

Eastech Holding Limited and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended**

**September 30, 2023 and 2022 and
Independent Auditors' Review Report**

Notice to Readers

For the convenience of readers, 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 consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Eastech Holding Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Eastech Holding Limited (“Eastech”) and its subsidiaries (collectively, the “Group”) as of September 30, 2023 and the related consolidated statements of comprehensive income for the three months ended and nine months ended September 30, 2023, as well as the consolidated statements of changes in equity and cash flows for the nine months then ended September 30, 2023, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Accounting Standards 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement on Review Engagements of the Republic of China No. 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of September 30, 2023, and its consolidated financial performance for the three months ended September 30, 2023, and its consolidated financial performance and cash flows for the nine months then ended September 30 2023 in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Other matter

The consolidated financial statements of the Group as of and for the nine-month period ended September 30, 2022, were reviewed by other auditors who expressed an unmodified conclusion on those statements on November 14, 2022.

The engagement partners on the reviews resulting in this independent auditors’ review report are Jung-Chin Liu and Tzu-Ping Huang.

Ernst & Young
Taipei, Taiwan
Republic of China

November 10, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the

Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS		September 30, 2023		December 31, 2022		LIABILITIES AND EQUITY		September 30, 2023		December 31, 2022	
Accounts	Notes	Amount	%	Amount	%	Accounts	Notes	Amount	%	Amount	%
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	6.(1)	\$1,916,749	28.57	\$1,290,720	22.49	Short-term bank borrowings	6.(9)	\$-	-	\$5,019	0.09
Financial assets at fair value through profit or loss	6.(2)	-	-	104	-	Notes and accounts payable	6.(11)	2,903,880	43.28	2,340,361	40.79
Accounts receivable, net	6.(3),6.(14) and 8	2,211,445	32.96	1,786,229	31.13	Financial liabilities at fair value through profit or loss	6.(2)	48,006	0.72	-	-
Other receivables and prepayments	6.(4)	381,888	5.70	392,519	6.84	Other payables	6.(11)	684,370	10.20	729,474	12.71
Current tax assets		4,789	0.07	2,572	0.05	Current tax liabilities	6.(15)	16,483	0.25	5,877	0.10
Inventories	6.(5) and 8	1,073,396	16.00	1,101,281	19.19	Lease liabilities - current	6.(7)	49,925	0.74	43,572	0.76
Restricted assets	8	16,797	0.25	-	-	Total current liabilities		3,702,664	55.19	3,124,303	54.45
Total current assets		5,605,064	83.55	4,573,425	79.70	NON-CURRENT LIABILITIES					
NON-CURRENT ASSETS						Financial liabilities at fair value through profit or loss - non-current	6.(2)	-	-	595	0.01
Financial assets at fair value through profit or loss - non-current	6.(2)	132,304	1.97	120,787	2.10	Convertible bonds	6.(10)	190,766	2.84	328,865	5.73
Property, plant and equipment	6.(6) and 8	854,765	12.74	943,147	16.43	Deferred tax liabilities	6.(15)	6,483	0.10	6,413	0.11
Right-of-use assets	6.(7)	80,435	1.20	71,499	1.25	Lease liabilities - non-current	6.(7)	14,995	0.22	31,488	0.55
Intangible assets	6.(8) and 8	15,655	0.23	22,887	0.40	Total non-current liabilities		212,244	3.16	367,361	6.40
Deferred tax assets	6.(15)	20,801	0.31	6,760	0.12	Total liabilities		3,914,908	58.35	3,491,664	60.85
Total non-current assets		1,103,960	16.45	1,165,080	20.30	EQUITY					
						Share capital - common stock	6.(13)	703,033	10.48	631,390	11.00
						Capital surplus	6.(13)	991,930	14.79	829,969	14.46
						Retained earnings					
						Legal reserve	6.(13)	7,629	0.11	7,629	0.14
						Special reserve	6.(13)	-	-	109,717	1.91
						Unappropriated earnings	6.(13)	952,678	14.20	618,143	10.77
						Exchange differences on translating the financial statements of foreign operations		162,865	2.43	74,012	1.29
						Treasury shares		(24,019)	(0.36)	(24,019)	(0.42)
						Total equity		2,794,116	41.65	2,246,841	39.15
TOTAL		<u>\$6,709,024</u>	<u>100.00</u>	<u>\$5,738,505</u>	<u>100.00</u>	TOTAL		<u>\$6,709,024</u>	<u>100.00</u>	<u>\$5,738,505</u>	<u>100.00</u>

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars)

Accounts	Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE	6.(14)	\$3,580,458	100.00	\$4,188,594	100.00	\$8,129,477	100.00	\$10,088,741	100.00
COST OF REVENUE	6.(5) and 6.(14)	3,029,400	84.61	3,619,125	86.40	6,899,580	84.87	9,030,540	89.51
GROSS PROFIT		551,058	15.39	569,469	13.60	1,229,897	15.13	1,058,201	10.49
OPERATING EXPENSES	6.(14)								
Selling and distribution		42,826	1.20	54,396	1.30	136,452	1.68	161,817	1.60
General and administrative		298,258	8.33	313,039	7.47	653,112	8.03	652,102	6.47
Expected credit (reversal gain) losses		(54)	-	412	0.01	(213)	-	15,191	0.15
Total operating expenses	6.(3)	341,030	9.53	367,847	8.78	789,351	9.71	829,110	8.22
INCOME FROM OPERATIONS		210,028	5.86	201,622	4.82	440,546	5.42	229,091	2.27
NON-OPERATING INCOME AND EXPENSES									
Other income	6.(14)	28,039	0.78	15,228	0.36	64,423	0.79	48,011	0.47
Foreign exchange loss (gain), net	12.(1)	(5,784)	(0.16)	60,296	1.44	24,885	0.31	89,132	0.88
Other losses	6.(14)	(6,819)	(0.19)	(6,902)	(0.16)	(95,102)	(1.17)	(16,460)	(0.16)
Finance costs	6.(14)	(3,183)	(0.09)	(9,505)	(0.23)	(11,825)	(0.15)	(27,434)	(0.27)
Total non-operating income and expense		12,253	0.34	59,117	1.41	(17,619)	(0.22)	93,249	0.92
INCOME BEFORE INCOME TAX		222,281	6.20	260,739	6.23	422,927	5.20	322,340	3.19
INCOME TAX EXPENSE	6.(15)	(1,308)	(0.04)	(10,685)	(0.26)	(1,712)	(0.02)	(12,026)	(0.12)
NET INCOME FOR THE PERIOD		220,973	6.16	250,054	5.97	421,215	5.18	310,314	3.07
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)									
Items that may be reclassified subsequently to profit or loss:		80,238	2.24	132,175	3.16	88,853	1.09	228,716	2.27
Exchange differences on translating foreign operations		80,238	2.24	132,175	3.16	88,853	1.09	228,716	2.27
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$301,211	8.40	\$382,229	9.13	\$510,068	6.27	\$539,030	5.34
EARNINGS PER SHARE	6.(16)								
Basic earnings per share after income tax		\$3.27		\$4.10		\$6.47		\$5.09	
Diluted earnings per share after income tax		\$2.88		\$4.09		\$5.54		\$5.08	

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT								
	Share Capital - Common Stock	Capital Surplus	Retained Earnings			Accumulated Other Comprehensive Income		Treasured Stock	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	\$614,060	\$749,535	\$5,898	\$-	\$426,590	\$(79,767)	\$(29,950)	\$(24,019)	\$1,662,347
Appropriation of 2021 earnings									
Appropriation of special reserve	-	-	-	109,717	(109,717)	-	-	-	-
Cash dividends	-	-	-	-	(36,844)	-	-	-	(36,844)
Net income for the nine months ended September 30, 2022	-	-	-	-	310,314	-	-	-	310,314
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	228,716	-	-	228,716
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	310,314	228,716	-	-	539,030
Cash dividends distributed to the subsidiary which adjusted to capital surplus	-	272	-	-	-	-	-	-	272
Compensation costs of employee stock options	-	11,846	-	-	-	-	-	-	11,846
Issuance of common stock under employee share options	9,300	11,439	-	-	-	-	-	-	20,739
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(29,950)	-	29,950	-	-
BALANCE AT SEPTEMBER 30, 2022	\$623,360	\$773,092	\$5,898	\$109,717	\$560,393	\$148,949	\$-	\$(24,019)	\$2,197,390
BALANCE AT JANUARY 1, 2023	\$631,390	\$829,969	\$7,629	\$109,717	\$618,143	\$74,012	\$-	\$(24,019)	\$2,246,841
Appropriation of 2022 earnings cash dividends									
Reversal of special reserve	-	-	-	(109,717)	109,717	-	-	-	-
Cash dividend	-	-	-	-	(196,397)	-	-	-	(196,397)
Net income for the nine months ended September 30, 2023	-	-	-	-	421,215	-	-	-	421,215
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	88,853	-	-	88,853
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	421,215	88,853	-	-	510,068
Cash dividends distributed to the subsidiary which adjusted to capital surplus	-	1,379	-	-	-	-	-	-	1,379
Compensation costs of employee stock options	-	5,947	-	-	-	-	-	-	5,947
Issuance of common stock under employee share options	30,380	52,934	-	-	-	-	-	-	83,314
Conversion of convertible bonds	41,263	101,701	-	-	-	-	-	-	142,964
BALANCE AT SEPTEMBER 30, 2023	\$703,033	\$991,930	\$7,629	\$-	\$952,678	\$162,865	\$-	\$(24,019)	\$2,794,116

