

Stock code: 5225



Eastech Holding Limited

2023 Annual Report

Notice to Readers

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

Annual Report is available at Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>
Company website: <https://eastech.com>

Issued on 31 March 2024

I. Name, title, telephone number and email of spokesperson and acting spokesperson:

Name : Chang Po Chao
Title : Vice President
Tel. : (886) 2 8911 3535
Email : ir@eastech.com

Acting spokesperson

Name : Chang Tung I
Title : Director
Tel. : (886) 2 8911 3535
Email : ir@eastech.com

II. Name, title, telephone number and email of litigation and non-litigation agent within ROC:

Name : Chang Po Chao
Title : Vice President
Tel. : (886) 2 8911 3535
Email : jeno.chang@eastech.com

III. Address and telephone number of the headquarter, branches and factories:

Name : Eastech Holding Limited
Address : The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands
Tel. : (886) 2 8911 3535

Subsidiaries and branches:

Name : Eastern Asia Technology (HK) Limited
Address : Unit 906, 9/F, Nanyang Plaza, 57 Hong To Road, Kwun Tong, Kowloon, Hong Kong
Tel. : (852) 2797 0268

Name : Eastech (Huizhou) Co., Ltd.
Address : Dong Fong District, Xinxu, Hui Yang, Huizhou City, Guangdong, China
Tel. : (86) 752 333 9166

Name : Eastech (SZ) Co., Ltd.
Address : 801-802, International Science & Technology Building, No. 3007 Shennan Middle Road, Futian Street Funan Community, Shenzhen, Guangdong, China
Tel. : (86) 755 2515 3550

Name : Scan-Speak A/S
Address : N.C. Madsensvej 1, 6920 Videbaek, Denmark
Tel. : (45) 6040 5200

Name : Eastech Innovations (TW) Inc.
Address : 8/F.-1 No. 188, Baoqiao Road, Xindian District, New Taipei City, Taiwan R.O.C.
Tel. : (886) 2 2910 2626

Name : Eastech Electronics (HK) Limited
Address : Unit 906, 9/F, Nanyang Plaza, 57 Hong To Road, Kwun Tong,
Kowloon, Hong Kong
Tel. : (852) 2797 0268

Name : Eastech (SG) Pte. Ltd.
Address : 1 Pemimpin Drive, #08-06, One Pemimpin, Singapore
Tel. : (65) 9853 0520

Name : Eastech (VN) Company Limited
Address : Lot B2-4, Cong Hoa Industrial Park, Cong Hoa Ward, Chi Linh City,
Hai Duong Province, Vietnam
Tel. : (84) 22 0359 9688

Name : Eastech Microacoustics (HK) Limited
Address : Unit 906, 9/F, Nanyang Plaza, 57 Hong To Road, Kwun Tong,
Kowloon, Hong Kong
Tel. : (852) 2797 0268

Name : Eastech Trading (VN) Company Limited
Address : Lot B2-4, Cong Hoa Industrial Park, Cong Hoa Ward, Chi Linh City,
Hai Duong Province, Vietnam
Tel. : (84) 22 0359 9688

Name : Eastech (Huizhou) Co., Ltd. (Shenzhen Branch)
Address : 801-802, International Science & Technology Building,
No. 3007 Shennan Middle Road, Futian Street Funan Community,
Shenzhen, Guangdong, China
Tel. : (86) 755 2515 3550

Name : Eastech Holding Limited Taiwan Branch
Address : 8/F.-1, No. 188, Baoqiao Road, Xindian District, New Taipei City,
Taiwan R.O.C.
Tel. : (886) 2 8911 3535

IV. Name, address, website and telephone number of the share registrar:

Name : SinoPac Securities Corporation
Address : 3F, No. 17, Bo-Ai Road, Taipei 100, Taiwan R.O.C.
Tel. : (886) 2 2381 6288
Email : <http://securities.sinopac.com>

V. Name, firm name, address, website and telephone number of the certified accountants for the latest annual financial report:

Name : Ernst & Young
Partners-in-Charge : Liu, Jung-Chin, Huang, Tzu-Ping
Address : 9F, No.333, Sec. 1, Keelung Road, 11012, Taipei City, Taiwan
Tel. : (886) 2 2757 8888
Email : https://www.ey.com/zh_tw

VI. Name of the overseas stock exchange on which securities are quoted and traded and methods to inquire about the overseas securities information: Not applicable.

