for Managing Relief Payment, Regulations for Managing the Incentives for Employees’ Patents and Innovations, Regulations for Managing Quality Control Circle Promotion, Instruction for Recommendation Bonus Operation, Instruction of In-Service Continuing Education, and Instruction of Internal Lecturers, to fully protect and safeguard the related employees’ rights and interests.

(VI) List any losses suffered by the company in the and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

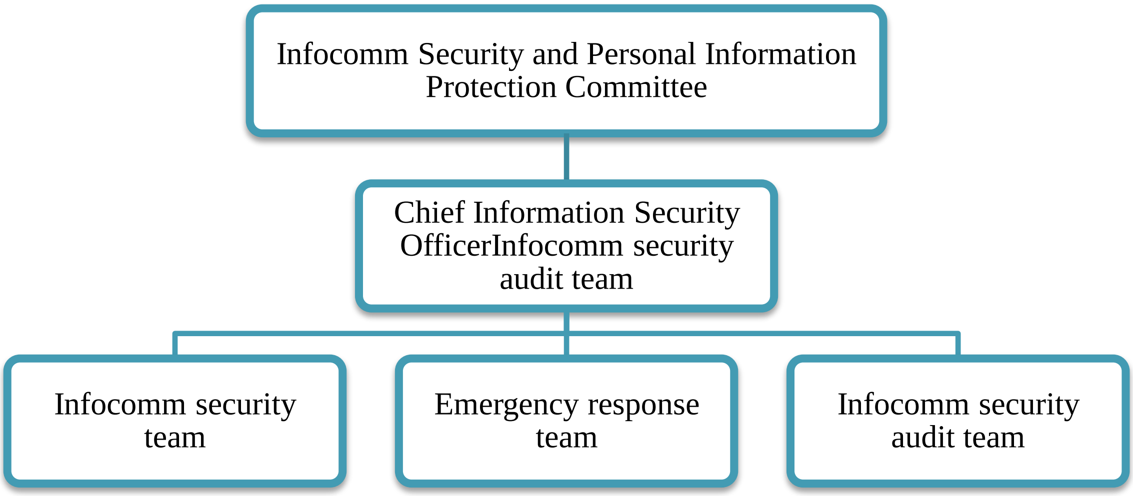
The Company and subsidiaries have not suffered from loss event due to labor-management dispute in recent years and to the date on which the annual report was printed.

VI. Cyber Security Management

(I) The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. The cyber security risk management framework

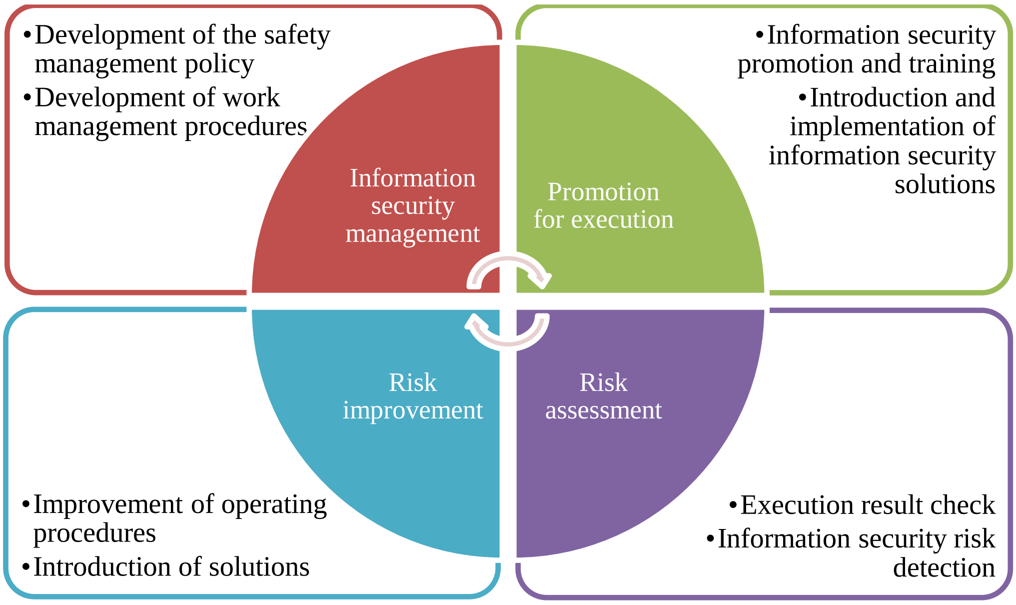
The Infocomm Security and Personal Information Protection Committee is established in order to strengthen the Company's Infocomm security management and ensure the security of data, systems, communication and network. The President is the convener of the committee, and the Infocomm Security Officer is responsible for implementation and reports to the board meeting once a year. The organization team includes the Infocomm security team, emergency response team, and the Infocomm security audit team.



The responsible unit of the Infocomm security team is the Information Department, which has one information manager, one full-time Infocomm security administrator and several professional information personnel. It is responsible for the construction of the Infocomm security system, including network management and system management. At the same time, it continuously reviews and evaluates the trend of changes in the information environment, and evaluates information security risks and protections to ensure the continuous and effective operation of the internal information security management mechanism.

The emergency response team is a task-based team, responsible to coordinate with each person in charge for key business during and after disasters, while implementing the rescuing, evidence investigation, cleanup, and recovery. Every year, the team convene the related personnel for disaster drills, seeking to reduce the damage from disaster, and have the disaster site to resume the basic operation in the shortest time when incidents incur.

The Infocomm security audit team is responsible for supervising the implementation of internal Infocomm security. If there is any deficiency found in the audit, the team will require the inspected unit to propose relevant improvement plans and specific measures, and regularly and continuously track the improvement results to reduce internal Infocomm security risks.



2. Cyber security policies

(1) Cyber security goals

Establish a safe and reliable computerized operating environment to ensure the confidentiality, integrity and availability of the Company's information assets (software, hardware, computer data, information environment and personnel), and prevent them from being damaged by various internal and external threats, so as to enable the Company's information system to operate continuously. In addition, we provide support and commitment to the management in terms of protecting personal data according to the law based on the Personal Data Protection Act and its implementation rules.

(2) Cyber security scope

A. Personnel management and information security training.

B. Security management of computer information systems.

C. Network security management.

D. System access control.

E. System development and maintenance of security management.

F. Information asset security management.

G. Physical and environmental security management.

H. Information system sustainable operation management.

I. Information security audit.

J. Personal information protection and security safeguard.

(3) Principles and standards of cyber security

A. Regularly conduct infocomm security training and publicity, including the infocomm security policy, laws and regulations, infocomm security operating procedures and how to properly use information technology facilities. Encourage employees to understand the importance of infocomm security and various security related risks, and improve employees' awareness of infocomm security to abide by information security regulations.

B. In order to prevent information systems and files from being infected by computer viruses, and establish active virus detection, active intrusion detection and preventive measures against computer viruses, intrusions and malicious attacks to ensure the security of computer data.

C. In order to prevent the interruption of important information assets, key businesses or communication systems caused by natural disasters or major man-made events, a policy of sustainable operation planning of information systems should be established.

D. Cybersecurity and personal data protection are included as the audit items for the annual audit plan of the Company.

E. The Company shall collect, process, and use personal data according to the law to protect the rights and interests of parties involved and improve the reasonable use of personal data.

(4) Relevant regulations that employees should abide by

A. The Information Department creates a "user ID" based on the account application form.

B. Computer data and equipment shall not be arbitrarily destroyed, taken out, lent or improperly modified so as to maintain the integrity of the data.

C. Prohibit the use of non-copyright software and software from unknown sources.

D. When the operation is over or the machine is not used for a long time, the machine should be exited to avoid leakage of confidential information or destruction by others.

E. The place for computer equipment should be away from tea, coffee, sunlight or humidity, and the equipment should be kept clean and the wiring sorted to prolong its life.

F. At employee resignation or the handover of responsibilities, the information unit shall measure the relevance of data and authority for appropriate disposal.

G. When the computer equipment fails to work normally, the user should immediately notify the information unit for inspection and maintenance.

(5) Amendment to the Infocomm security policy

A. Re-examine the information security policy when there are major changes and trend changes in the information environment.

B. Regularly review the information security policy every year to confirm whether the relevant specifications meet the requirements.

3. Concrete management programs

The Company's Infocomm security related management plans are as follows:

Item	Management plans
Firewall protection	(1) Set the connection rules for the firewall. (2) Additional applications are required for special connection requirements. (3) Backup system logs and connection records and keep them for more than one year.
Antivirus software	Use antivirus software and automatically update the virus codes to reduce the chance of virus infection.
Email security control	(1) Use automatic email scanning threat protection to prevent unsafe attachment files, phishing emails and spam emails in advance, and expand the scope of protection against malicious links. (2) After receiving emails on the personal computer, use antivirus software to scan the contents and unsafe attachments. (3) Automatically back up every outgoing and incoming email.
Data backup mechanism	(1) Set daily backup on important information systems, databases and file servers. (2) In addition to local backup, the data must be backed up off-site.
Human resource security management	(1) Regularly conduct information security training. (2) Build a two-factor confirmation mechanism and feedback channel.
Environmental security management	(1) External equipment and new equipment must be inspected and registered by information security personnel. (2) The external storage media used must be checked and registered by information security personnel.
Network management	(1) The protection system automatically controls the user's online behavior. (2) Automatically filter malicious websites on which users may link to Trojans, ransomware, etc.
Third-party vendor management	(1) Evaluate and review third-party vendors. (2) The third party vendor shall sign a confidentiality agreement.
Information security incident notification	(1) Report any incident to the supervisory unit in order of the incident level. (2) Record the incident process and data in detail, and review and improve it later.
File upload to server	All important files of users are to be stored on the server, and the Information Department shall back up and save them centrally.
Personal data protection	(1) Promote the personal data protection policy of the Company and provide education and training. (2) Regularly examine the personal data risks of the operational process of departments.
Cybersecurity audit	(1) Regularly perform audits on the overall information safety management system. (2) Regularly carry out self-evaluations and audits for cybersecurity management.
Information security	The Company's major customers are corporate customers, and there is no risk of consumer personal data custody. After evaluating the

insurance	types of information security insurance on the market, insurance coverage and applicable industries, the Company does not purchase information security insurance for the time being. In response to information security challenges, the Company has introduced relevant software and hardware, such as firewalls, anti-virus software, intrusion prevention systems, etc., and will also continue to pay attention to the changing trends of the information environment, and strengthen employees' awareness of information security risk and the ability of information security personnel to respond to crisis.
United protection organization of information security	(1) The Company official joined TWCERT/CC in December 2022. (2) Continue to keep abreast of the latest information safety information in Taiwan so as to engage in relevant information safety protection of the Company.

4. Investments in resources for cyber security management

The Company continues to invest resources into Infocomm security related matters, increases the budget every year to update and strengthen hardware and software equipment, including firewalls, anti-virus, anti-hack, and invasion detection, while actively investing in endpoint protection and intelligence monitoring and analysis. At the same time, the Company has set up one dedicated officer, one dedicated employee and several information security professional personnel, to plan and improve the information security management system, regularly performed disaster recovery drills, and conducted multiple off-site backup, storage and testing of important system data every week.

In addition, in terms of enhancing information security awareness, the overall comprehensive infocomm and personal information protection courses and seminars have been conducted, with the monthly information security publicity. When suspicious emails and behaviors are found, all employees will be immediately notified to pay extra attention. In addition, promotion and training are held from time to time according to the latest situation of internal and external threats. Under the trend of the macro environment of information security, the Company has joined the information security organization, TWCERT/CC, to take the necessary protection mechanism for the Company's infocomm security affairs focusing on the latest infocomm risk in Taiwan.

Cybersecurity management matters and resources invested by the Company are as follows:

A. Dedicated personnel: A dedicated department, Cybersecurity and Personal Data Protection Committee, is in place to be responsible for information safety planning and audit matters and continuing to reinforce cybersecurity.

B. Customer satisfaction: There was no material cybersecurity event or complaint related to the loss of customer data.

C. Education and training: All new employees have completed the information safety education and training courses before assuming office; one cybersecurity safety and education was completed during the year.

D. Information safety test: We performed one penetration test and vulnerability screening during the year and implemented three social engineering phishing e-mail tests during the year.