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,			For the nine-month periods ended September 30,	
	2023	2022		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM INVESTING ACTIVITIES:		
Income before income tax	\$422,927	\$322,340	Proceeds from disposal of financial assets at fair value through profit or loss	96	-
Depreciation	130,467	123,076	Payments for financial assets at fair value through profit or loss	(20)	-
Amortization	11,101	15,315	Net cash inflows from disposal of subsidiaries	-	892,885
(Reversal) provision for expected credit loss	(213)	15,191	Payments for acquiring property, plant and equipment	(43,809)	(97,677)
Loss on fair value changes of financial instruments at fair value through profit or loss	32,888	1,033	Proceeds from disposal of property, plant and equipment	22,683	1,123
Interest expense	11,825	27,434	Increase in intangible assets	(2,606)	(1,581)
Interest income	(16,907)	(2,064)	(Increase) decrease in restricted assets	(16,797)	41,511
Dividend income	(10,656)	(4,841)	Net cash (used in) generated from investing activities	(40,453)	836,261
Compensation costs of employee stock options	5,947	11,846	CASH FLOWS FROM FINANCING ACTIVITIES:		
Loss on disposal of property, plant and equipment	9,393	880	Proceeds from bank borrowings	144,636	2,999,008
Gain on modifications of lease	(33)	(29)	Repayments of bank borrowings	(149,876)	(3,892,830)
Allowance for inventories provision and inventories written-off	99,193	18,636	Repayments of the principal portion of lease liabilities	(39,259)	(38,250)
Operating cash flows before working capital changes			Cash dividends	(196,397)	(36,844)
Accounts receivable	(425,003)	(662,413)	Exercise of employee share options	83,314	20,739
Other receivables and prepayments	10,631	(34,262)	Cash dividend received from treasury shares	1,379	272
Inventories	(71,308)	(106,094)	Net cash used in financing activities	(156,203)	(947,905)
Notes and accounts payable	563,519	697,174	EFFECT OF EXCHANGE RATE CHANGES	85,322	315,995
Other payables	(45,104)	(80,425)	NET INCREASE IN CASH AND CASH EQUIVALENTS	626,029	526,058
Cash generated from operating activities	728,667	342,797	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,290,720	528,617
Interest received	16,907	2,064	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$1,916,749	\$1,054,675
Dividends received	10,656	4,841			
Interest paid	(6,960)	(27,434)			
Income tax paid	(11,907)	(561)			
Net cash generated from operating activities	737,363	321,707			

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General information

Eastech Holding Limited (the “Company”) is an investment holding company incorporated in Cayman Islands on February 1, 2011.

The Company was set up to acquire Eastern Asia Technology (HK) Limited (the “EAH”) and its subsidiaries (the “EAH Group”) and to list on the Taiwan Stock Exchange. EAH Group was originally a subsidiary under Eastern Asia Technology Limited (the “EATL”, a company formerly listed on Singapore Stock Exchange and delisted in February 2011) and was principally engaged in the production and sales of speaker systems and headphones. Through restructuring, the Company acquired 100% interests in EAH Group from EATL with a consideration determined based on the carrying amount of EAH Group as at March 31, 2011. After the acquisition, the Company (as EAH Group) applied primary listing on the Taiwan Stock Exchange, and the shares of the Company commenced trading on the Taiwan Stock Exchange from November 5, 2012.

For the integration between the speaker systems and 3C electronic appliances to boost the sales, EAH acquired 99.98% interests in Eastech Electronics (Taiwan) Inc. (“ETT”) and its subsidiaries (“ETT Group”) from Luster Green Limited in January 2015. The principal activities of ETT Group are to design, production and sales of smart speakers and audio/video (“AV”) electronics home entertainment systems.

In order to maximize the allocation and to diffuse the risk of cost inflation and tariff on the current main production base, EAH established a wholly-owned subsidiary - Eastech (VN) Company Limited in Vietnam on January 25, 2019, as second production base, with the accumulated registered capital of US\$8 million.

In order to expand the sales of headphones, EAH established a wholly-owned subsidiary - Eastech Microacoustics (HK) Limited, with the registered capital of HK\$100,000 on August 30, 2019.

In order to develop new technology and design the product, EAH established a wholly-owned subsidiary - Eastech Innovations (TW) Inc. on July 2, 2020. Eastech Innovations (TW) Inc. proceeded capital increase amount to \$185,000 thousand in the third quarter of 2023, so the accumulated capital increased to \$215,000 thousand.

In order to expand the sales, EAH established a wholly-owned subsidiary - Eastech Trading (VN) Company Limited, with registered capital of US\$200 thousand on July 6, 2021.

The Company's and its subsidiaries (collectively as the "Group") principal places of operation are located in Taiwan, Hong Kong and Huizhou, Guangdong Province, China and Hai Duong Vietnam.

2. Approval of financial statements

The consolidated financial statements were approved by the Company's board of directors on November 10, 2023.

3. Application of new, amended and revised standards and interpretations

A. Standards and interpretations effective for the year

The Group has adopted all new, revised and amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the "IFRSs") issued into effect after fiscal year beginning on January 1, 2023. Except for the following, whenever applied, the initial application of the amendments to the IFRSs issued into effect would not have any material impact on the Group's consolidated financial statements for the nine months ended September 30, 2023.

B. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
e	Lack of Exchangeability – Amendments to IAS 21	1 January 2025
f	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB

As of the date the consolidated financial statements were authorized for issue, the Group assessed the forementioned new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Accounting Standards 34 “Interim Financial Reporting” and Rule No. 10200546801 issued by the Financial Supervisory Commission (the “FSC”). The consolidated financial statements do not include all IFRS disclosures required by the full annual financial report. Moreover, the IFRSs applicable to these consolidated financial statements have no difference with the IFRS, IAS, interpretations as well as interpretation announcement which are endorsed by FSC.

B. Basis of preparation

- (a) The basis of consolidated financial statements are consistent with those applied in the consolidated financial statement for the year ended December 31, 2022.
- (b) The consolidated financial statements had been originally presented in the functional currency of the Company - NTD.
- (c) Pursuant to the above basis of preparation of the consolidated financial statements, the detail information of the subsidiaries was as follows:

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest		Descriptions
			September 30, 2023	December 31, 2022	
The Company	Eastern Asia Technology (HK) Limited (“EAH”)	Sales of speaker systems and headphones	100.00	100.00	The Company acquired EAH 100% ownership interest on March 31, 2011 and thereby obtained 100% controlling power over EAH and its subsidiaries.
EAH	Eastech Systems (Huiyang) Co., Ltd. (“ESHY”)	Production and sales of speaker systems	-	100.00	Note 2
	Eastech (Huizhou) Co., Ltd. (“EAHZ”)	Production, assembly and sales of speaker systems, accessories, headphones, smart speakers and AV electronics home entertainment systems	100.00	100.00	The Company acquired EAH 100% ownership interest on March 31, 2011 and thereby obtained 100% controlling power over EAH and its subsidiaries.
	Eastech (SZ) Co., Ltd. (“ESZ”)	Import and export trading of audio accessories, machinery and equipment, etc.	100.00	100.00	ESZ was established by EAH on November 13, 2013
	Scan-Speak A/S (“ScS”)	Research and development, production and sales of high-end transducers	100.00	100.00	EAH acquired ScS 100% ownership interest on April 1, 2014.

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest		Descriptions
			September 30, 2023	December 31, 2022	
	Eastech (VN) Company Limited (“EAVN”)	Production, assembly and sales of transducer speakers, bluetooth speakers and headphones	100.00	100.00	EAVN was established by EAH on January 25, 2019.
	Eastech Trading (VN) Company Limited (“ETV”)	Sales of speaker systems and headphones	100.00	100.00	ETV was established by EAH on July 10, 2021
	Eastech (SG) Pte. Ltd. (“ESG”)	Research and development of system architecture/new product concept/state-of-the-art products/sound and acoustics advance technology	100.00	100.00	ESG was established by ETH in October 2017 and was transferred 100% ownership from ETH to EAH in July 2019.
	Eastech Microacoustics (HK) Limited (“EMH”)	Sales of headphones and AV products	100.00	100.00	EMH was established by EAH on August 30, 2019.
	Eastech Electronics (HK) Limited (“ETH”)	Sales of smart speakers and AV electronics home entertainment systems and headphones	100.00	100.00	ETH was acquired in January 2015 and was transferred 100% ownership from ETH to EAH in September 2021.
	Eastech Innovations (TW) Inc. (“ETW”)	New technology research, product design and development	100.00	100.00	ETW was established by EAH on July 2, 2020.
ETW	Eastech Electronics (Taiwan) Inc. (“ETT”)	Design and sales of smart speakers and AV electronics home entertainment systems	-	99.98	Note 1

Note 1: On August 25, 2023, the board of directors of ETT and ETW resolved to merge, and the base date was September 28, 2023. After the merger, the eliminating company is ETT; the surviving company was ETW.

Note 2: On February 24, 2023, the board of directors of ESHY and EAHZ resolved to merge, and the base date was March 31, 2023. After the merger, the eliminating company is ESHY; the surviving company was EAHZ.

C. Other significant accounting policies

Except for the following, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

(a) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

(b) Explanatory about the seasonality of interim operations

The Group's majority of clients are internationally renowned audio-visual brand enterprises. In line with the relevant European and American customers' Christmas holiday sales, the Group's production and sales is focus on the third quarter of the year to make sure stock availability before Christmas holiday. The first half of the year is typically the case of the off-season operation; therefore, the Group has a seasonal cycle of operations.

D. 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. Historical cost is usually determined by the fair value of the consideration paid upon obtaining of the assets.

5. Material accounting judgments and key sources of estimation uncertainty

The same material accounting judgments and key sources of estimates and assumptions have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

6. Contents of significant accounts

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022
Cash on hand	\$1,081	\$2,261
Cash at banks	1,887,721	1,224,073
Deposits	44,744	64,386
	1,933,546	1,290,720
Less: Pledged deposits	(16,797)	-
	<u>\$1,916,749</u>	<u>\$1,290,720</u>

Cash equivalents comprise term deposits within 3 months, which are highly liquid and are readily convertible into cash with low risk of changes in value. Pledged deposits are pledged to bank as guarantee for forward foreign exchange contracts (please refer to Note 8), and is recognized as restricted assets.

(2) Financial instruments at fair value through profit or loss

	September 30, 2023	December 31, 2022
<u>Financial assets - current</u>		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign-listed stocks	\$-	\$104
<u>Financial assets - non-current</u>		
Designation as at FVTPL		
Derivative financial assets		
Convertible bond options (Note 6.(10))	\$1,099	\$-
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted stocks	131,205	120,787
	<u>\$132,304</u>	<u>\$120,787</u>
	September 30, 2023	December 31, 2022
<u>Financial liabilities - current</u>		
Mandatorily classified as at FVTPL		
Derivative financial liabilities		
Forward foreign exchange contract	\$48,006	\$-
<u>Financial liabilities - non-current</u>		
Designation as at FVTPL		
Derivative financial liabilities		
Convertible bond options (Note 6.(10))	\$-	\$595

The unexpired forward foreign exchange contracts that did not apply hedge accounting on the balance sheet date were as below:

September 30, 2023

	Currencies	Term	Amount (In Thousands)
Sales of forward exchange contract	USD to RMB	October 10, 2023 to December 29, 2023	USD 21,450 / RMB 145,286

The purpose that the Group engages in forward exchange contract was mainly to avoid risks arising from exchange rate fluctuations of foreign assets and liabilities.