VII. Company website: <https://eastech.com>

LIST OF DIRECTORS

Title	Name	Nationality	Major Qualifications
Chairman	Liou Jenq Lin Representative of Eastech Innovations (TW) Inc. (Note 1)	Taiwan	Master of Electronic Engineering and MBA from University of Southern California, U.S. IBM Senior Engineer Advisor, U.S. Xerox Senior Engineer Advisor, U.S.
Director	Pai Chin Chang	Taiwan	Executive Master of Business Administration from Hong Kong International Business College President of Eastech Holding Limited
Director	Chang Tung I	Taiwan	MBA from California State University, U.S. Vice Executive Director of Kuo-Bin Ceramic Ind. Co., Ltd.
Director	Teng Chiou Shiang (Note 2)	Taiwan	Bachelor of Department of Economics from Fu Jen Catholic University Vice President of Eastech Innovations (TW) Inc., Department of Human Resources
Independent Director	Chang Shan Juh	Taiwan	Master of Electronic Engineering from University of Southern California, U.S. Lecturer of Faculty of Electronic Engineering and Human Resources Officer of Tatung University Director of Planning Division of Tatung Company Head of Human Resources Development Department of Tatung Company
Independent Director	Jeng Shih Rong	Taiwan	Bachelor of Law, National Chung Hsing University Chief Secretary of the Internal Administration Committee, Foreign and National Defense Committee of Legislative Yuan, Republic of China (Taiwan)
Independent Director	Su Yi-Jen (Note 2)	Taiwan	MBA from University of San Francisco, USA CEO of Chunghwa Satellite Communication Systems Co., Ltd. EMBA Adjunct Assistant Professor of Chang Jung Christian University
Independent Director	Shiau Fung Shyung (Note 3)	Taiwan	PHD of Economics from Chinese Culture University Master of Economics from Yale University, U.S. Master of Agricultural Economics from National Chung Hsing University Dean of College of Commerce of Tamkang University Vice Council for Economic Construction Committee, Executive Yuan, R.O.C. (Taiwan)

Title	Name	Nationality	Major Qualifications
Independent Director	Chen Ko Hung (Note 3)	Taiwan	MBA of National Chengchi University (NCCU) Bachelor of Accounting, NCCU Chief Financial Officer of Ampire Co., Ltd Senior Manager of Finance Department of UniLite Corporation Senior Manager of Finance Department of Princeton Technology Corporation

Note 1: On 16 June 2023, a general election of directors was held, and Eastech Electronics (Taiwan) Inc. was re-elected as a director. On the merger basis date of 28 September 2023, Eastech Innovations (TW) Inc. took over the chairmanship of the Company as a result of the merger with of Eastech Electronics (Taiwan) Inc. and designated Mr. Liou Jenq Lin as its representative.

Note 2: On 16 June 2023, a general election of directors was held, and Ms. Teng Chiou-Shiang and Mr. Su Yi-Jen were newly appointed thereof.

Note 3: On 16 June 2023, a general election of directors was held, and Mr. Su Yi-Jen and Mr. Chen Ko Hung were resigned from their position.

EASTECH HOLDING LIMITED

CONTENTS

I. Letter to Shareholders	1
II. Company Profile.....	8
1. Date of incorporation.....	8
2. Description of the Company and the Group	8
3. History of the Company and the Group.....	9
III. Corporate Governance Report.....	12
1. Organization.....	12
2. Directors, supervisors, presidents, vice presidents, senior managers and heads of departments and branch offices.....	14
3. Particulars of corporate governance	33
4. Information on fees paid to the certified public accountant.....	96
5. Information on the change in accountant.....	97
6. The chairman, general manager, manager of financial or accounting affairs of the Company who has held a post in the certified public accountant or its affiliates in the latest year.....	98
7. Movements of shareholdings and pledge thereof held by directors, managers and shareholders (whose shareholdings representing over 10% of total shares) for the latest year and as of the date of issue of annual report.....	98
8. Details of shareholdings of top ten shareholders, their relationship as related parties or as spouse or second degree relatives.....	101
9. The number of shares held by the Company, the Company's directors, supervisors, managers and the entities directly or indirectly controlled by the Company in the same investee, and the combined proportion of shares in aggregate:.....	102
IV. Capital Overview.....	103
1. Capital and shares	103
(1) Source of the Company's share capital.....	103
(2) Shareholding structure	105
(3) Shareholding distribution.....	106
(4) List of substantial shareholders: Name of shareholders holding more than 5% of total shares or top ten shareholders, their shareholdings and proportion if there are less than ten shareholders.....	107
(5) Market price, net assets, earnings and dividends per share and the relevant information	108
(6) Dividend policy and its implementation.....	109
(7) The effect of the proposed stock dividend distribution at the general meeting on the Company's business performance and earnings per share.....	110
(8) Staff and directors' compensation.....	110
(9) Information on repurchase of the Company's shares.....	111
2. Corporate bonds (including overseas corporate bonds)	112
3. Preferred shares.....	114
4. Global depositary receipts.....	114
5. Employee stock options.....	115
6. Restricted shares for employees.....	120
7. Mergers and acquisitions.....	120
8. Issuance of new shares due to acquisition of shares of another company.....	120
9. Implementation of the fund utilization plan.....	120
V. Operational Highlights	121
1. Business activities	121
(1) Scope.....	121
(2) Industry overview.....	122
(3) Technology, research and development.....	129
(4) Long-term and short-term business development plans.....	131
2. Market and sales overview	134
(1) Market analysis.....	134