E. System backup: Material information is backed up at three places, and the distance of the data for remote backup is over 40km. One disaster recovery drill was performed during the year.

F. Information safety announcement: We product over 12 information announcements and promotions each year to convey the important requirements and matters of notice related to cybersecurity protection.

G. Report to the Board: The lastest report was at the Board meeting in 2023 Q4.

H. Cybersecurity notice: An exclusive information security reporting channel, “soc@ezconn.com” is made available for employees, customers, and suppliers for information security reporting.

(II) Losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company and subsidiaries have not suffered from any loss events due to cyber security incidents in recent years and up to the date on which the annual report was printed.

VII. Important contracts

Nature of contract	Parties	Contract date	Main content	Restrictive covenants
Credit extension loan	Chang Hwa Commercial Bank	November 30, 2023~November 30, 2024	Credit loan	None
Credit extension loan	Taishin International Bank	January 31, 2024~January 31, 2025	Credit/secured loans	None
Credit extension loan	Hwatai Bank	July 31, 2023~ July 31, 2024	Credit loan	None
Credit extension loan	CTBC Bank	May 31, 2023~May 31, 2024	Credit loan	None
Credit extension loan	Bank SinoPac	August 23, 2023~August 31, 2024	Credit loan	None
Credit extension loan	Cathay Bank	October 29, 2023~October 29, 2024	Credit loan	None
Lease contract	Lin Ching-Xiang (natural person)	November 01, 2019~October 31, 2024	Lease for the Hongshulin Plant	None
Lease contract	Fukun Construction	August 1, 2022 to July 31, 2026	Lease for the Hou-Zhou-Zhi Plant	None

Six. Financial Status

I. Summarized balance sheet and composite income sheet in the recent 5 years. The names and the audit opinion of the CPAs shall be noted.

(I) Summarized consolidated balance sheet

Unit: NTD thousands

Item \ Year		Financial information in the recent 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,115,589	2,036,077	2,199,259	2,489,389	2,209,238
Property, plant and equipment		637,785	628,372	611,503	608,478	556,492
Intangible assets		8,743	8,637	9,201	9,740	7,591
Other assets		226,965	232,938	269,615	302,620	574,496
Total assets		2,989,082	2,906,024	3,089,578	3,410,227	3,347,817
Current liabilities	Before distribution	885,011	819,360	978,644	1,053,419	1,034,271
	After distribution	975,179	885,660	1,058,204	1,192,649	1,034,271
Non-current liabilities		149,146	377,631	373,405	364,557	262,820
Total liabilities	Before distribution	1,034,157	1,196,991	1,352,049	1,417,976	1,297,091
	After distribution	1,124,325	1,263,291	1,431,609	1,557,206	1,297,091
Attributed to the equity of the owner of the parent company		1,954,925	1,709,033	1,737,529	1,992,251	2,050,726
Share capital		693,000	693,000	693,000	693,000	663,000
Capital surplus		234,872	234,872	234,872	234,872	225,635
Retained Earnings	Before distribution	1,130,033	998,655	1,037,582	1,281,876	1,243,547
	After distribution	1,039,865	932,355	958,022	1,142,646	1,243,547
Other equities		(102,980)	(106,641)	(117,072)	(106,644)	(81,456)
Treasury stock		—	(110,853)	(110,853)	(110,853)	—
Total equity	Before distribution	1,954,925	1,709,033	1,737,529	1,992,251	2,050,726
	After distribution	1,864,757	1,642,733	1,657,969	1,853,021	2,050,726

Note 1: The above financial information from 2019 to 2023 was audited by the CPA.

(II) Individual simplified balance sheet

Unit: NTD thousands

Item \ Year		Financial information in the recent 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,476,372	1,336,980	1,627,185	1,886,417	1,724,069
Property, plant and equipment		393,593	398,572	394,231	399,797	382,051
Intangible assets		4,035	2,420	1,172	2,836	2,524
Other assets		1,127,101	1,145,782	999,565	1,131,879	1,283,233
Total assets		3,001,101	2,883,754	3,022,153	3,420,929	3,391,877
Current liabilities	Before distribution	904,978	808,203	920,915	1,075,909	1,088,508
	After distribution	995,146	874,503	1,000,475	1,215,139	1,088,508
Non-current liabilities		141,198	366,518	363,709	352,769	252,643
Total liabilities	Before distribution	1,046,176	1,174,721	1,284,624	1,428,678	1,341,151
	After distribution	1,136,344	1,241,021	1,364,184	1,567,908	1,341,151
Attributed to the equity of the owner of the parent company		1,954,925	1,709,033	1,737,529	1,992,251	2,050,726
Share capital		693,000	693,000	693,000	693,000	663,000
Capital surplus		234,872	234,872	234,872	234,872	225,635
Retained Earnings	Before distribution	1,130,033	998,655	1,037,582	1,281,876	1,243,547
	After distribution	1,039,865	932,355	958,022	1,142,646	1,243,547
Other equities		(102,980)	(106,641)	(117,072)	(106,644)	(81,456)
Treasury stock		—	(110,853)	(110,853)	(110,853)	—
Total equity	Before distribution	1,954,925	1,709,033	1,737,529	1,992,251	2,050,726
	After distribution	1,864,757	1,642,733	1,657,969	1,853,021	2,050,726

Note 1: The above financial information from 2019 to 2023 was audited by the CPA.

(III) Summarized consolidated composite income sheet

Unit: NTD thousands

Provided that the earnings (loss) per share shall be denominated in dollars

Item \ Year	Financial information in the recent 5 years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,424,158	2,413,548	2,813,016	2,940,188	2,617,385
Gross profit	347,645	407,442	601,253	935,221	930,387
Operating income (loss)	(19,485)	27,283	180,838	289,926	225,933
Non-operating income and expenses	13,271	(72,969)	(30,185)	136,450	21,820
Net profit (loss) before tax	(6,214)	(45,686)	150,653	426,376	247,753
Net income (loss) from continuing operations	(19,278)	(38,051)	103,405	321,665	168,042
Other comprehensive loss for the period (loss after tax)	(45,164)	(6,820)	(8,609)	13,901	29,653
Comprehensive income (loss) for the period	(64,442)	(44,871)	94,796	335,566	197,695
Net profit (loss) attributed to the owner of the parent company	(19,278)	(38,051)	103,405	321,665	168,042
Net profit (loss) attributed to the equity of the pre-investor under joint control	—	—	—	—	—
Comprehensive income (loss) attributed to the owner of the parent company	(64,442)	(44,871)	94,796	335,566	197,695
Comprehensive income attributed to the equity of the pre-investor under joint control	—	—	—	—	—
Earnings (loss) per share	(0.28)	(0.57)	1.56	4.85	2.53

Note 1: The above financial information from 2019 to 2023 was audited by the CPA.

(IV) Summarized individual composite income sheet

Unit: NTD thousands

Provided that the earnings (loss) per share shall be denominated in dollars

Item \ Year	Financial information in the recent 5 years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,173,335	2,148,131	2,486,213	2,610,978	2,399,389
Gross profit	231,349	287,137	406,722	727,628	755,324
Operating income (loss)	(27,368)	1,232	97,121	206,756	185,799
Non-operating income and expenses	15,181	(47,555)	33,956	196,822	22,535
Net profit (loss) before tax	(12,187)	(46,323)	131,077	403,578	208,334
Net income (loss) from continuing operations	(19,278)	(38,051)	103,405	321,665	168,042
Other comprehensive loss for the period (loss after tax)	(45,164)	(6,820)	(8,609)	13,901	29,653
Comprehensive income (loss) for the period	(64,442)	(44,871)	94,796	335,566	197,695
Net profit (loss) attributed to the owner of the parent company	(19,278)	(38,051)	103,405	321,665	168,042
Net profit (loss) attributed to the equity of the pre-investor under joint control	—	—	—	—	—
Comprehensive income (loss) attributed to the owner of the parent company	(64,442)	(44,871)	94,796	335,566	197,695
Comprehensive income attributed to the equity of the pre-investor under joint control	—	—	—	—	—
Earnings (loss) per share	(0.28)	(0.57)	1.56	4.85	2.53

Note 1: The above financial information from 2019 to 2023 was audited by the CPA.

(V) The names and audit opinion of the CPAs in the recent 5 years

Year	Accounting firm	Name of CPA	Opinion
2019	Deloitte & Touche	Chen Chun-Hung, Huang Hsiu-Chun	Unqualified opinion
2020	Deloitte & Touche	Chen Chun-Hung, Huang Hsiu-Chun	Unqualified opinion
2022	Deloitte & Touche	Chen Chun-Hung, Huang Hsiu-Chun	Unqualified opinion
2023	Deloitte & Touche	Chen Chun-Hung, Huang Hsiu-Chun	Unqualified opinion
2024	Deloitte & Touche	Chen Chun-Hung, Huang Hsiu-Chun	Unqualified opinion

II. Financial analyses in the recent 5 years

(I) Consolidated financial analysis

Analysis item \ Year		Financial analyses in the recent 5 years				
		2019	2020	2021	2022	2023
Capital structure analysis (%)	Debt ratio	34.60	41.19	43.76	41.58	38.74
	Long term funds to property, plant and equipment	329.90	332.07	345.20	387.33	415.74
Liquidity analysis (%)	Current ratio	239.05	248.50	224.73	236.32	213.60
	Quick ratio	176.63	169.72	140.11	152.77	151.06
	Interest protection multiples	(0.66)	(6.93)	22.02	46.02	20.45
Operating performance analysis	Receivables turnover (times)	3.49	3.76	3.96	4.01	4.12
	Average collection days	104	97.07	92.17	91.02	88.59
	Average inventory turnover (times)	2.91	3.12	2.84	2.19	1.89
	Payables turnover (times)	5.64	7.17	6.86	6.78	7.64
	Average days in sales	125	116.98	128.52	166.66	193.12
	Property, plant and equipment turnover (times)	4.69	3.81	4.54	4.82	4.49
	Total assets turnover (times)	0.78	0.82	0.94	0.90	0.77
Return on investment analysis	Return on asset (%)	(0.52)	(1.13)	3.64	10.13	5.27
	Return on equity (%)	(0.95)	(2.08)	6.00	17.25	8.31
	Pre-tax income to capital (%)	(0.90)	(6.59)	21.74	61.53	37.37
	Profit ration (%)	(0.80)	(1.58)	3.68	10.94	6.42
	Earnings per share (NTD$)	(0.28)	(0.57)	1.56	4.85	2.53
Cash flow	Cash flow ratio (%)	21.38	(8.91)	1.75	35.15	55.12
	Cash flow adequacy ratio (%)	95.94	93.78	43.03	46.96	68.56
	Cash reinvestment ratio (%)	2.94	(5.34)	(1.58)	8.52	12.71
Leverage	Operating leverage	(3.80)	4.23	1.48	1.31	1.40
	Financial leverage	0.84	1.27	1.04	1.03	1.06

The change of the financial ratio change reached 20% in the recent 2 years:

1. The decreased in interest protection multiples was primarily due to the decrease in net profit before tax during the period.
2. The decrease in return on asset, return on equity, pre-tax income to capital, profit ration, and earnings per share was primarily due to the decrease in net profit before tax and net profit after tax during the period.
3. The increase in cash flow ratio and cash reinvestment was primarily due to the net cash inflow from operating activities.
4. The increase in the cash flow adequacy ratio was primarily due to the increase in net cash flows from operating activities in the most recent five years.

Note 1: All the above financial ratios are estimated based on the financial statements audited by the CPA.

Note 2: The above calculation formula lists the detailed individual financial analyses - IFRS (Note 2).