(3) Accounts receivable

	September 30, 2023	December 31, 2022
Accounts receivable	\$2,253,614	\$1,826,783
Less: Allowance for impairment loss	(42,169)	(40,554)
	<u>\$2,211,445</u>	<u>\$1,786,229</u>

The Group's average credit period of sales of goods was 69 days (55 days in 2022). No interest was charged on notes and accounts receivable. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs (excluding notes and accounts receivable that recognizes loss allowance at full amount). The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position and adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off the notes and accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the notes and accounts receivable are over 180 days past due, whichever occurs earlier.

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

September 30, 2023

	Not Past Due	1 to 180 Days	181 to 365 Days	Over One Year	Total
Gross carrying amount	\$2,143,616	\$67,829	\$18	\$42,151	\$2,253,614
Loss allowance (Lifetime ECLs)	-	-	(18)	(42,151)	(42,169)
Amortized cost	<u>\$2,143,616</u>	<u>\$67,829</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,211,445</u>

December 31, 2022

	Not Past Due	1 to 180 Days	181 to 365 Days	Over One Year	Total
Gross carrying amount	\$1,589,700	\$196,529	\$15,767	\$24,787	\$1,826,783
Loss allowance (Lifetime ECLs)	-	-	(15,767)	(24,787)	(40,554)
Amortized cost	<u>\$1,589,700</u>	<u>\$196,529</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,786,229</u>

The movements of the loss allowance of notes and accounts receivable were as follows:

	For the Nine Months Ended September 30, 2023	For the Year Ended December 31, 2022
Balance at the beginning of the period	\$40,554	\$23,487
Add (less): Impairment losses (reversal) recognized	(213)	14,154
Effect of foreign currency exchange differences	1,828	2,913
Balance at the end of the period	<u>\$42,169</u>	<u>\$40,554</u>

The accounts receivable (with recourse) pledged as collateral for bank borrowings are set out in Note 12.(1)H.

(4) Other receivables and prepayments

	September 30, 2023	December 31, 2022
Other receivables, net	\$76,107	\$39,712
Prepayments for purchases	44,945	76,927
Prepayments	7,945	7,285
Prepayments for purchases of equipment and mold	12,532	3,784
Value-added tax recoverable and refundable	222,622	247,796
Guarantee deposits	17,737	17,015
	<u>\$381,888</u>	<u>\$392,519</u>

Other receivables of the Group mainly consist of the followings:

- a. Other receivables relating to litigations (including guarantee deposits) as described in Note 9.(1) were fully set aside for loss. There was no change for the nine months ended September 30, 2023.
- b. As of September 30, 2023 and December 31, 2022, the amounts of temporary payments as described in Note 6.(11) were \$34,451 thousand and \$26,372 thousand, respectively.

(5) Inventories

	September 30, 2023	December 31, 2022
Raw materials	\$544,154	\$610,558
Work-in-process	279,613	251,657
Finished goods	30,862	228,369
Goods in transit	218,767	10,697
	<u>\$1,073,396</u>	<u>\$1,101,281</u>

The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2023 and 2022 was \$6,899,580 thousand and \$9,030,540 thousand, respectively, which included \$99,193 thousand and \$18,636 thousand, allowance for inventories provision and inventories write-off, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2023 and 2022 was \$3,029,400 thousand and \$3,619,125 thousand, respectively, which included loss of net realizable value of inventories and loss of written-off of inventories of \$85,000 thousand and \$7,752 thousand, respectively.

The inventories pledged as collateral for bank borrowing are set out in Note 8.

(6) Property, plant and equipment

A. Details of property, plant and equipment were as follows:

	September 30, 2023	December 31, 2022
Cost	\$1,428,916	\$1,426,429
Accumulated depreciation and impairment	(574,151)	(483,282)
Carrying amount	<u>\$854,765</u>	<u>\$943,147</u>
Land and buildings	\$310,817	\$312,791
Machinery and office equipment	536,809	619,124
Property under construction	7,139	11,232
Carrying amount	<u>\$854,765</u>	<u>\$943,147</u>

B. Changes in real estate, plant and equipment are as follows:

	Land and Buildings	Machinery and Office Equipment	Property under Construction	Total
<u>Cost</u>				
Balance at January 1, 2022	\$272,797	\$975,319	\$40,452	\$1,288,568
Additions	-	74,815	38,577	113,392
Disposals	-	(29,128)	(218)	(29,346)
Reclassification	39,034	27,240	(69,698)	(3,424)
Effect of exchange rate change	17,246	37,874	2,119	57,239
Balance at December 31, 2022	<u>329,077</u>	<u>1,086,120</u>	<u>11,232</u>	<u>1,426,429</u>
Additions	-	40,761	3,048	43,809
Disposals	-	(58,620)	-	(58,620)
Reclassification	-	7,581	(7,581)	-
Effect of exchange rate change	4,236	12,622	440	17,298
Balance at September 30, 2023	<u>\$333,313</u>	<u>\$1,088,464</u>	<u>\$7,139</u>	<u>\$1,428,916</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$8,161	\$331,562	\$-	\$339,723
Depreciation	7,435	132,767	-	140,202
Disposals	-	(6,670)	-	(6,670)
Reclassification	9	(3,299)	-	(3,290)
Effect of exchange rate changes	681	12,636	-	13,317
Balance at December 31, 2022	<u>16,286</u>	<u>466,996</u>	<u>-</u>	<u>483,282</u>
Depreciation	5,936	103,793	-	109,729
Disposals	-	(26,544)	-	(26,544)
Effect of exchange rate change	274	7,410	-	7,684
Balance at September 30, 2023	<u>\$22,496</u>	<u>\$551,655</u>	<u>\$-</u>	<u>\$574,151</u>

Management assesses no indication of impairment, therefore, no impairment loss is recognized as of September 30, 2023 and December 31, 2022 accordingly.

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

Land and buildings	Buildings in Mainland China were 20 years, buildings in Hong Kong and Taiwan were 40 years; building in Vietnam were 40 to 55 years; and building improvements were depreciated over 2 to 10 years.
Machinery equipment	5 to 10 years
Office equipment	1 to 10 years

D. Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 8.

(7) Lease arrangements

A. Right-of-use assets

	September 30, 2023	December 31, 2022
<u>Carrying amounts</u>		
Land and buildings	\$75,935	\$66,178
Machinery and office equipment	4,500	5,321
	<u>\$80,435</u>	<u>\$71,499</u>
	For the Nine Months Ended September 30	
	2023	2022
Additions to right-of-use assets	<u>\$32,175</u>	<u>\$3,655</u>
Depreciation charge for right-of-use assets		
Land and buildings	\$14,480	\$17,907
Machinery and office equipment	6,258	1,443
	<u>\$20,738</u>	<u>\$19,350</u>
	For the Three Months Ended September 30	
	2023	2022
Additions to right-of-use assets	<u>\$-</u>	<u>\$512</u>
Depreciation charge for right-of-use assets		
Land and buildings	\$4,901	\$5,946
Machinery and office equipment	2,213	479
	<u>\$7,114</u>	<u>\$6,425</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2023 and for the year ended December 31, 2022.

B. Lease liabilities

	September 30, 2023	December 31, 2022
<u>Carrying amounts</u>		
Current	\$49,925	\$43,572
Non-current	14,995	31,488
	<u>\$64,920</u>	<u>\$75,060</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022
Land and buildings	2.42% ~ 5%	2.42% ~ 4.23%
Machinery and office equipment	2.56% ~ 4.15%	2.42% ~ 4.63%

C. Material lease-in activities and terms

The Group leases lands, office, and other operating assets for the operations and manufacturing purpose. The Group does not have bargain purchase options to acquire the leased assets at the end of the lease terms. In addition, since land use right in respect of lands at Vietnam were obtained by way of lease as they could not be directly acquired subject to restrictions of laws, the Group's land use rights in Vietnam have been paid in full at the inception of the lease. The details of land use right held by the Group were as follows:

September 30, 2023 and December 31, 2022

Company Name	Location	Description	Tenure/Unexpired Term
EAVN	B2-4, Cong Hoa Industrial Park, Cong Hoa Ward, Chi Linh City, Hai Duong Province, Vietnam	41,227.5 sq. ft. land	Lease for a term of 40 years from January 2019 to April 2058

D. Other lease information

	For the Nine Months Ended September 30	
	2023	2022
Expenses relating to short-term leases	\$6,303	\$9,913
Total cash outflow for leases	\$(47,613)	\$ (50,084)

	For the Three Months Ended September 30	
	2023	2022
Expenses relating to short-term leases	\$2,052	\$3,078

The Group leases certain motor vehicles, employee dormitories and etc. which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

(8) Intangible assets

	September 30, 2023	December 31, 2022
Technical knowledge (including capitalized costs of R&D)	\$15,655	\$22,887

A. Intangible assets with finite useful life are amortized on a straight-line basis over their estimated useful lives as follow:

Technical acknowledge (including capitalized costs at development stage) 2-18 years

B. The intangible assets pledged as collateral for bank borrowing are set out in Note 8.

(9) Bank borrowings

	September 30, 2023		December 31, 2022	
	Interest Rate	Amount	Interest Rate	Amount
<u>Secured borrowings</u>				
Bank borrowings	-	\$-	3.25%~7.47%	\$5,019

The above amounts represent revolving facility (for operating capital demand) of bank loan.

The detail of the Group's pledged assets for obtaining bank facilities please refer to Note 8.

(10) Convertible bonds

	September 30, 2023	December 31, 2022
The first secured domestic convertible bonds	\$190,766	\$328,865
Less: Current portion	-	-
	\$190,766	\$328,865

On November 28, 2022, the Company issued 3,500 of the first secured convertible bonds in Taiwan, with a coupon rate of 0%, which total amount was \$350,000 thousand, with face value of \$100 thousand. Besides, the terms and conditions of the bonds were as follows:

A. Conversion period: From March 1, 2023 to November 28, 2025.

B. Conversion price:

- (a) The initial conversion price was \$39.2 per share. Afterwards, if there were any changes in share capital (including but not limited to capital increase by cash, earnings or capital reserves, etc.), the conversion price shall be adjusted according to the prescribed calculation. As of September 30, 2023, the conversion price was \$36.4.
- (b) After the issuance of this convertible bonds, if the Company distributes cash dividends to common stock, the conversion price shall be reduced on the ex-dividend date by the adjustment formula of conversion price. This provision of reduction of the conversion price shall not be applied to those requested converting before the ex-dividend date.