(2) Major purposes and production process of key products	142
(3) Supply of major raw materials	144
(4) The name of customers accounting for more than 10% of the total purchase/sales volume in any year of the past two years, their transaction amount and proportion . .	144
(5) Table of production volume and value for the past two years	146
(6) Table of sales volume and value for the past two years.....	146
3. Number of employees for the past two years and as of the date of publication of annual report	147
4. Environmental protection expenditure.....	147
5. Labour relations.....	148
6. Management of information security.....	150
7. Material contracts	152
VI. Financial Information.....	153
1. Condensed financial information for the last five years	153
2. Financial analysis for the last five years	156
3. Audit report of the Audit Committee on the financial report for the past year.....	159
4. Consolidated financial report for the past year audited and certified by the accountant	160
5. The Company's individual financial report for the past year audited and certified by the Accountant	160
6. The impact of financial difficulties (if any) of the Company and its affiliates during the past year and as of the date of publication of annual report on the Company's financial position	160
VII. Review and Analysis of Financial Position, Operating Results and Risk Management.....	230
1. Financial position.....	230
2. Operating results	232
3. Cash flow.....	233
4. The impact of material capital expenditures on financial operations for the latest year.....	234
5. The equity investment policy for the latest year, the major reasons for its gain or loss, improvement plan and investment plan for the next year.....	234
6. Analysis and assessment of risks for the latest year and as of the date of issue of annual Report.....	236
7. Other significant matters	245
VIII. Special Disclosure.....	246
1. Information on affiliates for the latest year.....	246
2. Private placement of securities during the latest year and as of the date of issue of annual report	251
3. The Company's shares held or disposed of by subsidiaries during the latest year and as of the date of issue of annual report	251
4. Other required supplementary notes	251
5. Matters which have a significant impact on shareholders' equity or securities prices as stipulated in Article 36(2)(ii) of the Securities and Exchange Act during the latest year and as of the date of issue of annual report.....	251
6. Explanation for significant discrepancy with national regulations on shareholders' rights Protection	252

I. LETTER TO SHAREHOLDERS

Dear Shareholders

In 2023, due to the impact of customers' inventory adjustments, revenue was lower than last year, but it was not easy for the Company to still maintain a slow growth in gross margin. Benefiting from the stabilization of raw material prices, the Company's diversified options in China+1 Vietnam factory, development of new product lines for European premium audio brands and etc., the Company has seen a positive effect of a jump in gross profit, and under the manifest of the effects of streamlining the organization and the synergies of the integration, the Company has also been able to achieve an overall increase in the gross margin, operating profit margin and net profit margin, and formed a more robust operating structure.

In response to the global economic downturn and inflationary spiral, the Company has not only deepened the product lineups of existing audio brand customers by providing more product choices, but also increased the development of new customers and new products for non-audio brand customers. Under the blue ocean strategy of new products for new customers, the Company's operating outlook continues to be positive and stable.

I. 2023 BUSINESS REPORT

(I) Implementation Results of Business Plan

Unit: NT\$'000

Item /Year	2023	2022	Increase (Decrease)	Change (%)
Net Sales	10,640,520	12,810,382	(2,169,862)	-16.9%
Gross Profit	1,653,250	1,482,836	170,414	11.5%
Operating Profit	571,801	332,437	239,364	72.0%
Profit Before Tax	547,758	382,573	165,185	43.2%
Net Profit	533,310	369,795	163,515	44.2%

(II) Budget: No financial forecast has been prepared by the Company for 2023.

(III) Analysis on Financial Income and Expenditure and Profitability

Item		2023	2022
Financial Structure (%)	Debt to asset ratio	52.6%	60.9%
	Long-term capital to fixed assets ratio	370.0%	277.2%
Solvency (%)	Current ratio	158.9%	146.4%
	Quick ratio	120.5%	103.4%
Profitability (%)	Return on assets	8.6%	6.5%
	Return on equity of shareholders	20.9%	18.9%
	Net profit margin	5.0%	2.9%
	Consolidated Earnings per share (NT\$)	8.02	6.03

(IV) Research and Development

The research and development cost in 2023 was NT\$293,731,000, representing an increase of NT\$36,167,000 as compared to the research and development cost of NT\$257,564,000 in 2022, accounting for approximately 2.76% of Net Sales.

The Company has engineering teams in the professional fields of acoustics, electronics, structures, software and systems. It has the most advanced acoustic equipment for research and development in Huiyang, China and Videbæk, Denmark, which integrates and complements with research and development equipment for software and electronics in Shenzhen and Huiyang, China.

The Company's core business focuses on acoustics, audio IoT, audio systems and speaker drivers in the audio-visual electronics market, as well as professional and automotive speaker applications, and utilizes modern equipment and proprietary patents to provide world-class research and development, manufacturing and testing technologies.

II. SUMMARY OF BUSINESS PLAN FOR 2024

(I) Operating Strategy

In 2024, the de-inventory pressure of the customers has eased, and the integration of resources for customers development has accelerated. However, under the circumstances of global consumption contraction, low consumer confidence, high inflation and high interest rates, the Company should continue to strengthen the integration of electronics, software and acoustics synergies and accelerate the development of other markets. Based on the foundation of Bluetooth and Sound Bars systems to expand other professional audio product categories, strengthen partnerships with international consumer electronics brands, and expand more businesses in North America and Europe market for increasing profits. Further, take TWS as the axis of Portable, Accessories, home personal entertainment, gaming headsets, business conferencing or personal systems, enter the OTC hearing aid products with TWS and the future metameres related audio products, so to form the new blue ocean for the new products in the future, cooperate with ICT manufacturers in the application of acoustic products in the Internet of Things, and build up a flexible production system, refined R&D system and diversification of procurement. As we continue optimizing our production resources, we are cautiously optimistic about our business outlook, and our results are expected to keep growing.