(II) Individual financial analysis

Analysis item (Note 2) \ Year		Financial analyses in the recent 5 years				
		2019	2020	2021	2022	2023
Capital structure analysis (%)	Debt ratio	34.86	40.74	42.51	41.76	39.54
	Long term funds to property, plant and equipment	532.56	520.75	533.00	586.55	602.90
Liquidity analysis (%)	Current ratio	163.14	165.43	176.69	175.33	158.39
	Quick ratio	125.83	115.61	126.08	118.82	111.72
	Interest protection multiples	(2.40)	(7.24)	19.50	43.96	17.54
Operating performance analysis	Receivables turnover (times)	3.55	3.81	3.96	3.97	4.14
	Average collection days	102	95.80	92.17	91.93	88.16
	Average inventory turnover (times)	4.30	4.24	4.25	3.16	2.51
	Payables turnover (times)	3.98	5.26	5.71	5.18	4.71
	Average days in sales	84	86.08	85.88	115.50	145.41
	Property, plant and equipment turnover (times)	8.44	5.42	6.27	6.58	6.14
	Total assets turnover (times)	0.69	0.73	0.84	0.81	0.70
Return on investment analysis	Return on asset (%)	(0.52)	(1.14)	3.69	10.22	5.23
	Return on equity (%)	(0.95)	(2.08)	6.00	17.25	8.31
	Pre-tax income to capital (%)	(1.76)	(6.68)	18.91	58.24	31.42
	Profit ration (%)	(0.89)	(1.77)	4.16	12.32	7.00
	Earnings per share (NTD$)	(0.28)	(0.57)	1.56	4.85	2.53
Cash flow	Cash flow ratio (%)	(8.19)	(13.87)	1.28	21.90	50.06
	Cash flow adequacy ratio (%)	57.19	46.45	6.20	8.67	42.79
	Cash reinvestment ratio (%)	(6.81)	(8.15)	(2.16)	5.59	14.63
Leverage	Operating leverage	(1.02)	42.66	1.52	1.24	1.26
	Financial leverage	0.88	(0.28)	1.08	1.05	1.07

The change of the financial ratio change reached 20% in the recent 2 years:

1. The decreased in interest protection multiples was primarily due to the decrease in net profit before tax during the period.
2. The decrease in inventory turnover and the increase in average days in sales were primarily due to the increase in average inventory.
3. The decrease in return on asset, return on equity, pre-tax income to capital, profit ration, and earnings per share was primarily due to the decrease in net profit before tax and net profit after tax during the period.
4. The increase in cash flow ratio and cash reinvestment was primarily due to the net cash inflow from operating activities.
5. The increase in the cash flow adequacy ratio was primarily due to the increase in net cash flows from operating activities in the most recent five years.

Note 1: All the above financial ratios are estimated based on the financial statements audited by the CPA.

Note 2: The calculation formula of the analysis items are listed below:

1. Capital structure analysis
   (1) Debt ratio = Total liabilities / total assets.
   (2) Long term funds to property, plant and equipment = (total equity + non-current liabilities) / net value of property, plant and equipment.
2. Liquidity analysis
   (1) Current ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepaid expense) / current liabilities.
   (3) Interest protection multiples = Net income before income tax and interest / interest expense this period.
3 Operating performance analysis
   (1) Receivables (including receivables and notes receivable generated for operation) turnover = Net sales / balance of average receivables (including receivables and notes receivable generated for operation).
   (2) Average collection days = 365 / receivables turnover.
   (3) Average inventory turnover = Cost of sales / average inventory amount.
   (4) Payables (including payables and notes payable generated for operation) turnover = Cost of sales / balance of average payables (including payables and notes payable generated for operation).
   (5) Average days in sales = 365 / Average inventory turnover.
   (6) Property, plant and equipment turnover = Net sales / net value of property, plant and equipment.
   (7) Total assets turnover = Net sales / average total assets.
4. Return on investment analysis
   (1) Return on asset = [Profit or loss after tax + interest fee × (1- tax rate)] / average total assets.
   (2) Return on equity = Profit or loss after tax / average total equity.
   (3) Pre-tax income to capital = Pre-tax income / paid-in capital at end of FY
   (4) Profit ration = Profit or loss after tax / net sales.
   (5) Earnings per share = (Income attributed to owner of the parent company - preferred stock dividend)/weighted average issued shares.
5. Cash flow
   (1) Cash flow ratio = Net cash flow in operating activities / current liabilities.
   (2) Cash flow adequacy ratio = Net cash flow in operating activities in the recent 5 years / recent 5 years (capital expenditure + inventory increase amount + cash dividend).
   (3) Cash reinvestment ratio = (Net cash flow in operating activities - cash dividend) / (Gross value of property, plant and equipment + long-term investment + other non-current assets + operational funds).
6. Leverage:
   (1) Operating leverage = (Net operating revenues - floating operational cost and expenditure) / operating profit.
   (2) Financial leverage = Operating profit / (Operating profit - interest expense).

III. Audit Committee' review report for the financial statement in the most recent year: Please refer to Page 127

IV. Financial statement for the most recent year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related notes or attached appendices: Please refer to Page 142-206.

V. Individual financial statement of the company for the most recent year certified by a CPA: Please refer to Page 207-282.

VI. If the company and its affiliates have experienced financial difficulties in the most recent year or during the current year to the date on which the annual report is printed, the impact of the difficulties on the company's financial situation shall be specified: None.

Audit Committee Review Report, EZconn Corporation

The board of directors prepared the Company’s 2023 business report, financial statements and earnings distribution proposal, among which the financial statements were audited by Chen, Jun-Hong and Huang, Hsiu-Chun, Certified Public Accountants of Deloitte Taiwan, and an audit report was issued accordingly. The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed by the Audit Committee and no discrepancy was found. We hereby report as above in accordance with Article 14 of the Securities and Exchange Act and Article 219 of the Company Act; please review.

Sincerely

2024 General Shareholders’ Meeting, EZconn Corporation

Convener of the Audit Committee:

March 14, 2024

Seven. Review and analysis of the financial status and performance and risk issues

I. Financial status

Unit: NTD thousands

Item \ Year	End of 2023	End of 2022	Difference	
			Amount	%
Current assets	2,209,238	2,489,389	(280,151)	(11.25)
Property, plant and equipment	556,492	608,478	(51,986)	(8.54)
Intangible assets	7,591	9,740	(2,149)	(22.06)
Other assets	574,496	302,620	271,876	89.84
Total assets	3,347,817	3,410,227	(62,410)	(1.83)
Current liabilities	1,034,271	1,053,419	(19,148)	(1.82)
Non-current liabilities	262,820	364,557	(101,737)	(27.91)
Total liabilities	1,297,091	1,417,976	(120,885)	(8.53)
Share capital	663,000	693,000	(30,000)	(4.33)
Capital surplus	225,635	234,872	(9,237)	(3.93)
Retained Earnings	1,243,547	1,281,876	(38,329)	(2.99)
Other equities	(81,456)	(106,644)	25,188	23.62
Treasury stock	0	(110,853)	110, 853	100.00
Total equity	2,050,726	1,992,251	58,475	2.94

(I) Analysis and description of the changes of the increase/decrease ratio that reached 20% in the most recent 2 years:

The decrease in intangible assets was primarily due to the periodical amortization.

The increase in other assets was primarily due to the increase in prepaid real estate payments.

The decrease in non-current liabilities was primarily due to the decrease in lease liabilities resulting from the acquisition of rented plants.

The increase in other equity was primarily due to the increase in unrealized valuation gains of financial assets at fair value through other comprehensive income.

The decrease in treasury shares was primarily due to the capital reduction resulting from the cancelation of treasury shares.

(II) Future countermeasure plans:

To adapt to the expansion of the business scale and the changes of the market environment, we prepare and plan the capital expenditure budget and the control of the operational funds.

II. Financial performance

Unit: NTD thousands

	2023	2022	Increase (decrease)	Changes (%)
Net Operating Revenue	2,617,385	2,940,188	(322,803)	(10.98)
Operating cost	1,686,998	2,004,967	(317,969)	(15.86)
Gross profit	930,387	935,221	(4,834)	(0.52)
Operating expenses	704,454	645,295	59,159	9.17
Net operating profit	225,933	289,926	(63,993)	(22.07)
Non-operating income and expenses	21,820	136,450	(114,630)	(84.01)
Net profit (loss) before tax	247,753	426,376	(178,623)	(41.89)
Tax benefit (expense)	(79,711)	(104,711)	25,000	(23.88)
Net profit (loss) after tax	168,042	321,665	(153,623)	(47.76)

(I) Main reason of changes that reached above 20%:

1. The decrease in net operating revenue, net profit before tax, and net profit after tax was primarily due to the decrease in overall profits due to the decrease in operating revenue and the differences in product portfolio sold.
2. The decrease in non-operating income and expenses was primarily due to the decrease in currency exchange gains.
3. The decrease in income tax expenses was primarily due to the decrease in profits.

(II) Expected sales volume and the basis:
Please refer to the description in “V-II. Market and production and sales of the annual report.

(III) Possible impact on the company’s future financial operations: The operation of EZconn is normal without any change in the operation.

(IV) Countermeasure:
EZconn continues to adhere to the management philosophy of “innovation, professional, incorruptibility and integrity”. In the face of the changeable business environment of the market, all our employees will continue our self-requirement and growth and be committed to product development and quality enhancement to create profits and growth.

III. Cash flow

(I) Analysis of changes in cash flow in the most recent year

Unit: NTD thousands

<table>
<tr><th rowspan="2">Cash balance at beginning of period</th><th rowspan="2">Net cash flow from year-round operating activities</th><th rowspan="2">Net cash flow from year-round investment and financing activities (including the effect of the exchange rate changes)</th><th rowspan="2">Retained (insufficient) amount of cash</th><th colspan="2">Remedy for estimated cash shortage</th></tr>
<tr><th>Investment plan</th><th>Financial plan</th></tr>
<tr><td>983,593</td><td>570,061</td><td>(553,239)</td><td>1,000,415</td><td colspan="2">—</td></tr>
<tr><td colspan="6">Analysis of changes in cash flow:
(1) Operating activities: mainly the net cash outflow accumulated from operating activities during the current period.
(2) Investment activities: mainly used in the purchase of property, plant and equipment, the acquisition (disposal) of financial assets measured at amortized cost, and the acquisition of financial assets at fair value through other comprehensive income.
(3) Fundraising activities: Mainly due to the distribution of cash dividends and borrowing (repayment) of bank loans.</td></tr>
</table>

(II) Improvement plan for lack of liquidity: None.

(III) Cash flow analysis for the coming year

Unit: NTD thousands

<table>
<tr><th rowspan="2">Cash balance at beginning of period</th><th rowspan="2">Estimated net cash flow from year-round operating activities</th><th rowspan="2">Estimated net cash flow from year-round investment and financing activities</th><th rowspan="2">Estimated retained (insufficient) amount of cash</th><th colspan="2">Remedy for estimated cash shortage</th></tr>
<tr><th>Investment plan</th><th>Financial plan</th></tr>
<tr><td>1,000,415</td><td>(288,265)</td><td>120,331</td><td>832,481</td><td colspan="2">—</td></tr>
<tr><td colspan="6">The expected net cash outflow from operating activities in the next year is 288,265 thousand; the expected net cash outflow from investment activities is 321,009 thousand, primarily resulting from the acquisition of real estate, etc.; the expected net cash inflow from financing activities is 441,340 thousand, primarily resulting from the increase in cash capital and the increase in the bank loan. There is no expected cash shortage.</td></tr>
</table>

IV. Impacts on financial operations from major capital expenditures in the most recent year: None.

V. The reinvestment policy of the most recent year, reasons for profits or losses, the improvement and investment plans for the coming year:

1. The Company's reinvestment policy

EZconn implements the reinvestment in consideration of the business needs or future development. As for the invested business, we always have control over the state of operation and analyze the effectiveness of the investment so that the management can make follow-up assessment after the investment.

We have established the "Procedures for Investment Cycle" and the "Regulations Governing the Supervision and Management of Subsidiaries" for the management of the invested businesses to control the finance and operation status and establish the risk management systems for the invested businesses.

2. Profit or loss and improvement plans for the invested businesses in 2023:

December 31, 2023 Unit: NTD thousands

Invested businesses	Invested amount	Book value	Recognized profits (losses)
EC-Link Technology Inc.	679,543	677,754	43,128
EZconn Europe GmbH	185,143	69,262	(17,759)

Up to the moment, the operations of the businesses of the Company's re-invested companies are still stable; they are all related to the Company's core business or are related holding companies. In the future, the Company will continue to focus on the operations of its core business to create maximum benefits for the Company and all shareholders.

3. Investment plans for the coming year:

To manage to the demand of operational funds for the third-tier subsidiary EZconn technologies CZ s. r. o., the Board of Directors of EZconn adopted the resolution to increase the capital of the subsidiary EZconn Europe GmbH within a limit of 1,800,000 Euros on August 12, 2016. We have not increases the capital of EZconn Europe GmbH to the date on which the annual report is printed.