C. Redemption:

- (a) Redeem the bonds upon maturity: The principal is fully redeemed upon maturity.
- (b) Redeem the bonds in advance:

The Company may redeem all or part of the bonds at face value from March 1, 2023, which is 3 months after the issuance date to October 19, 2025, which is 40 days before the expiry date, when the closing price of the ordinary shares on the TWSE exceeds the conversion price by 30% for 30 consecutive trading days.

The Company may redeem the bonds at face value from March 1, 2023, which is 3 months after the issuance date to October 19, 2025, which is 40 days before the expiry date, when the bonds outstanding balance is lower than 10% of the total issuance amount.

- (c) Sell back the bonds in advance:

After two years from the issuance date, November 28, 2024, the bondholders may sell back the bonds at the face value.

The convertible bonds consist of liability and equity component. The equity component was presented in equity under capital surplus - options. The effective interest rate of the liability component was 2.1426% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$6,185 thousand)	\$366,287
Equity component	(37,622)
Financial liabilities at FVTPL	(455)
Liability component at issuance date	<u>328,210</u>
Amortization of discount on convertible bonds	<u>655</u>
Liability component at December 31, 2022	328,865
Exercise conversion right	(142,964)
Amortization of discount on convertible bonds	<u>4,865</u>
Liability component at September 30, 2023	<u><u>\$190,766</u></u>

(11) Notes and accounts payable and other payables

A. Notes and accounts payable were mainly due to the suppliers. The Group's payment terms were from 30 to 120 days. No interest is charged by notes and accounts payable in general. The Group has financial risk management policies to ensure settlement of all payables within payment term.

B. Details of other payables were as follows:

	September 30, 2023	December 31, 2022
Accrued salaries	\$248,524	\$223,721
Temporary receivables (Note)	18,632	12,783
Accrued employee's severance pay	260,827	290,962
Other payables	156,387	202,008
	<u>\$684,370</u>	<u>\$729,474</u>

Note: Temporary receivables are mainly sample fee, test fee, safety certification fee, etc. received in advance. Since the Group produces customized audio-visual electronic products for individual customer demand, related costs associated with the customized audio-visual electronic products, payment on behalf and installment prepayments based on agreements negotiated by both parties, are recorded in temporary payments (please refer to Note 6.(4)) and temporary receivables, respectively. After completion of the project (customer confirmed), the Group will reverse the aforementioned temporary payments and temporary receivables at the same time and the differences are recorded as income.

(12) Retirement benefit plans

Defined Contribution Plans

ETW adopt a pension plan under the Labor Pension Act (the "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 subsidiaries in Hong Kong, the PRC, Singapore, Denmark and Vietnam are members of a state-managed retirement benefit plan operated by the government of Hong Kong, the PRC, Singapore, Denmark and Vietnam. The subsidiaries are 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.

(13) Equity

A. Share capital

The initial setup capital of the Company is NT\$1,000 thousand (registered capital is denominated in NTD). After several capital increments, the ordinary share capital of the Company as of September 30, 2023 and December 31, 2022 were \$ 703,033 thousand and \$ 631,390 thousand, respectively, divided into 70,303 thousand shares and 63,139 thousand shares, each with a nominal amount of NT\$10 per share. All of the shares were ordinary shares, each carrying the rights to vote and receive dividend.

The movements of the shares issued and outstanding were as follows:

	(In Thousands of Shares)
	<u>Number of Shares</u>
January 1, 2022	61,406
Employee stock options	<u>1,733</u>
December 31, 2022	<u>63,139</u>
Conversion of convertible bonds	4,126
Employee stock options	<u>3,038</u>
September 30, 2023	<u><u>70,303</u></u>

B. Treasury shares

As of September 30, 2023 and December 31, 2022, the details of treasury shares are as follows:

Purpose of Buy-back	Number of Shares (In Thousands of Shares)
Shares held by its subsidiaries	<u><u>453</u></u>

For the purpose of short-term investment, related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

September 30, 2023

Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Value
ETW	453	<u><u>\$24,019</u></u>	<u><u>\$26,772</u></u>

The subsidiaries holding treasury shares, however, are bestowed shareholder's rights, except the rights to participate in any share issuance for cash and to vote.

C. Capital surplus

Capital surplus arising from issuance of common shares 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 10% of the Company's capital annually. As of September 30, 2023 and December 31, 2022, the capital surplus of the Company are as follows:

	September 30, 2023	December 31, 2022
<u>May be used to offset a deficit, distributed as</u>		
<u>cash dividends, or transferred to share capital</u>		
Arising from issuance of common share	\$807,843	\$727,867
Arising from conversion of convertible bonds	117,846	-
Expired employee stock option	2,401	-
<u>May not be used for any purpose</u>		
Arising from employee restricted shares	26,409	26,409
Arising from employee stock options	15,954	38,071
Convertible bonds	21,477	37,622
	<u>\$991,930</u>	<u>\$829,969</u>

D. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining net profit together with any undistributed earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The remaining net profit in a fiscal year could be distributed by the Company, subject to the following requirements:

The dividends/bonus distribution to the shareholders under this clause shall not be less than 10% of the remaining net profit for the period, and the cash dividend shall not be less than 50% of the total dividends/bonus distribution and the remaining distribution may be in shares dividends. However, if the Company only distributes cash dividend, it can be resolved by special resolution of the board of the directors. For information about the accrual basis of the employees' and directors' compensation and the actual appropriations, please refer to Note 6.(14)D for details.

When a special reserve is appropriated for cumulative net debit balance reserves from prior periods, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The following cash dividends were approved by the board of directors on February 25, 2022, and the rest of distribution of earnings were resolved by the shareholders' meeting on June 17, 2022.

The distribution of earnings and dividends per share for 2021 were as follows:

	2021
Ordinary share dividends cash	NT\$0.6 per share, totaling NT\$36,844 thousand
Special reserve	NT\$109,717 thousand

The following cash dividends were approved by the board of directors on February 24, 2023, and the rest of distribution of earnings will be resolved by the shareholders' meeting on June 16, 2023.

The distribution of earnings and dividends per share for 2022 were as follows:

	2022
Ordinary shares - cash dividends	NT\$3.1 per share, totaling NT\$196,397 thousand
Reversal of special reserve	NT\$109,717 thousand

Legal reserve

Subsidiaries in China shall appropriate reserve fund (recognized under legal reserves) and provide employees' award and benefit fund (recognized under liabilities items) from the profit after tax in accordance with Section 56 of the "Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises", subject to a proportion of no less than 10% of the profit after tax. No appropriation shall be made when the accumulated amount reaches 50% of the registered capital. The provision in respect of employees' award and benefit fund shall be determined by the Company upon passing of directors' resolution; however, it has not yet been approved as of September 30, 2023.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals ETW's paid-in capital. Legal reserve may be used to offset deficit. If ETW have no deficit and each of their legal reserve has exceeded 25% of each paid-in capital, the excess may be transferred to capital or distributed in cash.

E. Share-based payment arrangements

Employee stock options

Information on outstanding employee stock options are as follow:

<u>Grant Date</u>	<u>Issued Shares</u>	<u>Vesting Date</u>	<u>Exercisable Price</u>
2020.05.19	2,760 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	\$22.80 (Note)
2021.04.27	219 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	\$19.95 (Note)
2021.08.20	2,460 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	\$17.50 (Note)
2022.01.21	1,030 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	\$18.70 (Note)

Note: The exercise price of the employee stock options is equal to the closing price on the grant date. After the options are granted, upon the occurrence of certain events relating to the change in the number of common shares of the Company and distribute cash dividend, the exercise price shall be adjusted in accordance with the regulated formula.

The Company granted the employee stock options for the qualified employees of the Company or any of its subsidiaries. The options become exercisable after the three years from the grant date by subscribing new shares.

Information on employee stock options is as follows:

	<u>For the Nine Months</u>		<u>For the Year Ended</u>	
	<u>Ended September 30, 2023</u>		<u>December 31, 2022</u>	
		<u>Weighted-</u>		<u>Weighted-</u>
		<u>average</u>		<u>average</u>
	<u>Number of</u>	<u>Exercise</u>	<u>Number of</u>	<u>Exercise</u>
<u>Employee Stock Options</u>	<u>Options</u>	<u>Price (NT\$)</u>	<u>Options</u>	<u>Price (NT\$)</u>
Balance at the beginning of period	6,958	\$24.01	8,053	\$23.63
Granted	-	-	1,030	20.20
Executed	(3,038)	27.42	(1,733)	26.24
Write-off	<u>(481)</u>	22.92	<u>(392)</u>	20.21
Balance at end period	<u>3,439</u>	18.36	<u>6,958</u>	24.01
Options exercisable, end of period	<u>250</u>		<u>2,179</u>	
Weighted-average fair value of options granted (NT\$)	<u>\$-</u>		<u>\$6.79</u>	

Information about outstanding employee stock options was as follows:

Grant Date	September 30, 2023		December 31, 2022	
	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (Years)
2020.05.19	\$22.80	0.63	\$24.60	1.38
2021.04.27	19.50	1.58	21.00	2.33
2021.08.20	17.50	1.92	18.90	2.67
2022.01.21	18.70	2.30	20.20	3.05

Employee stock options granted were priced using the black-scholes pricing model and the inputs to the model were as follows:

	January 21, 2022	August 20, 2021	April 27, 2021	May 19, 2020
Grant-date share price (NT\$)	20.85	19.45	21.65	25.30
Exercise price (NT\$)	20.85	19.45	21.65	25.30
Expected volatility	43.96%	44.87%	44.32%	41.50%
Expected life (in years)	3.5 years	3.5 years	3.5 years	3.5 years
Expected dividend yield	-	-	-	-
Risk-free interest rate	0.53%	0.25%	0.24%	0.35%

Expected volatility was based on the historical share price volatility over the past years.

The costs of employee stock options were as follows:

	For the Nine Months Ended September 30	
	2023	2022
Costs of employee stock options	\$5,947	\$11,846

	For the Three Months Ended September 30	
	2023	2022
Costs of employee stock options	\$1,263	\$2,160

F. Other equity items

(a) Exchange differences on translating the financial statements of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Company's presentation currency were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. When all or a part of the foreign operations are disposed, exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

(b) Unrealized gain or loss on financial assets at FVTOCI

Unrealized gains or losses on financial assets at FVTOCI represent the cumulative gains and losses arising on the revaluation of financial assets at FVTOCI that have been recognized in other comprehensive income. The cumulative unrealized gains or losses will not be reclassified to profit or loss on disposal of the equity investments.