(II) Sales Forecast and its basis

The Company has adopted the new models developed by brand customers every year and the production and marketing plan of the clients of developed models as the basis for sales forecast for the following year. The Company anticipated double-digit growth in gross sales in 2024 compared to 2023, while gross margin is expected to continuously improve.

(III) Important Production and Sales Policies

1. Marketing Policy

With backgrounds of economic slowdown, the integration of customer development resources and the development of product differentiation, in response to the future requirements of environmental protection and carbon neutrality, the Company turns the crisis into opportunity by adjusting the product line. To cope with changes, the Company will adopt the following strategies:

- (1) Strengthen the sales team in the U.S., Europe, Japan and Korea and other important global markets, increase joint early development with specific customers in a particular market to build customer confidence and long-term relationships, and join hands with brand customers to develop new markets, new products, new applications, and mutual support and trust. Flatten the sales team and global distribution, maintain strategic partnership with existing major customers, strengthen the depth and breadth of mutual cooperation, and increase the expansion of international brands in various important markets.
- (2) Establishing strategic partnerships with China's leading IT companies and potential local international brands in China and expanding product lines will facilitate the international sales of our products.
- (3) Apart from existing product lines, the Company will devote more marketing resources in Portable and Accessories, including TWS earphones, wearing, conference/personal systems and speakers, gaming earphone and OTC audio TWS to expand its visibility and market share. The Company will explore more businesses other professional audio products.
- (4) The Company proactively implement the environment protection and carbon neutrality strategy, and strive on the production and manufacture of VR/AR devices relating audio products, to drive the long term operation growth of the Company.
- (5) The Company will have better positioning to pay close attention to the market, follow the trend of developing new technologies, new products and new applications, to provide customers with one-stop shopping service and comprehensive acoustic solution service from OEM, ODM to JDM and other flexible business models.

2. Production Policy

- (1) Meet the demand of our customers: Strengthening the management of multi-plant operations to improve efficiency. As part of the orders is transferred to the Vietnam factory, the operation of the Huiyang factory will be integrated according to the efficiency, and some parts will be changed from in-house processing to outsourcing, and the operation management will be continuously optimized to improve the mobility and efficiency of the management, which will in turn reduce the cost of the plant's production and enhance the competitiveness of the Huiyang factory.
- (2) Invest more in our major customers and in models with higher order volumes, and we are investing in automatic production and automatic inspection equipment, such as introducing AI speaker driver and Sound Bars auto audio capture, whereas continuously promoting parallel development to Bluetooth speaker products to ensure quality stability and continuity, and improve customer confidence and image of Company.
- (3) Strengthen the team of electronic, software and structural professionals in the R&D department to improve the production technology of electronic products.
- (4) Improve each production management system and strengthen system management: such as enhancing production efficiency, performance evaluation, KPI reward and punishment, raising quality awareness, and improving and implementing other assessment regulations.
- (5) Strengthened GHG regulations and implemented learning activities for the whole factory to enhance employees' awareness of carbon neutrality.
- (6) Continuously promote the renewal of energy-saving projects, implement solar power supply, and reduce reliance on utility power.

3. Research and Development Policy

The Company's 2024 research and development will focus on the following:

- (1) Developing wireless speaker system with partners, mainly focuses on the LE Audio solutions and product development, with horizontal expansion in systems (Sound Bars, BT wireless Speakers, Party Speakers, Headphones).
- (2) Developing and further expanding the SoCs embedded in TV Sound Bars to provide a turn-key solution for a variety of packages; while also expanding the research and development of new products, such as "UWB" and "FlexConnect", to open up more applications of audio Home-Cinema.
- (3) In-depth research and development on Pro Audio acoustic applications and solutions for audio improvement for the Pro speaker product type.
- (4) Strengthening and developing new products of the series of sensors of its own brand PUNKTKILDE™. Focusing on small diameter and large acoustic pressure, developing new technical capabilities, exploring towards headphone driver design and providing new ideas for new types of products.

- (5) Continuing to establish long-term goals with suppliers in respect of environmental protection, energy saving and reduction in carbon emission, and recycling or natural decomposition of raw materials and packaging materials, extending the application of these materials and improving the use of environmentally friendly materials in its products, which will help it practices the commitment for the corporate social responsibility (CSR) and green environment.
- (6) In response to the supply chain issues with respect to the availability of core chips, the Company will tend to adopt a diverse, multi-share and reuse design strategy for its development to reduce product risk in this regard. At the same time, such development will tend to have preliminary cooperation with primary suppliers for developing the utilization of new products to enhance the pre-competitive value.
- (7) Starting the strategic deployment and planning for the Company's new product categories in the future (after 2024) in terms of manpower, resources planning and new technology.

(IV) Future Development Strategy of the Company

1. More focused products:

Home and Portable products are more competitive niche products for the Company as compared to the red oceans of earphones. Entering OTC hearing aid products with TWS is a choice of focus which is the direction for consideration on product development.

2. More professional and dedicated technology:

Being sound-oriented, the Company will produce differentiated products by substantially leveraging its acoustic expertise.