VI. The risk analysis and assessment in the recent years and as of the date on which the annual report is printed

(I) The effects of interest and exchange rate fluctuations and inflation on the profit and loss of the Company as well as future countermeasures:

1. The effects of interest and exchange rate fluctuations on the profit and loss of the Company as well as future countermeasures

The interest expense of the Company and its subsidiaries in 2022 and 2023 were NT$9,470 thousand and NT$12,738 thousand respectively, accounting for0.32% and 0.48% of the current year's revenue respectively, mainly due to the interest expense arising from loans to various financial institutions. Since the proportion of operating income is very small, the impact of interest rate changes on the Company and its subsidiaries is not significant. Our subsidiaries and we will always pay attention to the interest rate fluctuations and strive to negotiate a better interest rate with the banks we are working with to reduce the interest cost.

2. The effects of exchange rate fluctuations on the profit and loss of the Company as well as future countermeasures

The product sales of EZconn and our subsidiaries mainly rely on export and the sales revenue are mainly in U.S. Dollar. We purchase raw materials from domestic and overseas suppliers. The receivables in USD is higher than the payables in USD, therefore the exchange rate fluctuations has a potential impact on the profit and loss of the Company. We use the natural hedging method to offset the foreign currency receivables and the payables and always pay attention to the information of exchange rate fluctuations and the demand for foreign currency funds to timely adjust the holding position and the exchange time. We will select appropriate financial products as hedging instrument to reduce the risk of exchange rate fluctuations when necessary.

3. The effects of inflation on the profit and loss of the Company as well as future countermeasures

The main raw materials to produce our RF connectors is the brass rod. We timely adjust the product cost and selling price as a response to the price change in the international raw materials, therefore causing insignificant impact on the Company and the subsidiaries. As for other main raw materials, we pay close attention to the price fluctuations and the inflation status to reflect the cost price variation timely on the selling price to avoid significant impact on the profits of the Company. We continue to optimize the production process to increase the production efficiency and reduce the cost. In this case, we still maintain good competitiveness when facing the price competition in the market.

(II) Policies on high-risk, high-leverage investments, capital lending to third-party, endorsements, guarantees, and derivatives transactions, and the main reasons for profits or losses generated thereby and future countermeasures:

1. Engagement in high-risk, high-leverage investments:

We behold the principle of stable operation to focus on the core business of assembling, processing, manufacturing and selling without participating in any high-risk, high-leverage investments.

2. Lending of capital, endorsements and guarantees:

We have “Procedures for Acquisition or Disposal of Assets,” “Procedures for Loaning Funds to Others” and “Procedures for Endorsements/Guarantees” and all of which have been approved by the Board of Directors. Subsidiaries of the Company have also complied in formulating their relevant procedures. As of the publication date of the annual report, none of them have external endorsements/guarantees.

No funds are loaned to others in recent years and to the date on which the annual report is printed.

3. Derivative commodity transactions:

We have established the “Procedures for Acquisition or Disposal of Assets” as a reference for the derivative commodity transactions. The procedure also specified that the purpose of the derivative financial commodity is for hedging instead of profits. Therefore, we have hedging operations aiming at the changes of the foreign currency depending on our demand and select forward exchange as the hedging instrument without performing any other derivative financial commodity transactions. The above hedging operations may cause losses in trading because of fluctuation of the market rate. Our subsidiaries and we timely announce all trading information in accordance with the laws.

(III) Future R&D projects and expected R&D expenses:

RF connectors and optical communication products are the two main products of EZconn and the subsidiaries. We concentrate on the development and improvement of various products to receive the certifications of the safety standard units and the customers in each country. To correspond to the product demand of the global customers, we have development units responsible for the design, production and the introduction of mass production for precision molds and automatic assembly equipment.

In response to the growth of the next-generation passive optical network (NG-PON) and the demand for high-speed optical transceiver modules in the early stage of 5G deployment, the short-term R&D plan will include optical sub-modules that can be used for the development of the 25G-OLT adjustable-wavelength cooling TO-CAN packaging technology, 50G BOSA (5G Mobile Xhaul), and COMBO OLT transceiver that realizes the coexistence of 10G PON and 25G PON services. We also develop and design the high-density fiber optics connector in relation to the photoelectric passive components.

Due to the trend of the market and various technical standards, the next-generation (50G PON/100G PON) technology of 25G-PON has now entered the standard planning stage. It is expected that the current 400G mainstream components will gradually shift to higher-speed 1.6T components. In addition, 5G has started commercial operation in 2020, and the integration of various network services and the required fiber infrastructure will drive the need for 100G/400G/800G/1.6T and 50G/100G-PON high-speed optical transceivers. The future optical communication applications will focus on the integration technology using components with higher speed and density. Thus, for the middle term R&D plan, we plan to invest in the development of 1.6T products and provide more R&D resources to develop technologies for the integration of packaging and testing of high precision, speed and density. As for the present optical sub-assembly design using the COB, we expect to have diversified designs by the automatic integration of advanced customized components in the future. By the trend of products with high density, we continue to develop high speed products via new product technology platforms and expand our product line from the current 100G to 1.6T or even higher in relation to the application of high speed products in the future. Besides applications for optical communication in our long-term development plan, we also seek for cross-industry partners to assist potential customers to apply the technology of photovoltaic integration to different markets such as the photoelectric sensors, industrial control and consumer products.

We remain to invest 4% of the net operating revenue as the R&D expenses in the development of RF connectors and optical communication products.

(IV) Changes in important policies and laws at home and abroad impacting our financial operations, and countermeasures:

The operation and management of EZconn and our subsidiaries complied with related laws and regulations at home and abroad. We always take notice of the changes in related policies and laws no matter in Taiwan or abroad and collect related information as reference for our management to make operational decisions and take measures in response to the financial operations of the Company. Thus, there is no significant impact of changes in important policies and laws at home and abroad on our financial operations.

(V) Impacts of developments on technology (cyber security risk included) and industrial change on the company's financial operations and response measures:

The Company continues to invest resources into Infocomm security related matters, increases the budget every year to update and strengthen hardware and software equipment, including firewalls, anti-virus, anti-hack, and invasion detection, while actively investing in endpoint protection and intelligence monitoring and analysis. At the same time, the Company has set up one dedicated officer, one dedicated employee and several information security professional personnel, to plan and improve the information security management system, regularly performed disaster recovery drills, and conducted multiple off-site backup, storage and testing of important system data every week.

In addition, in terms of enhancing information security awareness, the overall comprehensive infocomm and personal information protection courses and seminars have been conducted, with the monthly information security publicity. When suspicious emails and behaviors are found, all employees will be immediately notified to pay extra attention. In addition, promotion and training are held from time to time according to the latest situation of internal and external threats. Under the trend of the macro environment of information security, the Company has joined the information security organization, TWCERT/CC, to take the necessary protection mechanism for the Company's infocomm security affairs focusing on the latest infocomm risk in Taiwan. As the Company is committed in investments for cyber security, currently, the finance business of the Company and subsidiary have not been affected due to any cyber security breach incidents.

(VI) Impacts of changes in corporate image on the corporate crisis management, and response measures:

Since the foundation of EZconn in 1996, we run the Company by a stable and practical way to enhance the internal management and actively promote product quality to meet the quality demand of the customers. There is no such event that damages the corporate image or result in corporate crisis.

(VII) Expected benefits and potential risks from a merger or acquisition, and response measures:

We do not have plans of merger and acquisition in the current year to the date of the print of the report. If we have plans in the future, we will carefully access and consider the synergy of the mergers and acquisitions to ensure the existing equity of the shareholders.

(VIII) Expected benefits and potential risks from plant expansion, and response measures:

Currently, we do not have plans for plant expansion. We will access possible risks carefully in case we have plans to increase equipment and expand our plants due to the promotion of capacity.

(IX) Risks associated with any concentration of sales or procurement, and response measures:

1. Purchase of goods: Most of the purchasers of the Company and its subsidiaries are companies that have long-term relationship with the Company. Some of the purchasers of special raw materials have a good cooperative relationship with the Company and its subsidiaries and can provide a stable source of raw materials. In addition to paying close attention to the changes in supply and demand of the raw material supply market, the Company and its subsidiaries are actively developing new suppliers to decentralize the risk of purchase concentration.
2. Sales: We mainly strive for the RF connectors orders from the first-class manufactures in Europe and America. This is due to the end customers of our RF connectors are mainly cable television system integrators. The mature development of such industry resulted in companies with more resources will only get bigger. Therefore, we mainly sell our products to large cable television system integrators in the West, causing the concentrated sales. With excellent manufacturing capacity of molds and jigs, we maintain long-term and stable cooperation with the customers via outstanding delivery and conditions. We also strive to acquire orders from other

customers to reduce the risk of business loss even if the sales to end customer increases or decreases at times. The optical communication products are mainly sold to world-renowned equipment manufacturers. With the consolidation of the optical communication industry in recent years, there is also a trend of the big getting bigger. The downstream equipment manufacturers of optical communication are all maintaining a stable cooperative relationship with system manufacturers, and at the same time have a fixed partnership with the upstream supply chain; once the certification and recognition are obtained, unless there are major doubts about quality or delivery, they will not easily replace the suppliers. We aggressively enhance the vertical integration of equipment suppliers and provide comprehensive product line service. In the meantime, we actively develop Europe and America customers of the telecommunication system to increase the number of our core customers. We will continue to work hard in developing new products and technologies to satisfy customer's demand on quality, cost and delivery. Meanwhile, we're able to accept customer's specific manufacturing needs and lower the risk of overly concentrated sales with our excellent technological capability.

(X) Impacts and risks from large transfers of shares held by our company's directors, supervisors, or large shareholders holding more than 10% of shares, and response measures:

There are no large transfers of shares held by the Company's directors, supervisors, or large shareholders holding more than 10% of shares.

(XI) Impacts and risks from changes in management rights, and response measures: None.

(XII) Litigation and non-litigious events

1. 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.
2. Outcomes of major litigious, non-litigious, or administrative disputes that have been resolved or are still proceeding involving our company's directors, supervisors, president, the responsible person, large shareholders holding more than 10% of shares and the affiliated companies, and that may have serious impact on shareholders' equity or the prices of the securities in the recent 2 years and to the date on which the annual report is printed: None.
3. Company's directors, supervisors, managerial officers and large shareholders holding more than 10% of shares involved in the event listed in Article 157 of the Securities and Exchange Act and the management of the company: None.

(XIII) Other major risks and response measures:

Management of intellectual properties:

The Company actively encourage the innovations of employees and in-house R&D to create the Company's values and competitiveness via the intellectual property rights. To protect the R&D resources, maintain the innovation capacity, strengthen the competitive edges, improve the corporate profit, achieve the operational goals, secure the leading position, and ensure the sustainable operation, the Company continues the promotion of the intellectual property management, to maintain the maximum value and interests for the Company the shareholders.

The Company and its subsidiaries adopt the measures of infringement avoidance and right protection regarding the acquisition, protection, maintenance and application of intellectual properties. Meanwhile, the concept of no secrets to be leaked is enhanced for employees, and non-disclosure agreements are signed with all partners, to protect the Company's rights and interests.

1. Patent management

The R&D unit conducts the technological development, and the external patent agencies are commissioned from time to time to apply and plan patents to the domestic and foreign intellectual property competent authorities, while maintaining the valid procedures and paying fees pursuant to the requirements of patent competent authorities of various countries. With the patent education and trainings from time to time, as well as the external resources introduced, the updated new knowledge is introduced to improve the quality of patent application. The Company's incentive system is integrated to drive the R&D and innovation of the Company's products and technologies, for the effective and positive cycle.

2. Trademark management

Trademarks establishes the brand image among customers, and solidify the market advantages. The key point of the Company's trademark management is to maintain the identity of each product in the market, and to seek to fully exert the economic benefits brought by trademarks to the Company.

3. Trade secrete management

(1) Via the classification and label of secret information, including but not limited to the records and documents related to R&D, financial information, HR information, and procurement information, to take proper and reasonable confidentiality measures.

(2) Various access management, permission controls, non-disclosure agreements, and information device controls are taken to prevent the secret information from theft, alteration, destruction, loss, or leak, for ensuring the internal competitive edges such as technologies and trusts from customers.