(14) Consolidated net profit

In addition to the disclosures made in other notes, the consolidated net profit shall include:

A. Net revenue

(a) Contract information

a. Revenue from the sale of goods

The Group sells audio system related products and recognizes revenue at which time the goods are delivered to the customer's specific location. The Group does not provide any after-sales services, such as warranty, right to return, etc. The quotation of products is based on the current market price of the raw materials, the labor input and direct costs, and the expected profit. The term of sales of products is fixed price, not volatile. Since payment term granted to customers are usually less than 180 days, there is no significant financing component from contracts with customers.

b. Revenue from project service (recognized under non-operating income)

Please refer to the remark in Note 6.(11)B.

(b) Contract balances

	September 30, 2023	December 31, 2022
Accounts receivable, net (Note 6.(3))	\$2,211,445	\$1,786,229

(c) Disaggregation of revenue from customer contracts

	For the Nine Months Ended September 30	
	2023	2022
Home audio	\$5,493,673	\$6,818,478
Personal audio	1,782,440	2,228,918
Transducer speaker	255,636	313,694
Others	597,728	727,651
	<u>\$8,129,477</u>	<u>\$10,088,741</u>

	For the Three Months Ended September 30	
	2023	2022
Home audio	\$2,570,928	\$2,923,321
Personal audio	729,128	865,384
Transducer speaker	70,866	111,877
Others	209,536	288,012
	<u>\$3,580,458</u>	<u>\$4,188,594</u>

B. Depreciation and amortization expenses

	For the Nine Months Ended September 30	
	2023	2022
Depreciation of property, plant and equipment	\$109,729	\$103,726
Amortization of other intangible assets	11,101	15,315
Depreciation right-of-use assets	20,738	19,350
	<u>\$141,568</u>	<u>\$138,391</u>

	For the Three Months Ended September 30	
	2023	2022
Depreciation of property, plant and equipment	\$36,189	\$36,065
Amortization of other intangible assets	3,035	4,779
Depreciation right-of-use assets	7,114	6,425
	<u>\$46,338</u>	<u>\$47,269</u>

C. Remuneration of directors and key management personnel and employee benefits expense

	For the Nine Months Ended	
	September 30	
	2023	2022
Remuneration of directors and key management		
Short-term benefits	\$110,411	\$76,564
Post-employment benefits	2,360	2,032
Share-based payments	2,019	6,829
Employee benefits		
Short-term benefits	1,041,532	1,294,677
Post-employment benefits	72,092	76,704
Share-based payments	3,928	5,017
	<u>\$1,232,342</u>	<u>\$1,461,823</u>

	For the Three Months Ended	
	September 30	
	2023	2022
Remuneration of directors and key management		
Short-term benefits	\$29,198	\$22,306
Post-employment benefits	762	702
Share-based payments	405	941
Employee benefits		
Short-term benefits	471,529	532,854
Post-employment benefits	26,037	24,847
Share-based payments	858	1,219
	<u>\$528,789</u>	<u>\$582,869</u>

D. Employees' and directors' compensation

Under the Company's Article of Incorporation, the Company should distribute employees' compensation at the rates no less than 1% and no higher than 15% and directors' compensation at the rates no higher than 2%, respectively, of net profit before income tax, employees' and directors' compensation.

For the three months and nine months ended September 30, 2023 and 2022, the employees' compensation and directors' compensation and supervisors are as follows:

Accrual rate

	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Employees' compensation	5.5%	5.5%
Directors' compensation	1.5%	1.5%

Accrual rate

	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Employees' compensation	\$13,100	\$25,000
Directors' compensation	\$3,600	\$6,800

	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Employees' compensation	5%	5%
Directors' compensation	2%	2%

Accrual rate

	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Employees' compensation	\$14,018	\$17,330
Directors' compensation	\$5,607	\$6,932

The Group held the board of directors on February 24, 2023, and had the resolution of the employees' and directors' compensation of 2022. For the year ended 2022, the employees' and directors' compensation are as follows:

Accrual rate

	For the Year Ended December 31, 2022
Employees' compensation	\$22,370
Directors' compensation	\$6,300

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

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

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

E. Other income

	For the Nine Months Ended	
	September 30	
	2023	2022
Government grants	\$92	\$6,391
Project service revenue	5,850	14,643
Dividend income	10,656	4,841
Interest income	16,907	2,064
Scrap income	935	2,635
Rental revenue	514	86
Gains on disposal of property, plant and equipment	169	260
Gains on evaluation and disposal financial instruments at fair value through profit or loss	13,284	-
Reversal of accrued employee's severance pay	7,430	11,710
Others	8,586	5,381
	<u>\$64,423</u>	<u>\$48,011</u>

	For the Three Months Ended	
	September 30	
	2023	2022
Government grants	\$-	\$4,350
Project service revenue	2,736	1,406
Dividend income	10,656	4,841
Interest income	8,510	774
Scrap income	449	850
Rental revenue	285	28
Gains on disposal of property, plant and equipment	-	129
Gains on evaluation and disposal financial instruments at fair value through profit or loss	214	-
Reversal of accrued employee's severance pay	3,158	1,849
Others	2,031	1,001
	<u>\$28,039</u>	<u>\$15,228</u>

F. Other losses

	For the Nine Months Ended September 30	
	2023	2022
Losses on fair value change of financial instruments at FVTPL	\$82,082	\$1,033
Losses on disposal and scrap property, plant and equipment	9,562	1,140
Others	3,458	14,287
	<u>\$95,102</u>	<u>\$16,460</u>

	For the Three Months Ended September 30	
	2023	2022
Losses on evaluation and disposal fair value change of financial instruments at FVTPL	\$3,164	\$77
Losses on disposal and scrap property, plant and equipment	543	301
Others	3,112	6,524
	<u>\$6,819</u>	<u>\$6,902</u>

G. Finance costs

	For the Nine Months Ended September 30	
	2023	2022
Interest expense arising from bank borrowings	\$782	\$25,513
Guarantee interest on convertible bonds	4,127	-
Interest expense on convertible bonds	4,865	-
Interest on lease liabilities	2,051	1,921
	<u>\$11,825</u>	<u>\$27,434</u>

	For the Three Months Ended September 30	
	2023	2022
Interest expense arising from bank borrowings	\$22	\$8,949
Guarantee interest on convertible bonds	1,193	-
Interest expense on convertible bonds	1,363	-
Interest on lease liabilities	605	556
	<u>\$3,183</u>	<u>\$9,505</u>

(15) Income taxes

A. Income tax recognized in profit or loss

Major components of tax expense (benefit) are as follows:

	For the Nine Months Ended	
	September 30	
	2023	2022
Current tax		
In respect of the current year	\$7,034	\$12,123
Adjustments for prior years	8,683	111
Deferred tax		
In respect of the current year	(14,005)	(208)
Income tax expense recognized in profit or loss	<u>\$1,712</u>	<u>\$12,026</u>

	For the Three Months Ended	
	September 30	
	2023	2022
Current tax		
In respect of the current year	\$3,979	\$9,692
Adjustments for prior years	8,778	2
Deferred tax		
In respect of the current year	(11,449)	991
Income tax expense recognized in profit or loss	<u>\$1,308</u>	<u>\$10,685</u>

The Group uses the estimated effective annual interest rate and calculating the income tax expense of each interim period. Therefore, the Group is unable to disclose the difference between the accounting income and the taxable income.

The Company was incorporated in accordance with the International Business Companies Order issued by the government of the Cayman Islands and is exempted from income tax charged by the government of the Cayman Islands.

The local tax rate for the subsidiaries in the PRC is 25%. EAHZ obtained the innovation and high technology enterprise certificates issued by local tax authorities in December 2021. Therefore, EAHZ is subject to the applicable preferential income tax rate. Its enterprise income tax rate has been reduced from 25% to 15%. EAHZ has obtained the approval by the local government. Therefore, EAHZ is subject to the applicable preferential income tax rate from 2021 to 2023.

In accordance with Enterprise Income Tax Law of the PRC as well as the interpretations and implementation of some clauses in the arrangement between the Mainland of China and Hong Kong Special Administrative Region on the avoidance of double taxation, if the foreign enterprise allocates dividend to the Hong Kong Company, 5% levy tax is imposed on the earnings distribution when it meets certain conditions.

The tax rate in Hong Kong is a two-level progressive tax. Tax rate for taxable income less than HK\$2 million is 8.25%, and for taxable income more than HK\$2 million is 16.5%.

The local tax rates for the subsidiaries in Denmark and Singapore are 22% and 17%, respectively. The local tax rate for the subsidiary in Vietnam is 20%. EAVN can enjoy the income tax exemption for the first two years after making profit and proceed with fifty percent reduction for the four subsequent years. The local tax rate for the subsidiaries in Taiwan is 20%.

B. Income tax assessments

The Company and its subsidiaries are located in the Cayman Islands, the PRC, Hong Kong, Singapore, Vietnam and Denmark. Their tax authorities will not take the initiative to send a tax returns assessment to enterprises. When there are tax disputes, they issue a tax payment notice to enterprises and reserve the right to propose additional taxes. The tax authorities have assessed both income tax returns of ETT and ETW up to 2021 and 2020, respectively.

(16) Earnings per share

	For the Nine Months Ended September 30	
	2023	2022
Basic earnings per share	\$6.47	\$5.09
Diluted earnings per share	\$5.54	\$5.08

	For the Three Months Ended September 30	
	2023	2022
Basic earnings per share	\$3.27	\$4.10
Diluted earnings per share	\$2.88	\$4.09

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

	For the Nine Months Ended	
	September 30	
	2023	2022
Net income the period attributable to owners of the Company	\$421,215	\$310,314
Net income used in the computation of basic earnings per share	\$421,215	\$310,314
Effect of potentially dilutive net income:		
Convertible bonds (after tax)	3,171	-
Net income used in the computation of diluted earnings per share	\$424,386	\$310,314
	For the Three Months Ended	
	September 30	
	2023	2022
Net income the period attributable to owners of the Company	\$220,973	\$250,054
Net income used in the computation of basic earnings per share	\$220,973	\$250,054
Effect of potentially dilutive net income:		
Convertible bonds (after tax)	1,302	-
Net income used in the computation of diluted earnings per share	\$222,275	\$250,054
<u>No. of Share</u>		
	For the Nine Months Ended	
	September 30	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	65,091	60,981
Effect of potentially dilutive ordinary shares		
Employee stock options	2,692	50
Convertible bonds	8,828	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	76,611	61,031

	For the Three Months Ended September 30	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	67,629	61,033
Effect of potentially dilutive ordinary shares		
Employee stock options	2,201	50
Convertible bonds	7,325	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	77,155	61,083

7. Transactions with related parties

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

Remuneration of Key Management Personnel

The remuneration of directors and key management was determined by the remuneration committee based on the performance of individuals and market trends. Please refer to Note 6.(14)C for details.