3. More diversified customers:

With the significantly increase in orders from Japanese and Europe customers, which may not less than those from Korean customers, the Company's orders will tend to avoid the overdependence on any single customer, reducing the impact of fluctuations in the financial performance from a single customer.

(V) Impact of the External Competitive Environment, Regulatory Environment and Overall Business Environment

1. The Company has been affected by the external competitive environment:

- (1) With the rise of subscription-based online streaming and lower cost of high-speed internet bandwidth, audio products such as Sound Bars and wireless portable speakers are still the major growth areas.
- (2) In recent years, several IT giants have crossed the border to join in competition, due to the miniaturization and electronation of electroacoustic products, IT companies have been competing for market share, increasing the difficulty of the Company in securing orders or sacrificing gross profit to retain customers.

- (3) The rise of China's red supply chain with the threat from the aid of government subsidies have led to unfair competition, coupled with a lack of local consumption, which has increased the risk of unnecessary competition based on volume and price cutting.
 - (4) For the mainstream consumption of audio-visual products, the market favors products with high-standard specification and lower price, and the prices have shown a declining trend, resulting in a more significant drop in sales amount as compared with that in production volume.
2. The Company has been affected by the regulatory environment:
- (1) In recent years, China and Vietnam have been actively encouraging industrial upgrading and promoting environmental protection, energy saving and waste reduction, and have introduced various preferential policies and incentives, which the Company has been actively seeking to apply.
 - (2) Increased supervision of foreign exchange balancing and customs duties in China and Vietnam, which resulted in an increase in related tax costs.
 - (3) To comply with the environmental protection laws and regulations in China and Vietnam. In addition, the factories in these two countries have introduced the ISO 14064-1 carbon inventory in preparation for the future energy saving and carbon reduction, and to formulate specific improvement plans for scientific carbon reduction.
 - (4) In line with “dual control of energy consumption” policy of Mainland China and the off-peak load shedding of hydroelectric power generation in North Vietnam, the production line is operated by its own diesel generators and solar panels on roofs, which are operated in a dual track for continuous operation of self-supply of electricity.
3. The Company has been affected by the overall business environment:
- (1) US-China decoupling and geopolitical implications:
 - (a) Other than providing one-stop shopping services and products, in order to be aligned with the fragmentation trend of customer’s supply chain, the construction of twin bases in Huiyang, China and Vietnam are based on local conditions and mutual needs. Since the products we manufacture are not sensitive supplies, strictly speaking they are not affected. However, due to the short and toughness of the supply chain, our mindset changed from “just in time” to “just in case” to formulate a complete strategy for responding.
 - (b) In view of the advantages of its Mainland factory which has a well-established supply chain and stronger developed capability, the Company will produce more complex and high-end products in the Mainland factory, whereas the single and simple products will be produced in Vietnam, so that the two factories can complement each other.
 - (2) Impact of the depreciation of the Asian currencies against the US dollar:
 - (a) Responding to the impact of depreciation of Asian currencies against US dollar, the increase in local procurement can reduce cost and the value-added of local production

makes it easy to obtain the certificate of origin, which has immediate and obvious effects on the profitability of the order and carbon reduction at the transportation stage.

- (b) Continuing internal transformation and accelerating digital transformation, through digitization, we are able to digitize and standardize the processes between departments and within the enterprise, so that different units can work together more efficiently.
- (3) Establishing enterprise tolerance: While maintaining daily operation and maintaining basis of trustworthy, the enterprise promoted transformation and reshape its prospect, cope with destructive events with flexibility in order to reduce risks, maintain market competitively and create long term value.

Although this year's revenue is lower than last year's, the efficiency of the two factories and effective cost control have resulted in a positive effect of a jump in gross profit, and the streamlining of the organization and the consolidation effect have resulted in an overall increase in gross margin, operating profit margin and net profit margin, and an increasingly robust operating structure, which has led to a year of transformation and a good harvest. Looking forward to the coming year, opportunities and challenges will always co-exist, and we will strive to develop new blue oceans, new applications and new customers, and replace price competition with differentiation to achieve further success.

Eastech Innovations (TW) Inc.
Representative Liou Jenq Lin
Chairman

II. COMPANY PROFILE

- 1. Date of incorporation:** 1 February 2011
- 2. Description of the Company and the Group:**

- (a) Description of the Company and the Group**

Eastech Holding Limited (hereinafter referred to as the “Company”).

The Company is principally engaged in the manufacturing and sale of speaker systems and earphone products; design, manufacturing and sale of high-end/ smart speakers and audio/video electronic home entertainment systems; research and development of system architecture/new product concepts/state-of-the-art products/sound and acoustics technology. As the principal operating subsidiaries of the Company are located in Hong Kong and Mainland China with over 30 years of operating history, and enterprises restricted by registration limits of the abovementioned regions cannot be listed in Taiwan directly, therefore, the Company reorganized the upper-level investment structure of Eastern Asia Technology (HK) Limited, and set up the Company as the holding company in the Cayman Islands in February 2011, in order to be compliant with the regulations of Taiwan Stock Exchange in respect of application for primary listing of shares of foreign companies in Taiwan.