(3) Employees of the Company shall execute relevant legal documents for confidentiality before assuming the positions. Necessary measures shall be taken to keep the confidentiality of the trade secrets known to, or in possession of employees during the employment. Other than the normal use for the job or with the Company's written consent in advance, such secrets may not be leaked, informed, delivered, or transferred to any third party, or released to outsiders, or used or utilized by employees or any third party. After the resignation, they shall not directly or indirectly leak such business secrets.

4. Implementation

(1) At least once per year, the implementation of the intellectual properties is reported to the Board of Directors, and propose the improvement measures based on the directors' advice The latest report to the Board of Directors took place on March 14, 2024.

(2) The Company has been committed to the management plan of intellectual properties. The major results of implementation are as follows (Information available until December 31, 2023):

	Total valid patent	Current applications
RF Products	86	30
Optical Products	80	32

(3) The Company conducts the related education and trainings or seminars when required, to promote the related laws and regulations to employees.

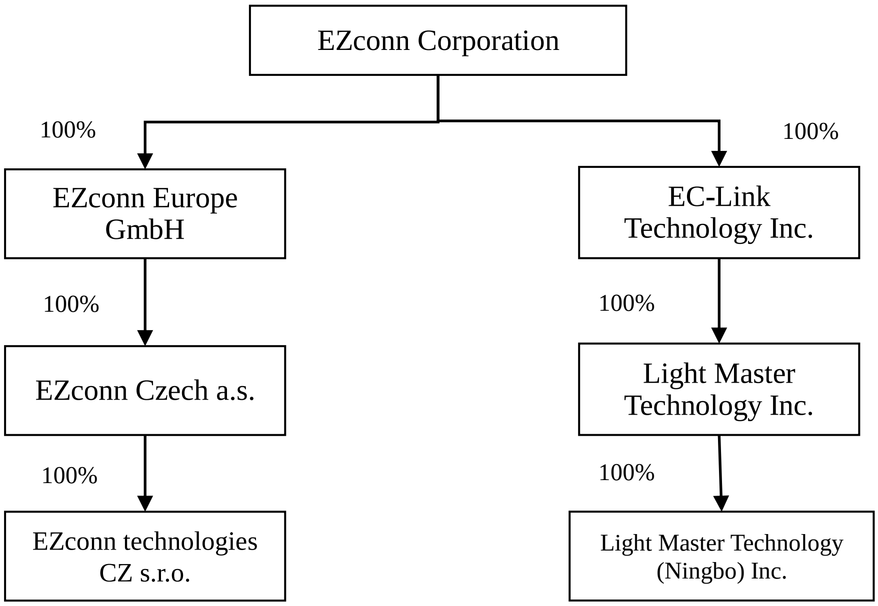
VII. Other important issues: None.

Eight. Special matters to be recorded:

I. Related information of the affiliates

(I) Consolidated business report of the affiliates

1. Organization Chart of the affiliates December 31, 2023



(1) Basic information of each affiliates

Unit: NTD/foreign currency thousands

Company name	Incorporation date	Address	Paid-in capital	Main business items or production items
EZconn Corporation	September 4, 1996	13F., No. 27-8, Sec. 2, Zhongzheng E. Rd., Tamsui Dist., New Taipei City	663,000	R&D, production and sales of various RF connectors and optical communication components
EZconn Europe GmbH	June 2, 2005	Uhlandstraße 20-25, Berlin, 10623, Germany	EUR 25	Trade in various optical communication components. Served as a holding company without any business operations
EZconn Czech a.s.	March 1, 2006	Náchodská 529, Trutnov, 541 01, Czech Republic	CZK 53,000	Manufacture of various optical communication components
EZconn technologies CZ s.r.o.	June 6, 2013	Kubelíkova 1224/42, Praha, 130 00, Czech Republic	CZK 10,000	Manufacture and R&D of various optical communication components
EC-Link Technology Inc.	July 16, 2002	Offshore Chambers, P. O. Box 217, Apia, Samoa	USD 21,417	Served as a holding company
Light Master Technology Inc.	July 16, 2002	Offshore Chambers, P. O. Box 217, Apia, Samoa	USD 15,050	Served as a holding company
Light Master Technology (Ningbo) Inc.	October 28, 2002	No. 3, Yangzijiang North Rd., South Dist., Ningbo bonded area	USD 15,000	Production and sales of various RF connectors and optical communication components

(2) According to Article 369-3 of the Company Act, companies concluded to have controlling and subordinate relation shall be disclosed: None.

(3) Industries covered by the business of the overall affiliates

The industries covered by the business of the affiliates mainly focus on different precision metal parts for electronic components, electronics and design, development, production, assembly and processing, sales and service of each fiber optic components. A small part of affiliates principally engaged in investment holding as their business scope.

(4) Information on directors, supervisors and president of each affiliates

April 20, 2024

Company name	Title	Name or representative	No. of shares held	
			Number of shares	Shareholding ratio
EZconn Corporation	Chairman	SHC Consolidated Investors LLC	2,175,812	2.88%
	Corporate chairman Representative	SHC Corporation Representative - Chen, Steve	0	0.00%
	Director	EGTRAN Corporation	3,565,741	4.72%
	Corporate director Representative	EGTRAN Corporation Representative - Chang Ying-Hua	87,472	0.12%
	Director	Jia Jiu Investment Co., Ltd.	928,371	1.23%
	Corporate director Representative	Representative of corporate Jia Jiu - Pan, Po-Tsang	209,224	0.28%
	Director	Transnational Investment Limited	1,562,602	2.07%
	Corporate director Representative	Corporate representative of TIL – Lan Ching-Ying	1,126,457	1.49%
	Independent director	Peng Hsieh-Ju	10,701	0.01%
	Independent director	Chiu Er-De	0	0.00%
	Independent director	Huang Hui-Wen	0	0.00%
EZconn Europe GmbH	Chairman	Chen, Steve	(Note 1)	100.00%
	Director	Li Shih-Cheng		
	Director	Petr Tauchman		
	President	Petr Tauchman		
EZconn Czech a.s.	Chairman	Chen, Steve	(Note 2)	100.00%
	Director	Li Shih-Cheng		
	Director	Petr Tauchman		
	Supervisor	Pavel Otruba		
	Supervisor	Vratislav Musil		
	President	Petr Tauchman		
EZconn technologies CZ s.r.o.	Chairman	Chen, Steve	(Note 1)	100.00%
	Director	Li Shih-Cheng		
	Director	Petr Tauchman		
	President	Petr Tauchman		
EC-Link Technology Inc.	Director	EZconn Corporation Corporate representative - Chen, Steve	21,417,000	100.00%
Light Master Technology Inc.	Director	EC-Link Technology Inc. Corporate representative - Chen, Steve	15,050,000	100.00%
Light Master Technology (Ningbo) Inc.	Chairman	Chang Chi-Fu	(Note 1)	100.00%
	Director	Chen Suu-Ming		
	Director	Chang Ying-Hua		
	Supervisor	Chuang, Kuo-An		
	President	Chen Suu-Ming		

(Note 1) This is a limited company so no shares are issued.

(Note 2) Since all previous capital increase shares had different par value when issued, the number of shares cannot be listed.

2. Overview of business operation of the affiliates

NT$ thousand/December 31, 2023

.	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income (loss)	Income (loss) for the current period (after tax)
EZconn Corporation	663,000	3,391,877	1,341,151	2,050,726	2,399,389	185,799	168,042
EZconn Europe GmbH	850	82,886	13,624	69,262	0	(19,979)	(17,759)
EZconn Czech a.s.	72,717	84,855	12,196	72,659	62,794	(15,586)	(15,067)
EZconn technologies CZ s.r.o.	13,720	10,131	1,614	8,517	17,682	(2,099)	(2,117)
EC-Link Technology Inc.	657,609	698,460	0	698,460	0	(42)	63,357
Light Master Technology Inc.	462,110	669,830	0	669,830	0	(42)	63,396
Light Master Technology (Ningbo) Inc.	460,575	854,150	185,933	668,217	897,939	79,198	77,012

(II) Consolidated financial statements of the affiliates: Please refer to Page 142.

(III) Affiliation report: N/A.

II. Private equity securities transactions in recent years and to the publication date of the annual report: None.

III. Holding or disposal of the company’s shares by the subsidiaries in the most recent year and to the publication date of the annual report: None.

IV. Other necessary additional statements: None.

Nine. Matters that have a significant impact on shareholders’ equity or securities prices as set forth in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act in the most recent year and to the publication date of the annual report: None.

EZconn Corporation
Declaration on the Internal Control System

Date: March 14, 2024

Based on the result of self-inspection of EZconn's internal control system in 2023, we hereby declare the following:

I. We acknowledge that the BoD and managers are responsible for the establishment, implementation and maintenance of the internal control system. We have established such a system, with the aim to provide reasonable assurance concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset safety), reports with reliability, promptness, and transparency and compliance with relevant laws and regulations.

II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance regarding the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may be altered as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism. Once a defect has been identified, corrective actions are immediately taken.

III. We determine the effectiveness of the design and implementation of our internal control system using the criteria of judgment of the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The judgment criteria of internal control systems specified in the "Regulations" contain five components for the internal control system based on the processes of management and control: a. control environment, b. risk assessment, c. control activities, d. information and communication, and e. monitoring activities. Each component includes several elements. Please see the Regulations for the aforementioned criteria.

IV. We have used the aforementioned criteria to assess the effectiveness of the design and implementation of our internal control system.

V. Based on the result of the assessment, we finally determined that until December 31, 2023, the design and implementation of our internal control system (including supervision and management of subsidiaries) have worked well regarding the effectiveness and efficiency of operations, the reliability, promptness, and transparency of reports and compliance with relevant laws and regulations, providing reasonable assurance that the above objectives have been achieved.

VI. This Declaration is to be part of the main contents of our annual reports and prospectuses, and released to the public. In the event the above public contents have included false information or concealed certain information, the legal responsibilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.

VII. This Declaration was adopted at the BoD meeting on March 14, 2024. All the 7 Directors present approved the contents of this Declaration, and none of them expressed any dissenting opinion. This information is declared as an addition.

EZconn Corporation

Chairman: CHEN STEVE Signature

President: Chang Ying-Hua Signature

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:

<u>Occurrence of Sales Revenue from Specific Products</u>

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

<u>Notice to Readers</u>

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)	-

(Continued)

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 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)

EZCONN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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	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	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	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

			Proportion of Ownership	
			December 31	
Investor	**Investee**	**Nature of Activities**	**2023**	**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	**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	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	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	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	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	**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	**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	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.

TABLE 2

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	-

TABLE 3

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.

TABLE 5

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 (CZK10,000)	13,720 (CZK10,000)	-	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.

TABLE 7

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.