8. Assets pledged

The following assets were provided as collateral for bank borrowings and entering into forward exchange guarantee deposits with the banks. Part of loan guarantees is provided by the Chairman of the Company.

	September 30, 2023	December 31, 2022
Other intangible assets	\$11,722	\$9,553
Machineries and office equipment	13,104	12,296
Inventories and accounts receivable	77,090	76,903
Construction in progress	5,544	4,187
Pledge deposits (recognized under restricted assets)	16,797	-
	\$124,257	\$102,939

9. Commitments and contingent liabilities

(1) Litigation

There is no significant progress regarding EAH's litigation in Brazil and ETW's customers' litigation in America (ETT has merged with its parent company ETW on September 28, 2023, it is deemed as general assumption that the lawsuit be borne by ETW) for the nine months ended September 30, 2023. The status of litigation in the current phase please refer to Note 25 (a) of the consolidated financial statements for the year ended December 31, 2022.

(2) Financial guarantees within the Group refer to Table 2 of Note 14.

10. Losses due to major disasters

None.

11. Significant subsequent events

EAHZ purchased the defective chips from Sunplus Technology Co., Ltd. (here below “Sunplus”) causing products manufactured by EAHZ to malfunction. For the sake of protecting the rights, EAHZ has authorized ETW, the Group’s subsidiary in Taiwan, to file a lawsuit for compensation against Sunplus. The Group has made full provision of losses for the related products as at September 30, 2023 and assessed the aforementioned lawsuit has no significant impact on the Group’s financial.

12. Other

(1) Disclosure on financial instruments

A. Capital risk management

The Group’s capital risk management policy is consistent as consolidated financial statements for the year ended December 31, 2022. In addition, the Group is not subject to any externally imposed capital requirements.

B. Fair value of financial instruments

(a) Fair value of financial instruments not measured at fair value

If a non-derivative instrument has short maturity, its future amount receivable and payable approximate its carrying amount, and its carrying amount provides a reasonable basis for estimation of fair value, then the fair value of which shall be estimated based on its carrying amount as shown in the balance sheet. Hence, in addition to the carrying amounts of the following financial instruments approximate their fair values.

	<u>September 30, 2023</u>		<u>December 31, 2022</u>	
	Carrying		Carrying	
	<u>Amount</u>	<u>Fair Value</u>	<u>Amount</u>	<u>Fair Value</u>
<u>Financial liabilities</u>				
Convertible bonds	\$190,766	\$193,866	\$328,865	\$334,425

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

Fair value hierarchy

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic – unlisted stocks	\$-	\$-	\$131,205	\$131,205
Convertible bonds options	-	-	1,099	1,099
Total	<u>\$-</u>	<u>\$-</u>	<u>\$132,304</u>	<u>\$132,304</u>

Financial liabilities at FVTPL

Derivatives	<u>\$-</u>	<u>\$48,006</u>	<u>\$-</u>	<u>\$48,006</u>
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December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic - unlisted stocks	\$104	\$-	\$-	\$104
Convertible bonds options	-	-	120,787	120,787
Total	<u>\$104</u>	<u>\$-</u>	<u>\$120,787</u>	<u>\$120,891</u>

Financial liabilities at FVTPL

Convertible bonds options	<u>\$-</u>	<u>\$-</u>	<u>\$595</u>	<u>\$595</u>
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There were no measurement transfers between Level 1 and Level 2 of fair value during the three quarters of 2023 and the fiscal year 2022.

(c) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2023:

Financial Assets (Liabilities)	FVTPL		Total
	Derivatives	Equity Instruments	
Beginning balance	\$ (595)	\$ 120,787	\$ 120,192
Additions	-	20	20
Recognized in profit or loss	1,694	11,586	13,280
Effect of foreign currency exchange differences	-	(1,188)	(1,188)
Ending balance	<u>\$ 1,099</u>	<u>\$ 131,205</u>	<u>\$ 132,304</u>
Recognized in other gains and losses - unrealized	<u>\$ 1,694</u>	<u>\$ 11,586</u>	<u>\$ 13,280</u>

For the year ended December 31, 2022:

Financial Assets (Liabilities)	FVTPL		Total
	Derivatives	Equity Instruments	
Beginning balance	\$-	\$ 108,912	\$ 108,912
Additions	(455)	-	(455)
Recognized in profit or loss	(140)	-	(140)
Effect of foreign currency exchange differences	-	11,875	11,875
Ending balance	<u>\$ (595)</u>	<u>\$ 120,787</u>	<u>\$ 120,192</u>
Recognized in other gains and losses - unrealized	<u>\$ 140</u>	<u>\$-</u>	<u>\$ 140</u>

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

The fair value of forward foreign exchange contracts is determined based on the forward exchange rates quoted and the corresponding discount rates as parameters for measurement.

- (e) The valuation techniques and hypothesis for Level 3 fair value measurements.

The fair value of the redemption rights and sell back rights embedded in the convertible bonds was estimated using a binary tree convertible bond valuation model, and the significant unobservable input value used was the stock price volatility. As the volatility of the stock price increases, the fair value of these redemption rights and resale rights will increase. The stock price volatility used as of September 30, 2023 and December 31, 2022, both ranged from 45.44%~47.77%.

The fair value of non-publicly traded equity investments without an active market is estimated at the lower of the asset approach or market approach. The asset approach takes into account the net asset value measured at the fair value by independent parties. The market approach is used to arrive at their fair values, for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered.

C. Categories of financial instruments

	September 30, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$131,205	\$120,891
Designated as at FVTPL	1,099	-
Financial assets at amortized cost (Note 1)	4,239,606	3,229,091
	<u>\$4,371,910</u>	<u>\$3,349,982</u>
 <u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$48,006	\$595
Financial assets at amortized cost (Note 1)	3,779,016	3,403,719
	<u>\$3,827,022</u>	<u>\$3,404,314</u>

Note 1: The balance includes financial assets at amortized cost, which comprise cash and bank deposit, accounts receivable, other receivables and guarantee deposits, etc.

Note 2: The balances include financial liabilities at amortized cost, which comprise bank borrowings, accounts payable, other payables and convertible bonds, etc.

D. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash in bank, accounts receivable, other financial assets, bank borrowings and financial liabilities etc. Details of the aforementioned financial instruments have been disclosed in the consolidated financial statements.

Set out below are the risks related to the financial instruments, policies to mitigate the risks, how the management monitor the risks in order to adopt timely, appropriate and effective measures.

E. Financial risk information

Based on the internal report containing analysis of exposure of and amount involved in risks by financial units, the Group monitors and manages financial risks relating to the enterprise as a whole, the domestic and international financial market and the operations of the Group. These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Financial units of the Group constantly report to the management. Management will then monitor the risks and execute policies according to its duties and responsibilities so as to mitigate exposure.

There is no change on the Group's type of exposure and its management and measurement thereof.

(a) Market risk

The Group's financial instrument transaction is exposed to foreign exchange risk and interest rate risk (refer to (b) and (c) below).

(b) Foreign exchange risk

The Group has foreign currency-denominated transactions that are exposed to the risk caused by fluctuation of exchange rates in the market. To monitor the risk, the responsible team of the Group reviews constantly the portion of assets and liabilities that are exposed to the risk and makes appropriate adjustment so as to control any risk arising from fluctuation of exchange rates.

Since the principal currency of the Group is the US dollar, thus the Group is exposed to risk of exchange rate fluctuation. Fortunately, the risk is mitigated as the majority of receivables and payables and bank borrowings are denominated in US dollar.

As of the reporting period, the carrying amounts of the significant foreign currency-denominated assets and liabilities that are expected to be exposed to exchange rates fluctuation were as follows:

	Assets	
	September 30, 2023	December 31, 2022
USD	\$3,394,535	\$2,546,163

	Liabilities	
	September 30, 2023	December 31, 2022
USD	\$861,182	\$391,770

The following table details the Company's sensitivity to a 5% increase and decrease in the foreign currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with currency strengthen 5% against the relevant currency. For a 5% weakening of currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit would be negative.

	Currency USD Impact	
	For the Nine Months Ended September 30, 2023	For the Year Ended December 31, 2022
Profit or loss	\$126,668	\$107,720

The management considers that the sensitivity analysis is unrepresentative of the inherent foreign exchange rate risk as the year end exposure does not reflect the exposure during the period.

(c) Interest rate risk

Management of interest rate risk

The Group is subject to interest rate risk arising from bank deposits and borrowings bearing floating interest rate. The current policy of the Group is to maintain borrowings bearing floating interest rate so as to mitigate risk arising from interest rate fluctuation. There is no financial instrument held for hedging purpose. Management of the Group reviews interest rate risk periodically and will implement measures when necessary to address significant interest rate risk for proper monitoring in light of any change in market interest rate.

Sensitivity analysis of interest rate

The following sensitivity analysis is prepared based on the exposure to interest rate of non-derivative instrument at the end of the reporting period.

0.5% increase or decrease has been used by the Group as a reasonable estimation of interest rate fluctuation when reporting to the management. With other variations remain unchanged, without taking into account capitalization of interests, if the interest rate increased 0.5%, the profit of the Group for the nine months ended September 30, 2023 and for the year ended December 31, 2022 would have been increased by \$9,662 thousand and \$6,417 thousand, respectively.

(d) Credit risk

The Group is exposed to credit risk in the event of the counterparties' failure to perform their obligations under the contracts. The credit risk of the Group is assessed based on the contracts with positive fair values as at the end of the reporting period. Counterparties of the Group are creditworthy financial institutes and corporate entities, and the extent of credit risk that may arise from the counterparties and their creditworthiness are reviewed annually by a special team. Therefore, it is expected that the credit risk is insignificant.

The accounts receivables of the Group concentrate in certain clients who are mainly internationally renowned brands of media players and are not connected. Credit assessments on the financial status of the clients have been conducted. Therefore, it is expected that the credit risk from accounts receivables is minimal.