In April 2014, the Company acquired Scan-Speak A/S, a renowned premium loudspeaker manufacturer in Denmark, thereby getting prepared for seizing the opportunity in developing high-end speakers and making comprehensive deployment for entering the field of premium speakers.

In January 2015, the Company acquired ETT, an AV electronics ODM manufacturer, and entered the audio appliances industry, in order to follow the industry development trend of close ties between speaker systems and 3C electronic appliances, and to expand the scope of business of the Group. In addition, the Company has become one of the few audio market players around the world that hold both horizontal integrated designs and vertical manufacturing bases.

In January 2019, the Company set up a subsidiary in Vietnam and established its secondary overseas production base as a backup base for active optimization of product mix and multinational production allocation in preparation for the impact of the US-China trade war.

In July 2020, the Company set up Eastech Innovations (TW) Inc., a research and development design center principally engaged in the research and development of TWS (True Wireless Stereo) earphones and acoustic products.

In December 2021, the Company disposed of EAHY and ETHY, and the four subsidiaries in Mainland China were consolidated into two subsidiaries, namely EAHZ and ESHY, which have continued to operate in Mainland China at their original locations with streamlined production lines and at the optimum scale without any changes.

In September 2022, the Company set up its Taiwan sub-branch, Eastech Holding

Limited Taiwan Branch.

In order to further simplify the Group's organizational structure, Eastech Systems (Huiyang) Co., Ltd. ("ESHY") was merged to Eastech (Huizhou) Co., Ltd. ("EAHZ") in March 2023 whereas Eastech Electronics (Taiwan) Inc. ("ETT") was merged to Eastech Innovations (TW) Inc. ("ETW") in September 2023. After the merger, EAHZ and ETW are the surviving companies respectively.

(b) **Group structure:** please refer to page 246 of this annual report.

(c) **Risk analysis:** please refer to pages 236 to 245 of this annual report.

3. History of the Company and the Group

Date	Important Events
1971	Establishment of Eastern Asia Woods Industrial Corp., the predecessor of EASTECH.
1972	Cooperated with Japanese to obtain their technology and support for the production of speaker boxes for sales to Japan.
1977	Became OEM of speakers who produced products for internationally renowned brands, and the product portfolio transformed from speaker boxes to speaker systems.
1983	Became a leader in speaker products. A design and R&D centre was set up to focus on improvement in product quality and R&D capability.
1986	Commenced direct export sales and taking up of orders from international brands.
1988	Eastern Asia Technology (HK) Limited ("EAH") was set up to engage in the trading, manufacturing and investment of speaker systems.
1989	Production plant was relocated to Malaysia and Huizhou and Shenzhen, China.
1990	Vertical integration was carried out to extend its production to speaker units.
1991	Resources were integrated and EAH was acting as operating hub. Group Engineering Centre (GEC) was set up to provide technical support to production and sales department.
1995	EAHY was set up to principally engage in the production of speakers and parts. ESHY was established to specialize in the manufacturing of speaker units.
1996	First phase of Huiyang plant completed, in which speaker unit assembly department was set up and part of the production capacity in Malaysia was transferred thereto.
1997	Plastic department was set up and successfully developed stereo system and Dolby virtual surround sound system for home theater.
1998	Production of speaker systems in Shenzhen was transferred to Huiyang plant, enabling Huiyang plant to become one of the few plants in the world which can conduct one-stop production of speaker systems.
2002	ERP (SAP) system was introduced to enhance management efficiency. EMHY was established to principally produce various speaker products.

Date	Important Events
2003	EAHY and ESHY were awarded “Best Financial Report of Foreign-Invested Company” by the Ministry of Finance of Huiyang City, Guang Dong Province. Participated in an exhibition of consumer electronic appliance in Las Vegas in January and was honored “Innovative Design and Engineering” award for its speaker systems for flat panel home theater, flat speaker systems for Notebook and plat speaker systems.
2008	Earphones department was set up and EMHY commenced production of earphones products.
2011	The Company was incorporated in Cayman Islands. Reorganization of the structure of the Group completed. Audit Committee and Remuneration Committee were set up.
2012	The Company was formally listed on Taiwan Stock Exchange on 5 November 2012. The Company conducted capital increase by cash through issue of 6,750 thousand ordinary shares with carrying amount of NT\$10 per share, totaling NT\$67,500 thousand. The paid-in share capital after the capital increase was NT\$607,500 thousand
2013	EAHY and EMHY were approved and recognized as “New and High Technological Enterprises”. Shenzhen MaliMaliBox Trading Corporation Limited was established to engage in the earphones retailing business.
2014	Establish Premium Sound Group and acquire Denmark-renowned high-end loudspeaker developer and manufacturer – ScS, which provide faster access to high-end speaker systems including car speakers market.
2015	In January, acquired ETT, an audio/video electronics ODM manufacturer, entering into the area of audio/video electronic and audio equipment OEM manufacturing. In June, increased capital by issuing 252 thousand shares (employee restricted shares), the issued capital was increased to NT\$610,020 thousand as a result. In September, the installation of a car speaker production line was completed and we began to introduce ISO/TS16949 certification. In October, the Company implemented treasury shares for the first time. In November, car speakers were officially shipped, signifying the Company’s entering a new business area.
2016	In August, the zero defect supply chain quality management standard ISO/TS16949 certification has been obtained for car speakers.
2017	In January, increased capital by issuing 500 thousand shares (employee restricted shares) of NT\$10 each, totaling NT\$615,020 thousand. In June, for the consistency of trademark reputation and company name, the English name of the Company was changed to “Eastech Holding Limited”. In October, Eastech Electronics (SG) Pte. Ltd. was established to engage in the research and development of system architecture/new product concepts/state-of-the-art products/sound and acoustics advance technology. In December, increased capital by issuing 500 thousand shares (employee restricted shares), the issued capital was increased to NT\$619,860 thousand as a result.