TABLE 9

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.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
EZconn Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 Company's financial statements for the year ended December 31, 2023 are described as follows:

<u>Occurrence of Sales Revenue from Specific Products</u>

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 the 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 21 to the 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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 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 financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

EZCONN CORPORATION

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)	$ 721,490	21	$ 721,481	21
Financial assets at amortized cost - current (Notes 4 and 8)	74,415	2	13,228	-
Notes receivable (Notes 4 and 9)	1,155	-	3,175	-
Trade receivables (Notes 4 and 9)	403,200	12	553,692	16
Other receivables from unrelated parties (Notes 4 and 9)	14,449	1	16,907	1
Other receivables from related parties (Notes 4 and 27)	-	-	1,500	-
Inventories (Notes 4, 5 and 10)	466,480	14	563,609	17
Prepayments	41,545	1	12,204	-
Other current assets	1,335	-	621	-
Total current assets	1,724,069	51	1,886,417	55
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 28)	2,309	-	2,284	-
Investments accounted for using the equity method (Notes 4 and 11)	786,916	23	924,411	27
Property, plant and equipment (Notes 4, 12, 27 and 28)	382,051	11	399,797	12
Right-of-use assets (Notes 4 and 13)	11,620	1	70,628	2
Intangible assets (Notes 4 and 14)	2,524	-	2,836	-
Deferred tax assets (Notes 4 and 23)	109,328	3	100,561	3
Prepayments for equipment	706	-	878	-
Refundable deposits	2,968	-	3,040	-
Prepayments for building and land (Note 12)	280,000	8	-	-
Total non-current assets	1,667,808	49	1,534,512	45
TOTAL	$ 3,391,877	100	$ 3,420,929	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 330,000	10	$ 330,000	10
Notes payable (Note 16)	6	-	26,488	1
Trade payables to unrelated parties (Note 16)	107,713	3	166,219	5
Trade payables to related parties (Notes 16 and 27)	226,628	7	171,609	5
Other payables (Notes 17 and 27)	316,066	9	241,713	7
Current tax liabilities (Notes 4 and 23)	36,310	1	50,969	2
Provisions - current (Notes 4 and 18)	-	-	8,055	-
Lease liabilities - current (Notes 4 and 13)	6,868	-	12,918	-
Current portion of long-term borrowings (Notes 15 and 28)	12,000	-	12,000	-
Other current liabilities (Notes 4, 17 and 21)	52,917	2	55,938	2
Total current liabilities	1,088,508	32	1,075,909	32
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 28)	206,000	6	218,000	6
Deferred tax liabilities (Notes 4 and 23)	7,906	1	31,044	1
Lease liabilities - non-current (Notes 4 and 13)	5,192	-	59,253	2
Net defined benefit liabilities (Notes 4 and 19)	33,545	1	44,472	1
Total non-current liabilities	252,643	8	352,769	10
Total liabilities	1,341,151	40	1,428,678	42
EQUITY (Notes 4 and 20)				
Ordinary shares	663,000	19	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	60	1,992,251	58
TOTAL	$ 3,391,877	100	$ 3,420,929	100

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

EZCONN CORPORATION

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, 21 and 27)	$ 2,399,389	100	$ 2,610,978	100
COST OF REVENUE (Notes 10, 19, 22 and 27)	1,644,065	68	1,883,350	72
GROSS PROFIT	755,324	32	727,628	28
OPERATING EXPENSES (Notes 9, 19, 22 and 27)				
Selling and marketing expenses	337,196	14	278,611	11
General and administrative expenses	164,406	7	167,829	6
Research and development expenses	73,010	3	77,318	3
Expected credit gain	(5,087)	-	(2,886)	-
Total operating expenses	569,525	24	520,872	20
PROFIT FROM OPERATIONS	185,799	8	206,756	8
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11 and 22)				
Interest income	19,743	1	5,432	-
Other income	1,187	-	428	-
Other gains and losses	5,343	-	117,012	4
Share of profit of associates accounted for using the equity method	8,856	-	83,344	3
Finance costs	(12,594)	-	(9,394)	-
Total non-operating income and expenses	22,535	1	196,822	7
PROFIT BEFORE INCOME TAX	208,334	9	403,578	15
INCOME TAX EXPENSE (Notes 4 and 23)	40,292	2	81,913	3
NET PROFIT FOR THE YEAR	168,042	7	321,665	12
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 7, 19 and 23)				
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	2	(4,307)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(9,168)	(1)	84	-
	37,722	1	(1,151)	-

(Continued)

EZCONN CORPORATION

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	1
Income tax related to items that may be reclassified subsequently to profit or loss	2,017	-	(3,763)	-
	(8,069)	-	15,052	1
Other comprehensive income (loss) for the year, net of income tax	29,653	1	13,901	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 197,695	8	$ 335,566	13
EARNINGS PER SHARE (Note 24)				
Basic	$ 2.53		$ 4.85	
Diluted	$ 2.52		$ 4.80	

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

EZCONN CORPORATION

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

	Share Capital (Note 20)			Retained Earnings (Note 20)				Other Equity (Notes 4 and 20)				
	Share (In Thousands)	Amount	Capital Surplus (Note 20)	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 20)	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)
Change in percentage of ownership interest in associates	-	-	-	-	-	-	-	-	-	-	-	-
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 financial statements.

EZCONN CORPORATION

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	$ 208,334	$ 403,578
Adjustments for:		
Depreciation expense	47,373	48,344
Amortization expense	1,607	1,042
Expected credit loss reversed on trade receivables	(5,087)	(2,886)
Finance costs	12,594	9,394
Interest income	(19,743)	(5,432)
Share of profit of subsidiaries accounted for using the equity method	(8,856)	(83,344)
Loss (gain) on disposal of property, plant and equipment	732	(5)
Gain on lease modification	(1,433)	-
Write-down of inventories	39,491	15,105
Unrealized loss on foreign currency exchange	3,353	-
Reversal of provisions	(8,055)	-
Changes in operating assets and liabilities		
Notes receivable	2,020	(390)
Trade receivables	155,579	8,808
Other receivables from unrelated parties	4,154	(1,130)
Other receivables from related parties	1,500	(1,500)
Inventories	57,638	(177,196)
Prepayments	(29,341)	22,689
Other current assets	(714)	821
Notes payable	(26,482)	25,399
Trade payables to unrelated parties	(58,506)	(79,628)
Trade payables to related parties	55,019	55,295
Other payables	74,201	70,747
Other current liabilities	(3,021)	(14,061)
Net defined benefit liabilities	(5,346)	(5,316)
Cash generated from operations	497,011	290,334
Interest received	18,047	4,557
Dividend received	151,405	-
Interest paid	(12,395)	(9,420)
Income tax paid	(109,147)	(49,881)
Net cash generated from operating activities	544,921	235,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(18,000)	(10,000)
Purchase of financial assets at amortized cost	(262,220)	(15,412)
Proceeds from sales of financial assets at amortized cost	197,655	15,190
Acquisition of associate accounted for using the equity method	-	(30,000)
Payments for property, plant and equipment	(16,301)	(36,914)

(Continued)

EZCONN CORPORATION

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

	2023	2022
Proceeds from disposal of property, plant and equipment	$ 28	$ 139
Decrease (increase) in refundable deposits	72	(214)
Payments for intangible assets	(1,295)	(2,706)
Increase in prepayment for building and land	(280,000)	-
Net cash used in investing activities	(380,061)	(79,917)
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	(13,631)	(13,303)
Cash dividends paid	(139,230)	(79,560)
Exercising the right of imputation	10	-
Net cash used in financing activities	(164,851)	(32,863)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9	122,810
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	721,481	598,671
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 721,490	$ 721,481

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

EZCONN CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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 financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

These 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 a material impact on the Company'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 financial statements were authorized for issue, the Company has assessed that the application of the above standards and interpretations will not have a material impact on the Company'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 financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company'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 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 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 (as prices) or indirectly (derived from prices); and

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

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, and the related equity items, as appropriate, in these financial statements.

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 Company 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. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., 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 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.

e. 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.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

1) Investments in subsidiaries

Subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further losses.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company’s financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company’s financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Company.

2) Investments in associates

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

The Company 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 Company’s share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company’s share of the equity of associates.

Any excess of the cost of acquisition over the Company'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 Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company 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 Company's proportionate interest in the associate. The Company 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 Company'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 Company'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 Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The Company 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 Company 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 the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

g. 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 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.

h. Intangible assets

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 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.

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.

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

At the end of each reporting period, the Company 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 Company 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.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Company 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 Company 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 Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

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 Company 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 Company 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 Company 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.

k. 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 Company of the expenditure required to settle the Company's obligation.

l. Revenue recognition

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

<u>Revenue from the sale of goods</u>

Revenue from the sale of goods comes from sales of optical fiber components 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 and revenue are recognized concurrently.

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

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

m. Leases

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

The Company as lessee

The Company 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 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 Company 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 Company 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 balance sheets.

n. 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.

o. 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 services.

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 liabilities (assets) represents the actual deficit (surplus) in the Company'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.

p. 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 Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets 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 Company 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 Company'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	**2022**
Cash on hand	$ 499	$ 818
Checking accounts and demand deposits	589,501	389,389
Cash equivalents		
Time deposits with original maturities of three months or less	131,490	331,274
	$ 721,490	$ 721,481

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

	December 31	
	2023	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%	1.95%-4.80%

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

	December 31	
	2023	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 Company's strategy of holding these investments for long-term purposes.

In September 2023, the Company 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 Company 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)	$ 74,415	$ 13,228
Non-current		
Pledged deposits (b)	$ 2,309	$ 2,284

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

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

c. Refer to Note 28 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	$ 1,238	$ 3,258
Less: Allowance for impairment loss	(83)	(83)
	$ 1,155	$ 3,175
Note receivable - operating	$ 1,155	$ 3,175
Trade receivables (a)		
At amortized cost		
Gross carrying amount	$ 500,136	$ 655,671
Less: Allowance for impairment loss	(96,936)	(101,979)
	$ 403,200	$ 553,692
Other receivables (b)		
Tax refund business receivable	$ 9,709	$ 14,299
Interest receivable	2,750	1,054
Receivables from sales of scrap and by-products	946	1,514
Others	1,044	40
	$ 14,449	$ 16,907

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 Company 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 Company 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 Company's credit risk was significantly reduced.

The Company 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 Company 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 Company 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 Company's provision matrix:

December 31, 2023

	China	Asia	America	Europe	Others	Total
Gross carrying amount	$ 2,511	$223,186	$158,891	$ 19,076	$ 96,472	$500,136
Loss allowance (Lifetime ECLs)	(2)	(335)	(79)	(48)	(96,472)	(96,936)
Amortized cost	$ 2,509	$222,851	$158,812	$ 19,028	$ -	$403,200

December 31, 2022

	China	Asia	America	Europe	Others	Total
Gross carrying amount	$ 21,975	$363,382	$136,156	$ 32,896	$101,262	$655,671
Loss allowance (Lifetime ECLs)	(22)	(545)	(68)	(82)	(101,262)	(101,979)
Amortized cost	$ 21,953	$362,837	$136,088	$ 32,814	$ -	$553,692

The aging of receivables was as follows:

	December 31	
	2023	2022
Up to 30 days	$ 139,299	$ 174,552
31-60 days	111,748	147,213
61-90 days	59,909	78,600
91-120 days	69,127	76,988
Over 120 days	120,053	178,318
	$ 500,136	$ 655,671

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	$ 101,979	$ 94,610
Impairment loss reversed on receivables	(5,087)	(2,886)
Foreign exchange gains and losses	44	10,255
Balance at December 31	$ 96,936	$ 101,979

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 Company had assessed the impairment loss of other receivables based on expected credit losses.

10. INVENTORIES

	December 31	
	2023	**2022**
Finished goods	$ 210,584	$ 200,468
Work in progress	117,260	123,209
Raw materials	138,636	239,932
	$ 466,480	$ 563,609

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were $1,644,065 thousand and $1,883,350 thousand, respectively, including write-downs of inventory of $39,491 thousand and $15,105 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	**2022**
Investments in subsidiaries	$ 747,016	$ 867,998
Investments in associates	39,900	56,413
	$ 786,916	$ 924,411

a. Investments in subsidiaries

	December 31	
	2023	**2022**
Unlisted company		
EC-Link Technology Ltd. (EC-Link)	$ 677,754	$ 782,345
EZconn Europe GmbH	69,262	85,653
	$ 747,016	$ 867,998

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2023**	**2022**
EC-Link	100%	100%
EZconn Europe GmbH	100%	100%

The share of profit or loss of subsidiaries for the years ended December 31, 2023 and 2022 were based on the subsidiaries' financial statements audited by auditors for the same years.