The maximum exposure of the Group to credit risk is the net amount of carrying amount less amount required to be offset and impairment loss required to be recognized under relevant rules (i.e. carrying amount of financial assets), without taking into account any security and other credit enhancement. The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(e) Liquidity risk

Appropriate management structure addressing liquidity risk is formulated by the management to monitor short, medium and long term financing and solvency. As such, the Group is not exposed to any liquidity risk attributable to failure to perform obligation under the contract due to inability to finance funds.

The table below analyzes the remaining unexpired maturity of non-derivative financial liabilities with fixed term of repayment based on the undiscounted cash flow of the financial liabilities on the earliest date that repayment shall be made on demand, and the interest and principal are included in the analysis. In respect of the interest cash flow payable at floating rates, the undiscounted interests are estimated based on yield curve as at the end of the reporting period. Maturities of contracts are estimated on the earliest date of repayment on demand. When the amount payable or receivable is not fixed, disclosure of such amount is determined based on the estimated interest rate derived from the yield curve on the balance sheet date.

	September 30, 2023				Total
	Effective Interest Rate	On Demand or Within 1 Year	2 Years to 5 Years	More than 5 Years	
<u>Non-interest bearing liabilities</u>					
Notes and accounts payable	-	\$2,903,880	\$-	\$-	\$2,903,880
Other payables	-	684,370	-	-	684,370
Convertible bonds	-	-	190,766	-	190,766
<u>Interest bearing liabilities</u>					
Lease liabilities	2.42%~5%	51,238	15,509	-	66,747
	December 31, 2022				Total
	Effective Interest Rate	On Demand or Within 1 Year	2 Years to 5 Years	More than 5 Years	
<u>Non-interest bearing liabilities</u>					
Notes and accounts payable	-	\$2,340,361	\$-	\$-	\$2,340,361
Other payables	-	729,474	-	-	729,474
Convertible bonds	-	-	328,865	-	328,865
<u>Interest bearing liabilities</u>					
Lease liabilities	2.42%~4.63%	45,037	31,991	-	77,028
Bank borrowings	5.36%	5,288	-	-	5,288

(f) Financial facilities

	September 30, 2023	December 31, 2022
Secured borrowings		
Amount unused	\$1,470,231	\$1,818,390

(g) Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2023

	Unit: Foreign Currencies In Thousands			
	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT\$)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$102,407	HKD	32.1	\$3,287,272
USD	2,393	NTD	32.1	76,831
USD	134	RMB	32.1	4,287
USD	237	DKK	32.1	7,605
USD	578	VND	32.1	18,540
	<u>\$105,749</u>			<u>\$3,394,535</u>
	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT\$)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$11,464	HKD	32.1	\$367,998
USD	8,462	RMB	32.1	271,621
USD	54	DKK	32.1	1,736
USD	6,848	VND	32.1	219,827
	<u>\$26,828</u>			<u>\$861,182</u>

December 31, 2022

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT\$)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$74,045	HKD	30.66	\$2,270,218
USD	3,195	NTD	30.66	97,963
USD	320	RMB	30.66	9,818
USD	347	DKK	30.66	10,625
USD	5,138	VDN	30.66	157,539
	<u>\$83,045</u>			<u>\$2,546,163</u>
 <u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$5,017	HKD	30.66	\$153,824
USD	7,533	RMB	30.66	230,959
USD	228	DKK	30.66	6,987
	<u>\$12,778</u>			<u>\$391,770</u>
HKD	\$3,108	RMB	3.9355	\$12,231
HKD	90	NTD	3.9355	353
HKD	24	HKD	3.9355	95
	<u>\$3,222</u>			<u>\$12,679</u>

Note: Exchange rates represent the closing exchange rate of foreign currency into New Taiwan dollars.

Information of foreign exchange gains and losses are as follow:

	For the Nine Months Ended September 30	
	2023	2022
Realized foreign exchange gains	\$3,180	\$69,235
Unrealized foreign exchange gains	21,705	19,897
	<u>\$24,885</u>	<u>\$89,132</u>

It is impractical to disclose net foreign exchange gain (loss) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

(h) Information of transferred financial assets

As of September 30, 2023 and December 31, 2022, the Group entered into several trade receivable factoring agreements with the banks. According to the factoring agreement, the Group received certain percentage of trade receivable in cash from the bank in advance. If the trade receivables are uncollected at maturity, the bank has the right to request the Group to repay the unsettled difference. As the Group has not transferred the significant risks and rewards relating to these trade receivables, the Group continues to recognize the full carrying amount of the receivables and the factoring amount as secured bank borrowings.

As of September 30, 2023 and December 31, 2022, the carrying amount of the trade receivables that have been transferred but have not been recognized.

(2) Reconciliation of liabilities arising from financing activities

For the nine months period ended September 30, 2023:

	Bank Borrowings	Convertible Bonds	Lease Liability	Total Liabilities from Financing Activities
2023.1.1	\$5,019	\$328,865	\$75,060	\$408,944
Cash flow	(5,240)	-	(41,310)	(46,550)
Non-cash changes (Note)	-	(138,099)	30,544	(107,555)
Exchange rate fluctuations	221	-	626	847
2023.9.30	\$-	\$190,766	\$64,920	\$255,686

For the nine months period ended September 30, 2022:

	Bank Borrowings	Convertible Bonds	Lease Liability	Total Liabilities from Financing Activities
2022.1.1	\$1,358,637	\$-	\$108,548	\$1,467,185
Cash flow	(893,822)	-	(40,171)	(933,993)
Non-cash changes (Note)	-	-	5,046	5,046
Exchange rate fluctuations	171,309	-	2,804	174,113
2022.9.30	\$636,124	\$-	\$76,227	\$712,351

Note: Including amortization of convertible bonds, conversion of convertible bonds into equity, acquiring assets by leasing and financial costs of lease liabilities.

13. Segment information

Operating Segments

IFRS 8 requires that operating units shall be identified based on the internal report to the chief decision maker for periodical review for the purpose of resource allocation to each component of the Group and assessment of their performance. Since the Group is engaged in the processing of speaker systems, and AV electronics products (from acquisition of ETT Group's original business units), under the model that the Hong Kong or Taiwan outsources production orders to the subsidiaries in PRC, there is no other segment which has allocated resources or whose performance has been assessed other than processing of speaker systems, earphones and AV electronics products.

Since the Group's speaker systems, earphones and AV electronics sectors have been fully integrated and centrally managed and the financial management information provided to chief decision maker has also been changed to a single segment, the entire Group's resources to be allocated to and evaluates the overall performance, no longer distinguish from the speaker system, headphones and audio-visual electronic sector. As a result, the operating information to the chief decision maker for periodical review is measured in the same way as the financial statements, which is reported by a single segment. For the nine months ended September 30, 2023 and 2022, the revenue and operating results of the operating segment can be found in the consolidated income statement for the nine months ended September 30, 2023 and 2022. The product revenue of the Group please refer to Note 6.(14)A.

14. Separately disclosed items

(1) Information about significant transactions and investees:

- A. Financing provided to others (Table 1)
- B. Endorsements/guarantees provided (Table 2)
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- D. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)

- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- I. Trading in derivative instruments (Note 6(2)) ◦
- J. Intercompany relationships and significant intercompany transactions (Table 6)

(2) Information on investees

Information of investee companies (not including investees in Mainland China) (table 7).

(3) Information on investments in mainland China

A. 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 8)

B. 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 the 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 receipt of services

(4) 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)

EASTECH HOLDING LIMITED AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 1

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	The Company	EAH	Other receivables from related parties	Yes	\$417,300	\$417,300	\$234,330	-	The need for short-term financing	\$-	Operating capital	\$-	-	\$-	\$1,117,646	\$1,117,646	-
1	EAH	EAVN	Other receivables from related parties	Yes	353,100	353,100	353,100	-	The need for short-term financing	-	Operating capital	-	-	-	1,788,185	1,788,185	-
2	ETH	EAH	Other receivables from related parties	Yes	321,000	321,000	-	-	The need for short-term financing	-	Operating capital	-	-	-	2,493,158	2,493,158	-

Note1 : The individual financing amount provided to the Company holds, directly or indirectly, 100% of the voting shares shall not exceed 40% of the net worth of the Company.

The individual financing amount provided to parent and a subsidiary that EAH holds, directly or indirectly, 100% of the voting shares shall not exceed 100% of the net worth of EAH.

The individual financing amount provided to parent and a subsidiary that ETH hold, directly or indirectly, 100% of the voting shares shall not exceed 300% of the net worth of ETH.

Note2 : According to the Company and its subsidiaries' guidance of financing provide to others, the amount of financing limit is based on the net value of the most recent financial statements reviewed or audited by CPA. The information on the limit of endorsements/guarantees announced by the Company on June 30, 2023 is different from the amounts listed above, the reason is that the financial statements of EAH and ETH for the nine months ended September 30, 2023 have not been reviewed by CPA at the announcement moment, thus the Company announced the information based on the financial statement for the six months ended June 30, 2023.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SPETEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 2

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note2)	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note1)											
0	The Company	EAH	(2)	\$11,176,464	\$493,964	\$272,850	\$-	\$-	9.77%	\$11,176,464	Y	N	N	
0	The Company	ETH	(2)	11,176,464	1,319,310	1,319,310	-	-	47.22%	11,176,464	Y	N	N	
0	The Company	EAVN	(2)	11,176,464	321,176	192,600	-	-	6.89%	11,176,464	Y	N	N	
0	The Company	EAHZ	(2)	11,176,464	220,305	220,305	-	-	7.88%	11,176,464	Y	N	Y	
1	EAH	The Company	(3)	1,788,185	350,000	350,000	199,800	-	19.57%	1,788,185	N	Y	N	
1	EAH	EAHZ	(2)	1,788,185	87,242	32,100	-	-	1.80%	1,788,185	Y	N	Y	
2	ETH	The Company	(3)	831,053	35,000	35,000	-	-	4.21%	831,053	N	Y	N	

Note 1: Relationship of the guarantee:

- (1) Entities that Company hold, directly or indirectly, more than 50% of voting shares.
- (2) Companies hold, directly or indirectly, more than 50% of voting share of entities.
- (3) Entities whose voting shares are more than 90% owned directly or indirectly the Company.