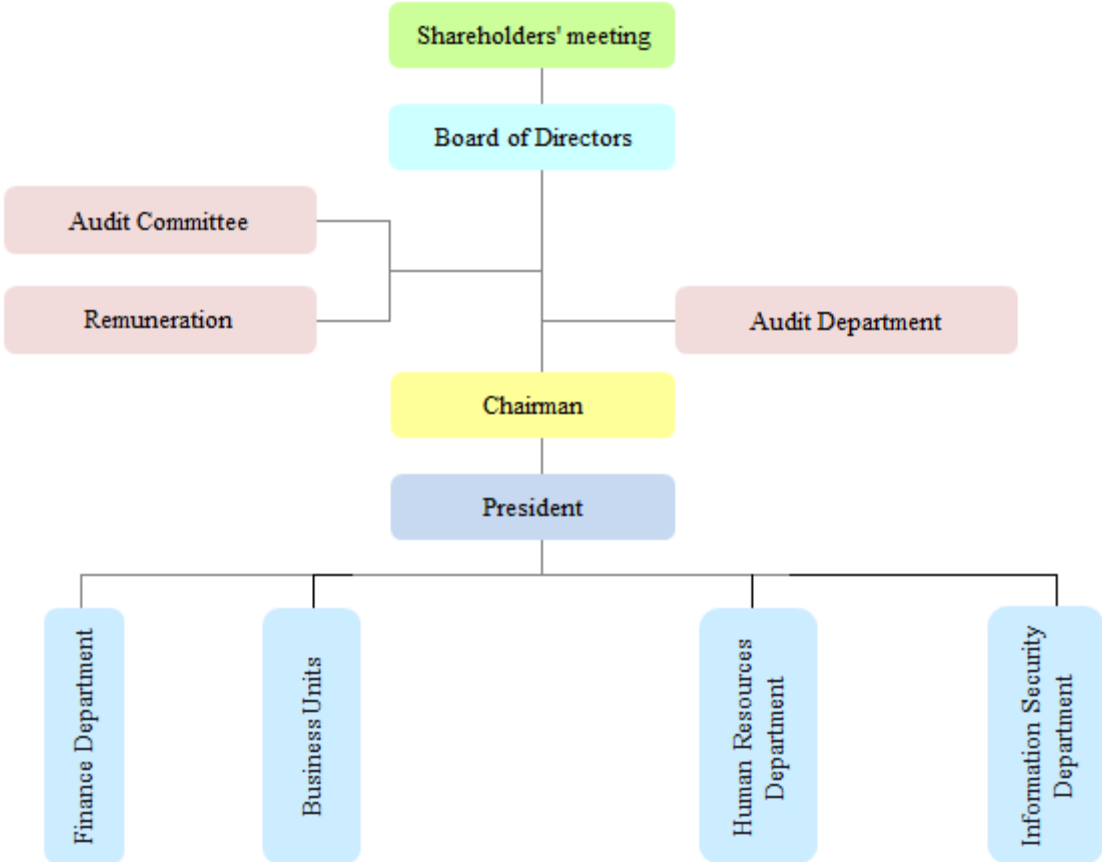
Date	Important Events
2018	<p>In October, the Company became a supplier of car speakers for a first-tier car manufacturer in mainland China.</p> <p>The Company became an OEM of smart speakers for a Chinese brand, which marked the milestone of the largest number of shipment quantity for a single product under one brand.</p>
2019	<p>In January, the Company set up a sub-subsidiary in Vietnam (Eastech (VN)Company Limited.) in Hai Duong Province, northern Vietnam, to engage in the production, assembly and sales of transducer speakers, Bluetooth speakers and earphones.</p> <p>In August, Eastech Microacoustics (HK) Limited was established to engage in the sales of earphones and audio-visual products.</p>
2020	<p>In March, Eastech Electronics (SG) Pte. Ltd. renamed as Eastech (SG) Pte. Ltd.</p> <p>In July, the Company set up EASTECH Innovations (TW) Inc., a research and development design center principally engaged in the research and development of TWS (True Wireless Stereo) earphones and acoustic products.</p> <p>In October, Shenzhen MaliMaliBox Trading Corporation Limited renamed as EASTECH (SZ) Co., Ltd. engaged in the import and export trade of audio and earphone products, components and mechanical equipment.</p>
2021	<p>In February, Eastech Microacoustics (Huiyang) Co., Ltd. renamed as Eastech (Huizhou) Co., Ltd., engaged in the production, installation and sales of speaker systems and components, earphones, smart speakers and audio/video electronic home entertainment systems.</p> <p>In July, the Company set up a sub-subsidiary in Vietnam called Eastech Trading (VN) Company Limited, in Hai Duong Province, northern Vietnam, to principally engage in trading business.</p> <p>In December, the Company disposed of two subsidiaries, namely EAHY and ETHY, to an external third party of the Group, all businesses and production resources of which have been transferred to and taken over by EAHZ at their original locations.</p>
2022	<p>In April, EASTECH (SZ) Co., Ltd. renamed as Eastech (SZ) Co., Ltd.</p> <p>EASTECH Innovations (TW) Inc., renamed as Eastech Innovations (TW) Inc.</p> <p>In September, Eastech Holding Limited Taiwan Branch was established.</p>
2023	<p>In March, EAHZ and ESHY were merged. After the merger, ESHY is the eliminated company whereas EAHZ is the surviving company.</p> <p>In September, ETW and ETT were merged. After the merger, ETT is the eliminated company whereas ETW is the surviving company.</p>