The principal activities of EC-Link and its subsidiary, Light Master Technology Inc., are both investment; the principal activities of EZconn Europe GmbH and its subsidiaries, EZconn Czech a.s. and EZconn Technologies CZ s.r.o., are manufacturing and selling of precision metal components and optical fiber components of various electronic products, manufacturing of various optical fiber components, and manufacturing and research of optical communication components.

b. Investments in associates

	December 31	
	2023	**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

	January 1, 2023 to December 31, 2023	**May 11, 2022 (Date of Acquisition) to December 31, 2022**
The Company's share of:		
Loss for the current period/total comprehensive loss	$ (16,513)	$ 3,318

In May 2022, the Company participated in the capital injection of AuthenX Inc. with an amount of $30,000 thousand, which increased the Company'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.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Mold Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost								
Balance at January 1, 2022	$ 126,000	$ 149,026	$ 388,412	$ 38,866	$ 460	$ 20,575	$ 89,665	$ 813,004
Additions	-	-	12,279	1,780	-	1,714	2,528	18,301
Disposals	-	-	(7,577)	(772)	-	-	(466)	(8,815)
Internal transfer	-	-	14,653	87	-	2,520	4,564	21,824
Balance at December 31, 2022	126,000	149,026	407,767	39,961	460	24,809	96,291	844,314
Additions	-	-	8,350	516	-	-	1,721	10,587
Disposals	-	-	(3,840)	(4,326)	-	(91)	-	(8,257)
Internal transfer	-	-	5,585	-	-	-	254	5,839
Balance at December 31, 2023	$ 126,000	$ 149,026	$ 417,862	$ 36,151	$ 460	$ 24,718	$ 98,266	$ 852,483
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ -	$ 10,706	$ 301,842	$ 35,379	$ 453	$ 18,495	$ 51,898	$ 418,773
Depreciation expenses	-	3,577	18,836	2,032	7	1,513	8,460	34,425
Disposals	-	-	(7,577)	(638)	-	-	(466)	(8,681)
Balance at December 31, 2022	-	14,283	313,101	36,773	460	20,008	59,892	444,517
Depreciation expenses	-	3,577	19,290	1,653	-	1,691	7,201	33,412
Disposals	-	-	(3,080)	(4,326)	-	(91)	-	(7,497)
Balance at December 31, 2023	$ -	$ 17,860	$ 329,311	$ 34,100	$ 460	$ 21,608	$ 67,093	$ 470,432
Carrying amount at December 31, 2022	$ 126,000	$ 134,743	$ 94,666	$ 3,188	$ -	$ 4,801	$ 36,399	$ 399,797
Carrying amount at December 31, 2023	$ 126,000	$ 131,166	$ 88,551	$ 2,051	$ -	$ 3,110	$ 31,173	$ 382,051

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 was completed and the remaining $280,000 thousand was paid in January 2024.

Except for depreciation recognized, 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 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 and 10 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 28.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 9,993	$ 70,132
Transportation equipment	1,627	496
	$ 11,620	$ 70,628

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 3,315	$ 6,337
Depreciation charge for right-of-use assets		
Buildings	$ 13,338	$ 13,231
Transportation equipment	623	688
	$ 13,961	$ 13,919

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 6,868	$ 12,918
Non-current	$ 5,192	$ 59,253

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.45%-2.30%	1.45%-2.17%
Transportation equipment	1.45%-2.46%	1.45%-2.11%

c. Material leasing activities and terms

As lessee, the Company leases buildings for plants and offices and transportation equipment with lease terms of 2 to 10 years. The Company does not have bargain purchase options to acquire the leasehold buildings and transportation equipment at the end of the lease terms. In addition, the Company 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	$ 637	$ 464
Total cash outflow for leases	$ (15,317)	$ (14,961)

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

14. INTANGIBLE ASSETS

	Computer Software		
	Cost	Accumulated Amortization	Total
Balance at January 1, 2022	$ 3,199	$ 2,027	$ 1,172
Additions/amortization expense	2,706	1,042	
Disposals	(462)	(462)	
Balance at December 31, 2022	5,443	2,607	$ 2,836
Additions/amortization expense	1,295	1,607	
Disposals	(3,268)	(3,268)	
Balance at December 31, 2023	$ 3,470	$ 946	$ 2,524

The Company's intangible assets, which comprise computer software, are amortized on the straight-line basis over their estimated useful lives of 1 to 5 years.

	For the Year Ended December 31	
	2023	2022
An analysis of amortization by function		
Operating costs	$ 20	$ 35
Selling and marketing expenses	34	5
General and administrative expenses	937	404
Research and development expenses	616	598
	$ 1,607	$ 1,042

15. 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 Company 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 Company provided property, and plant as collateral for this loan (refer to Notes 12 and 28 for the details).

For some of the loan agreements, the Company’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 Company is required to propose improvement measures to the bank when failing to comply with the restrictions. As of December 31, 2023, the Company was not in violation of any of the aforementioned financial restrictions.

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
Notes payable		
Operating	$ -	$ 8
Non-operating	6	26,480
	$ 6	$ 26,488
Trade payables (including related parties)		
Operating	$ 334,341	$ 337,828

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

17. OTHER LIABILITIES

	December 31	
	2023	2022
Other payables		
Payables for commissions	$ 142,696	$ 53,687
Payables for salaries or bonuses	100,345	106,076
Payables for employees' compensation and remuneration of directors	23,500	39,000
Payables for professional expenses	6,880	3,563
Payables for employees' insurance	6,386	4,816
Payables for equipment	3,856	3,903
Others	32,403	30,668
	$ 316,066	$ 241,713
Other current liabilities		
Refund liabilities	$ 48,809	$ 48,929
Contract liabilities (Note 21)	963	4,243
Others	3,145	2,766
	$ 52,917	$ 55,938

18. PROVISIONS

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

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

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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 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 Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company'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 occur 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

20. 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, refer to employees' compensation and remuneration of directors in Note 22-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 net 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. 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 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.

21. REVENUE

a. Contract information

	For the Year Ended December 31	
	2023	2022
Optical fiber component	$ 1,809,409	$ 1,749,464
Radio frequency connector	589,980	861,514
	$ 2,399,389	$ 2,610,978

Refer to Note 4 for information about contract.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities (classified under other current liabilities)	$ 963	$ 4,243	$ 20,150

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

22. NET INCOME FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 18,728	$ 5,416
Repurchase bonds	985	-
Others	30	16
	$ 19,743	$ 5,432

b. Other income

	For the Year Ended December 31	
	2023	2022
Others	$ 1,187	$ 428

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
(Loss)/gain on disposal of property, plant and equipment	$ (732)	$ 5
Net foreign exchange gains	4,642	117,009
Gain on lease modification	1,433	-
Others	-	(2)
	$ 5,343	$ 117,012

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank borrowings	$ 11,545	$ 8,200
Interest on lease liabilities	1,049	1,194
	$ 12,594	$ 9,394

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 33,412	$ 34,425
Right of use assets	13,961	13,919
Intangible assets	1,607	1,042
	$ 48,980	$ 49,386
An analysis of depreciation by function		
Operating costs	$ 32,064	$ 30,335
Operating expenses	15,309	18,009
	$ 47,373	$ 48,344
An analysis of amortization by function		
Operating costs	$ 20	$ 35
Operating expenses	1,587	1,007
	$ 1,607	$ 1,042

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 19)		
Defined contribution plans	$ 11,703	$ 11,771
Defined benefit plans	654	369
	12,357	12,140
Insurance expense	31,760	29,196
Remuneration of directors	7,936	10,624
Other employee benefits	328,361	353,530
Total employee benefits expense	$ 380,414	$ 405,489
An analysis of employee benefits expense by function		
Operating costs	$ 200,194	$ 215,050
Operating expenses	180,220	190,439
	$ 380,414	$ 405,489

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 years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 14, 2024 and March 14, 2023, respectively, 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 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 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	$ 106,246	$ 213,811
Foreign exchange losses	(101,604)	(96,802)
	$ 4,642	$ 117,009

23. 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	
	2023	2022
Current tax		
In respect of the current year	$ 69,097	$ 75,161
Income tax on unappropriated earnings	6,571	236
Adjustments for prior years	3,680	298
	79,348	75,695
Deferred tax		
In respect of the current year	(8,775)	6,218
Deferred tax impact on repatriation on subsidiaries' earnings	(30,281)	-
	(39,056)	6,218
Income tax expense recognized in profit or loss	$ 40,292	$ 81,913

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 208,334	$ 403,578
Income tax expense calculated at the statutory rate	$ 41,667	$ 80,716
Nondeductible expenses in determining taxable income	3,302	663
Repatriation of earnings of subsidiaries	(14,694)	-
Income tax on unappropriated earnings	6,571	236
Adjustments for prior years' tax	3,680	298
Others	(234)	-
Income tax expense recognized in profit or loss	$ 40,292	$ 81,913

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 2,017	$ (3,763)
Fair value changes of financial assets at FVTOCI	(8,052)	698
Remeasurement on 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	2022
Current tax liabilities		
Income tax payable	$ 36,310	$ 50,969

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 Comprehensive Income	Closing Balance
Temporary differences				
Allowance for impairment loss	$ 20,593	$ (702)	$ -	$ 19,891
Write-down of inventories	24,092	7,898	-	31,990
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
Exchange differences on foreign operation	8,445	-	2,017	10,462
FVTOCI financial assets	4,428	-	(4,428)	-
Unrealized exchange loss	-	3,571	-	3,571
Others	17,516	4,301	-	21,817
	$ 100,561	$ 12,294	$ (3,527)	$ 109,328

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	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 Comprehensive Income	Closing Balance
Temporary differences				
Allowance for impairment loss	$ 21,174	$ (581)	$ -	$ 20,593
Write-down of inventories	21,071	3,021	-	24,092
Defined benefit obligations	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	7,456	10,060	-	17,516
	$ 92,355	$ 11,885	$ (3,679)	$ 100,561

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	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.

24. 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**
Earnings used in the computation of basic earnings per share	$ 168,042	$ 321,665

Number of Shares (In Thousands)

	For the Year Ended December 31	
	2023	**2022**
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.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure the Company 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 Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

Key management personnel of the Company 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 Company may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

26. 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 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 year.

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 market approach by the method of comparable companies. 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)	$ 1,210,277	$ 1,301,008
Financial assets at FVTOCI - equity instruments	89,386	30,077
Financial liabilities		
Financial liabilities at amortized cost (2)	1,074,568	1,020,953

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

1) Market risk

The Company'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 Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Company'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 years ended December 31, 2023 and 2022 would have increased/decreased by $43,817 thousand and $47,260 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 Company was exposed to fair value and cash flow interest rate risk because the Company held both fixed-rate financial assets and financial liabilities. The Company'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 Company'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	$ 208,214	$ 346,786
Financial liabilities	560,060	632,171
Cash flow interest rate risk		
Financial assets	589,235	386,410

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

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes, the Company does not actively trade these investments. In addition, the Company 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 Company, 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 Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation with financial guarantees provided by the Company, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

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

3) Liquidity risk

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

a) Liquidity for non-derivative financial liabilities

The following tables detail the Company'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 Company 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	$ 526,568	$ -	$ -
Lease liabilities	7,022	5,265	-
Fixed interest rate liabilities	342,000	206,000	-
	$ 875,590	$ 211,265	$ -

December 31, 2022

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 460,953	$ -	$ -
Lease liabilities	13,919	62,052	-
Fixed interest rate liabilities	342,000	218,000	-
	$ 816,872	$ 280,052	$ -

b) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of the balance sheet date, the unused amounts of bank loan facilities were as follows:

	December 31	
	2023	2022
Bank loan facilities		
Amounts unused	$ 920,705	$ 920,710

27. TRANSACTIONS WITH RELATED PARTIES

Besides the information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Light Master Technology (Ningbo) Inc.	Sub-subsidiary
EZconn Czech a.s.	Sub-subsidiary
AuthenX Inc.	Associate (since May 11, 2022)

b. Sales revenue

Related Party Category/Name	For the Year Ended December 31 2023	2022
Sub-subsidiaries	$ 753	$ 750

c. Purchases

Related Party Category/Name	For the Year Ended December 31 2023	2022
Sub-subsidiaries		
Light Master Technology (Ningbo) Inc.	$ 625,483	$ 637,406
Associates	3,960	279
	$ 629,443	$ 637,685

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

d. Payables

Related Party Category/Name	December 31 2023	2022
Sub-subsidiaries		
Light Master Technology (Ningbo) Inc.	$ 226,628	$ 171,609

e. Payables on equipment (in other accounts payable)

Related Party Category	December 31 2023	2022
Sub-subsidiaries	$ 897	$ 1,910

f. Other receivables with related parties

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

g. Prepayments

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

h. Others

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

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	**2022**
Short-term employee benefits	$ 56,565	$ 66,407
Post-employment benefits	989	890
	$ 57,554	$ 67,297

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

28. 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 12):

	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

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's 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
RMB	5,914	4.3352 (RMB:NTD)	25,639
Non-monetary items			
USD	25,003	30.7050 (USD:NTD)	747,016
Financial liabilities			
Monetary items			
USD	8,936	30.7050 (USD:NTD)	274,385

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
RMB	6,028	4.4094 (RMB:NTD)	26,580
Non-monetary items			
USD	28,803	30.7100 (USD:NTD)	884,075
Financial liabilities			
Monetary items			
USD	7,505	30.7100 (USD:NTD)	230,501

The Company's gains and losses of foreign currency translation for the years ended December 31, 2023 and 2022 were net gains of $4,642 thousand and $117,009 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 Company had a significant impact.