Note 2: The Company's limitations of the endorsements/guarantees are set forth below:

- (1) The total amount of the guarantee provided by the Company to other entities shall not exceed four hundred percent (400%) of the Company's consolidated net worth.
- (2) The total amount of the guarantee provided by the Company and its subsidiaries to any individual entity shall not exceed five hundred percent (500%) of the Company's consolidated net worth.

EAH and ETH's limitation of the endorsements/guarantees are set forth below:

- (1) The total amount of the guarantee provided by EAH to other entities shall not exceed one hundred percent (100%) of the Company's consolidated net worth.
- (2) The total amount of the guarantee provided by ETH to other entities shall not exceed one hundred percent (100%) of the Company's consolidated net worth.

Note 3: According to the Company's guidance of endorsement/guarantees provided, the amount of endorsement/guarantees is based on the net value of the most recent financial statements reviewed or audited by CPA. The information on the limit of endorsements/guarantees announced by the Company on September 30, 2023 is different from the amounts listed above, the reason is that the financial statements for the nine months ended September 30, 2023 have not been audited by CPA at the announcement moment, thus the Company announced the information based on the financial statements of EAH and ETH for the six months ended June 30, 2023.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2023

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

Table 3

Holding Company Name	Type and Name of Marketable	Type and Name of Marketable	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note (Note 4)
					Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ETW	Taiwan publicly traded stocks	Eastech Holding Limited	Parent and subsidiary	FVTPL - current	453,000	\$26,772	1%	\$26,772	Note 1
ETW	Non-publicly traded stocks	HT Precision Technologies, Inc.	-	FVTPL - non-current	6,660,141	131,205	19%	131,205	

Note 1 : The stocks are held by the Company's subsidiary; hence, the investment is accounted for treasury shares.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

Table 4

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
EAH	EAVN	Parent and subsidiary	Purchase	\$2,836,609	76%	90 days	\$-	-	\$(192,571)	(25%)	Note 1
EAVN	EAH	Parent and subsidiary	Sale	(2,836,609)	(79%)	90 days	-	-	192,571	16%	Note 1
EAVN	EAH	Parent and subsidiary	Purchase	765,437	23%	90 days	-	-	192,571	16%	Note 1
EAH	EAVN	Parent and subsidiary	Sale	(765,437)	(20%)	90 days	-	-	(192,571)	(25%)	Note 1
ETH	EAHZ	Fellow subsidiary	Purchase	3,122,848	82%	90 days	-	-	(1,081,273)	(77%)	Note 1
EAHZ	ETH	Fellow subsidiary	Sale	(3,122,848)	(77%)	90 days	-	-	1,081,273	78%	Note 1
ETH	EAVN	Fellow subsidiary	Purchase	762,215	20%	90 days	-	-	(294,310)	(21%)	Note 1
EAVN	ETH	Fellow subsidiary	Sale	(762,215)	(21%)	90 days	-	-	294,310	24%	Note 1
EAVN	ESZ	Fellow subsidiary	Purchase	726,738	22%	90 days	-	-	(347,872)	(21%)	Note 1
ESZ	EAVN	Fellow subsidiary	Sale	(726,738)	(99%)	90 days	-	-	347,872	99%	Note 1

Note 1 : Intercompany transactions are eliminated in consolidated financial statement.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2023

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

Table 5

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
EAHZ	ETH	Fellow subsidiary	\$1,081,273	4.15	\$-	-	\$339,831	\$-
ESZ	EAVN	Fellow subsidiary	347,872	3.73	-	-	145,751	-
EAVN	EAH	Parent and subsidiary	192,571	19.64	-	-	192,571	-
EAVN	ETH	Fellow subsidiary	294,310	5.62	-	-	159,603	-

EASTECH HOLDING LIMITED AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SPETEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 6

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Payment Terms			% of Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount	Payment Terms	
0	The Company	EAH	1、2	Other receivables from and other payables to related parties	\$234,644	Short-term financing and collection and payment	3%
1	EAH	ETH	1、2	Dividend income	136,382	Dividend	2%
1	EAH	EAVN	1、2	Other receivables from and other payables to related parties	353,100	Short-term financing, 1 year loan	5%
1	EAH	EAVN	1、2	Net revenue from sale of goods and purchase	765,437	Credit on transfer pricing policy	9%
2	ESHY	EAHZ	3	Net revenue from sale of goods and purchase	42,219	Credit on transfer pricing policy	1%
3	EAVN	EAH	1、2	Net revenue from sale of goods and purchase	2,836,609	Credit on transfer pricing policy	35%
3	EAVN	ETH	3	Net revenue from sale of goods and purchase	762,215	Credit on transfer pricing policy	9%
3	EAVN	ETH	3	Receivables from and payables to related parties	294,310	90 days	4%
4	EAHZ	EAH	1、2	Net revenue from sale of goods and purchase	98,228	Credit on transfer pricing policy	1%
4	EAHZ	ETH	3	Net revenue from sale of goods and purchase	3,122,848	Credit on transfer pricing policy	38%
4	EAHZ	ETH	3	Receivables from and payables to related parties	1,081,273	90 days	16%
5	ESZ	EAVN	3	Net revenue from sale of goods and purchase	726,738	Credit on transfer pricing policy	9%
5	ESZ	EAVN	3	Receivables from and payables to related parties	347,872	90 days	5%

Note 1 : For the disclosure of intercompany transactions within the Group, individual code numbers are assigned to each entity of the Group, which are set forth below:

(1)No. 0 represents the parent company.

(2)The code number for the subsidiaries is listed below:

No. 1 ; EAH; No. 2: ESHY; No. 3: EAVN; No. 4: EAHZ; No. 5: ESZ.

Note 2 : There are three categories of the related party transactions:

(1)Parent company to its subsidiary.

(2)Subsidiary to its parent company.

(3)Subsidiary to other subsidiary.

Note 3 : In calculation the weight percentages of related party transactions over total sales or total assets, the consolidated total asset is used for calculating the balance sheet item, whereas the consolidated sales accumulated sales up to date is used for calculating the net income items.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SPETEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 7

Investor Company	Investee Company (Note 1、2)	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				September 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Note 1)			
The Company	EAH	Hong Kong	Sales of speaker systems and headphones	\$1,341,546	\$1,341,546	80,000,000	100.00%	\$1,341,546	\$169,235	\$-	
EAH	ScS	Denmark	Research, development, production and sales of high-end transducers	225,530	225,530	1,320,045	100.00%	106,652	(653)	-	
EAH	ESG	Singapore	Research and development of system architecture/new product concept/state-of-the-art products/sound and acoustics advance technology	1,056	1,056	50,000	100.00%	1,056	751	-	
EAH	EAVN	Vietnam	Production, assembly and sales of transducer speakers, bluetooth speakers and headphones	238,206	238,206	-	100.00%	238,206	277,028	-	
EAH	EMH	Hong Kong	Sales of headphones and AV products	386	386	100,000	100.00%	386	6	-	
EAH	ETW	Taiwan	New technology research, product design and development	215,000	85,000	21,500,000	100.00%	185,000	48,676	-	
EAH	ETH	Hong Kong	Sales of smart speakers, AV electronics home entertainment systems and headphones	201,653	201,653	115,000,000	100.00%	201,653	20,715	-	
EAH	ETV	Vietnam	Sales of speaker systems and headphones	5,599	5,599	-	100.00%	5,599	276	-	
ETW	ETT	Taiwan	Design and sales of smart speakers and AV electronics home entertainment systems	-	53,550	-	-	-	20,840	-	Note 3

Note 1 : Based on IAS 27 Paragraph 10: The investments in subsidiaries are account for at cost less impairment. Dividends from a subsidiary are recognized in profit or loss.

Note 2 : Please refer to Table 8 for the information on investments in mainland China.

Note 3 : ETT and ETW were merged on September 28, 2023. The eliminating company was ETT; the surviving company was ETW.

EASYTECH HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 8

1.Information of investee company, main business and products, total amount of paid-in capital, method of investment, remittance of funds, net income of the investee, % of ownership, carrying amount of investments and repatriation of investment income:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward	Inward						
ESHY (Note 4)	Production and sales of speaker systems	-	(3)	\$-	\$-	\$-	\$-	\$4,553	-	\$-	\$-	\$-
EAHZ	Production, assembly and sales of speaker systems, accessories, headphones, smart speakers and AV electronics home entertainment systems	US\$19,303	(3)	-	-	-	-	98,064	100.00%	-	560,860	-
ESZ	Import and export trading of audio accessories, machinery and equipment, etc.	RMB2,000	(2)	-	-	-	-	6,078	100.00%	-	-	-

2.Upper limit on the amount of investment in mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
N/A (Note 2)	N/A (Note 2)	N/A (Note 2)

3.The significant transactions (including purchases and sales, property transactions, and the rendering or receipt of services) with investee companies in mainland China, either directly or indirectly through a third party: Please see Table 6.

4.The negotiable instrument endorsements or guarantees or pledges with investee companies in mainland China, either directly or indirectly through a third party: Table 2.

5.The financing of funds with investee companies in mainland China, either directly or indirectly through a third party: Table 1.

Note 1 : The amounts are represented registered capital.

Note 2 : The Method of Investment is divided into 3 types as follows:

(1)Direct investment from the Company.

(2)Indirect investment via the Company's subsidiary in Hong Kong.

(3)The Company was established in the Cayman Islands and is a foreign company listed in Taiwan. The companies located in China had established before the Company listed in Taiwan, so the main source of investment funds were not come from Taiwan.

Note 3 :

(1)If the investee company is in preparation, and no investment income and losses are recognized, it should be noted.

(2)Recognized investment income (loss):

A.The basis for investment income (loss) recognition is from the financial statements audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The basis for investment income (loss) recognition is from the financial statements audited and attested by R.O.C. parent company's CPA.

C.Other. (Based on IAS 27: The investments in subsidiaries are account for at cost less impairment. Dividends from a subsidiary are recognized in profit or loss.)

Note 4 : On February 24, 2023, the board of directors resolved to merge ESHY with EAHZ, and the base date was March 31, 2023. After the merger, the surviving company was EAHZ. The cancellation of registration was completed by ESHY on May 16, 2023.

EASTECH HOLDING LIMITED
 INFORMATION OF MAJOR SHAREHOLDERS
 SEPTEMBER 30, 2023

Table 9

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Taishin International Bank is entrusted to manage the investment account for Above Vantage Limited	27,956,600 shares in common shares	39.76%

(1) This table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of the Company's stocks completed the process of registration and book-entry delivery in dematerialized form on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.

(2) As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity declaration is available on the Market Observation Post System website.