30. 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)

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 7)

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 8)

TABLE 1

EZCONN CORPORATION

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.	-	Investments in equity instruments at FVTOCI - non-current	1	$ -	-	$ -	2
	Lightel Technologies Inc.	-	As above	1,250	56,334	5.88	56,334	-
	OpXion Tech. Incorporation	-	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

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
EZconn Corporation	Land and building	2023/12/14	$ 560,000	As of December 31, 2023, the Company had paid $280,000 thousands and paid the remaining $280,000 thousands in January 2024.	Elitegroup Computer Systems Co., Ltd.	Non-related party	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	-

TABLE 3

EZCONN CORPORATION

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)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% 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 thousands)	68	

<u>**TABLE 4**</u>

EZCONN CORPORATION

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 (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.

EZCONN CORPORATION

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 Profit (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)	$ 43,128	
	EZconn Europe GmbH	Germany	Manufactures and sells of 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)	
	AuthenX Inc.	Taiwan	Manufacturing of electronic products	61,015	61,015	7,625	29.52	39,900	(40,489)	(16,513)	
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 (EUR1,910)	64,902 (EUR1,910)	-	100.00	72,659 (EUR2,138)	(15,067) (EUR -447)		
EZconn Czech a.s.	EZconn technologies CZ s.r.o.	Czech	Manufacturing and research of optical communication components	13,720 (CZK10,000)	13,720 (CZK10,000)	-	100.00	8,517 (CZK6,208)	(2,117) (CZK-1,507)		

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

EZCONN CORPORATION

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, 6and 7)	Carrying Amount as of December 31, 2023 (Foreign Currencies in Thousands) (Notes 3 and 6)	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 31, 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.

EZCONN CORPORATION

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	

TABLE 8

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 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.

EZCONN CORPORATION

THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING ITEMS

SCHEDULE 1

EZCONN CORPORATION

SCHEDULE OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Petty cash		$ 135
Foreign currency cash in hand		
	US$3,016.28, US$1=NT$30.7050	92
	JPY284,089.00, JPY1=NT$0.2172	63
	EUR4,229.60, EUR1=NT$33.9800	142
	RMB12,752.00, RMB1=NT$4.3352	57
	GBP82.26, GBP1=NT$39.1500	5
	HK$1,328.00, HK$1=NT$3.9290	5
		364
Cash in banks		
Deposit account - NTD		90,275
Foreign currency deposits	US$15,588,937.40, US$1=NT$30.7050	478,659
	JPY74,894,221.00, JPY1=NT$0.2172	16,267
	RMB901,289.33, RMB1=NT$4.3352	3,907
	HK$27,025.51, HK$1=NT$3.9290	106
	EUR620.32, EUR1=NT$33.9800	21
		589,235
Checking accounts - NTD		266
Time deposits		
	US$4,000,000, US$1=NT$30.7050	122,820
	RMB2,000,000, RMB1=NT$4.3352	8,670
		131,490
		$ 721,490

EZCONN CORPORATION

SCHEDULE OF NOTES RECEIVABLE AND TRADE RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Notes receivable	
Company A	$ 724
Company B	514
	1,238
Less: Allowance for impairment loss	(83)
	1,155
Trade receivables from unrelated parties	
Client A	179,636
Client B	94,853
Client C	25,057
Client D	22,131
Others (Note)	178,459
Less: Allowance for impairment loss	(96,936)
	403,200
	$ 404,355

Note: The amount of individual clients included in others does not exceed 5% of the account balance.

SCHEDULE 3

EZCONN CORPORATION

SCHEDULE OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value (Note 2)
Raw materials	$ 226,975	$ 193,670
Work in progress	144,974	116,425
Finished goods	254,483	408,442
	626,432	$ 718,537
Less: Allowance for impairment loss (Notes 1 and 2)	(159,952)	
	$ 466,480	

Note 1: The impairment loss on inventory resulted from obsolete and slow moving items; impairment loss is the excess of cost over net realizable value.

Note 2: Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

EZCONN CORPORATION

SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Balance at January 1, 2023		Additions		Deductions		Balance at December 31, 2023			Market Value or Net Assets Value			
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	%	Amount	Unit Price	Amount	Collateral	Note
EC-Link Technology Inc.	-	$ 798,456	-	$ 43,128	-	$ (136,264)	-	100.00	$ 705,320	-	$ 677,754	N	1 and 2
EZconn Europe GmbH	-	73,534	-	-	-	(17,759)	-	100.00	55,775	-	69,262	N	1 and 3
AuthenX Inc.	7,625	56,413	-	-	-	(16,513)	7,625	29.52	39,900	-	39,900	N	1 and 4
		928,403		43,128		(170,536)			800,995				
Foreign exchange translation adjustment		(3,992)		-		(10,087)			(14,079)				
		$ 924,411		$ 43,128		$ (180,623)			$ 786,916				

Note 1: The basis for investment income (loss) recognition is the financial statements audited and attested by independent auditors.

Note 2: The amount of increase is from share of profit of subsidiaries which amount to $43,128 thousand while the amount of decrease is from the distribution of cash dividends of subsidiaries which amount to $136,264 thousand.

Note 3: The amount of decrease is from share of loss of subsidiaries which amount to $17,759 thousand.

Note 4: The amount of decrease is from share of loss of subsidiaries which amount to $16,513 thousand.

EZCONN CORPORATION

SCHEDULE OF SHORT-TERM LOANS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Type	Contract Period	Range of Interest Rates (%)	Balance, End of Year	Loan Commitments	Collateral
Short-term borrowings					
Taishin International Bank	2023/11/10-2024/1/10	1.930	$ 100,000	Note 1	Nil
Taishin International Bank	2023/11/30-2024/1/10	1.930	50,000	Note 1	Nil
Bank SinoPac	2023/11/17-2024/1/17	1.910	80,000	Note 2	Nil
CTBC Bank	2023/11/17-2024/2/17	1.800	50,000	Note 3	Nil
CTBC Bank	2023/11/27-2024/2/27	1.800	50,000	Note 3	Nil
			$ 330,000		

Note 1: The loan commitments of Taishin International Bank was $350,000 thousand.

Note 2: The loan commitments of Bank SinoPac was $100,000 thousand.

Note 3: The loan commitments of Cathay United Bank was $150,000 thousand.

Note 4: The unused amount of bank loan facilities was $920,705 thousand as of December 31, 2023.

SCHEDULE 6

EZCONN CORPORATION

SCHEDULE OF NOTES PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Notes payable to unrelated parties	
Company A	$ 5
Company B	1
	$ 6

SCHEDULE 7

EZCONN CORPORATION

SCHEDULE OF TRADE PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Trade payable to unrelated parties	
Vendor A	$ 19,946
Vendor B	8,088
Vendor C	6,600
Vendor D	6,463
Others (Note)	66,616
	107,713
Trade payable to unrelated parties	
Light Master Technology (Ningbo) Inc.	226,628
	$ 334,341

Note: The amount of individual vendors included in others does not exceed 5% of the account balance.

EZCONN CORPORATION

SCHEDULE OF LONG-TERM BANK BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Bank Name	Amount, Contract Period and Repayment Method	Interest Rates (%)	Balance, December 31, 2023			Collateral	Note
			Current	Over 1 Year	Total		
Taishin International Bank	The contract period refers to seven years after the first loan approval on November 6, 2020. The interest is paid monthly. The loan is repayable in the next two years by NT$6,000 thousand semi-annually and the rest of the principal will be paid in a lump sum.	2.35-2.40	$ 12,000	$ 206,000	$ 218,000	Land and buildings	-

EZCONN CORPORATION

SCHEDULE OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Unit	Amount
Revenue		
Optical fiber component	2,087,744	$ 1,812,458
Radio frequency connector	53,896,845	590,992
		2,403,450
Less: Customer returns	120	(236)
Customer rebates	-	(3,825)
Net revenue		$ 2,399,389

SCHEDULE 10

EZCONN CORPORATION

SCHEDULE OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Balance, beginning of year	$ 312,043
Add: Raw materials purchased	756,531
Others	8,855
Less: Raw materials sold	(143,650)
Balance, end of year	(226,975)
Raw materials used in current year	706,804
Direct labor	102,862
Production overheads (see Schedule 11)	295,890
Manufacturing cost	1,105,556
Add: Work in process, beginning of year	147,036
Work in process purchased	555
Others	174
Less: Semi-finished goods sold	(618)
Work in process, end of year	(144,974)
Cost of finished goods	1,107,729
Add: Finished goods, beginning of year	224,991
Finished goods purchased	398,752
Less: Others	(5,406)
Finished goods, end of year	(254,483)
Costs of finished goods sold	1,471,583
Costs of raw materials sold	143,650
Costs of semi-finished goods sold	618
Reversal of write-down of inventories	39,491
Others	(11,277)
Cost of goods sold	$ 1,644,065

SCHEDULE 11

EZCONN CORPORATION

SCHEDULE OF PRODUCTION OVERHEADS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Conversion expenses	$ 135,719
Payroll expense	86,630
Depreciation expenses	32,064
Others (Note)	41,477
	$ 295,890

Note: The amount of individual items included in others does not exceed 5% of the account balance.

SCHEDULE 12

EZCONN CORPORATION

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Commission expense	$ 255,635	$ -	$ -	$ 255,635
Payroll expense	19,149	111,235	36,940	167,324
Import and export fees	41,929	8	17	41,954
Others (Note)	20,483	48,076	36,053	104,612
	$ 337,196	$ 159,319	$ 73,010	$ 569,525

Note: The amount of individual items included in others does not exceed 5% of the account balance.

EZCONN CORPORATION

SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2023			2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost (Note 1)						
Salary and bonus	$ 170,273	$ 153,143	$ 323,416	$ 184,692	$ 162,972	$ 347,664
Labor and health insurance	19,980	11,354	31,334	20,063	8,907	28,970
Pension	7,340	5,017	12,357	7,226	4,914	12,140
Remuneration of directors	-	7,936	7,936	-	10,624	10,624
Other employees' benefit	2,601	2,770	5,371	3,069	3,022	6,091
	$ 200,194	$ 180,220	$ 380,414	$ 215,050	$ 190,439	$ 405,489
Depreciation	$ 32,064	$ 15,309	$ 47,373	$ 30,335	$ 18,009	$ 48,344
Amortization	$ 20	$ 1,587	$ 1,607	$ 35	$ 1,007	$ 1,042

Note 1: As of December 31, 2023 and 2022, the Company had 430 and 432 employees, respectively, and the number of directors who did not serve concurrently as employees was 5 for both years.

Note 2: The average amount of employee benefits expense of the Company in 2023 was $876 thousand. [(The total amount of employee benefits expense in the current year - Remuneration of directors in the current year)/(The number of employees in the current year - The number of directors who did not serve concurrently as employees in the current year)] The average amount of employee benefits expense of the Company in 2022 was $925 thousand. [(The total amount of employee benefits expense in the previous year - Remuneration of directors in the previous year)/(The number of employees in the previous year - The number of directors who did not serve concurrently as employees in the previous year)].

Note 3: The average amount of salary expense of the Company in 2023 was $761 thousand. [(The total amount of salary expense in the current year/(The number of employees in current year - The number of directors who did not serve concurrently as employees in the current year)] The average amount of salary expense of the Company in 2022 was $814 thousand, respectively. (The total amount of salary expense in the previous year/(The number of employees in the previous year - The number of directors who did not serve concurrently as employees in the previous year)).

Note 4: The average salary expense adjustment of the Company decreased 7% in 2023 year-on-year. [(The average amount of salary expense in the current year - The average amount of salary expense in the previous year)/the average amount of salary expense in the previous year].

Note 5: The remuneration of supervisors both was $0 thousand for 2023 and 2022, respectively

Note 6: The Company's compensation policies: The compensation program includes a monthly salary, business performance bonus and a profit sharing bonus based on annual profits. The Company determines the amount of the business performance and profit sharing bonuses based on its operating results with reference to the local industry payout level. The amount and method of distribution of the business performance and profit sharing bonuses are recommended by the compensation committee to the board of directors for approval; the amount given to each employee is based on the individual's job responsibilities, performance and contribution to the Company.

EZconn Corporation

Responsible person: Chen, Steve