III. CORPORATE GOVERNANCE

1. Organization

(a) Organization Chart

31 December 2023



(b) Responsibilities of each department

Department	Main Responsibilities
Board of Directors	Accountable to the shareholders; execute resolutions; determine operation plans and investment proposals based on the scope of authorization granted by the shareholders.
Chairman	Formulate strategic operation instructions and objectives and appoint managers for the execution of the instructions and objectives.
Audit Committee	Monitor preparation of financial report and internal control on behalf of the Board to ensure the reliability of the financial report and the legal compliance of all activities.
Remuneration Committee	Monitor payroll of all operating teams and the appropriateness of staff remuneration on behalf of the Board to enable independence between ownership and operating concession.
Audit Department	Perform auditing tasks on a regular or irregular basis pursuant to the internal control system, prepare audit report and provide ways of improvement.
President	Execute resolutions of the Board and manage all company affairs.
Business Units	Propose and execute the sales, manufacturing, procurement and development for electronics speaker systems (such as smart speakers and Bluetooth speakers), earphones and loudspeakers products.
Finance Department	Manage fund allocation, financial control and accounting, stock affairs, investment and public relations.
Human Resources Department	Manage human resources, legal affairs and information
Information Security Department	Responsible for the planning, monitoring and execution of the information security system.

2. Directors, supervisors, presidents, vice presidents, senior managers and heads of departments and branch offices

(a) Details of directors and supervisors

1. Directors (there is no supervisors in the Company)

26 March 2024

Title	Nationality	Name	Gender	Age	Date of appointment	Term	Date of first appointment	Shareholdings at appointment		Current shareholdings		Current shareholdings of spouse and minor children		Shares held in other's name		Major Qualifications	Current positions in the Company and other companies	Other officers, directors or supervisors who are spouse or second-degree relatives			Remarks
								No. of shares	Shareholding %	No. of shares	Shareholding %	No. of shares	Shareholding %	No. of shares	Shareholding %			Title	Name	Relationship	
Chairman	Taiwan	Eastech Innovations (TW) Inc.	-		16 June 2023 (Note 1)	3 years	30 April 2014	453,000	0.60	453,000	0.60	0	0	0	0	-	-	Nil	Nil	Nil	Nil
	Taiwan	Legal representative Liou Jenq Lin	Male	Aged 71-80	16 June 2023	3 years	24 March 2011	0	0	0	0	0	0	0	0	Master of Electronic Engineering and MBA from University of Southern California, U.S. IBM Senior Engineer, U.S. Xerox Senior Engineer Advisor, U.S.	Director of Eastech Electronics (HK) Limited Director of Eastech (Huizhou) Co., Ltd. Director of Scan-Speak AS	Nil	Nil	Nil	Nil
Director	Taiwan	Pai Chin Chang	Male	Aged 61-70	16 June 2023	3 years	24 March 2011	140,000	0.19	177,000	0.24	0	0	0	0	Executive Master of Business Administration from Hong Kong International Business College	Director of Eastech Asia Technology (HK) Limited President of the Company	Nil	Nil	Nil	Nil
Director	Taiwan	Chang Tung I	Male	Aged 61-70	16 June 2023	3 years	15 December 2011	37,000	0.05	83,000	0.11	271,000	0.36	0	0	MBA from California State University, U.S. Vice Executive Director of Kuo-Bin Ceramic Ind. Co., Ltd.	Director of Eastech Innovations (TW) Inc. Director of Scan-Speak A/S	Nil	Nil	Nil	Nil
Director	Taiwan	Teng Chiou Shiang	Female	Aged 61-70	16 June 2023	3 years	16 June 2023	20,000	0.03	80,000	0.11	49,000	0.07	0	0	Bachelor of Department of Economics, Fu Jen Catholic University Vice President of Eastech Innovations (TW) Inc., Department of Human Resources	Director of Eastech Innovations (TW) Inc. Director of Eastech Microacoustics (HK) Limited Director of Scan-Speak A/S	Nil	Nil	Nil	Nil
Independent Director	Taiwan	Chang Shan Juh	Male	Aged 71-80	16 June 2023	3 years	24 March 2011	0	0	0	0	0	0	0	0	Master of Electronic Engineering from University of Southern California, U.S. Head of Planning Department of Tatung Company Head of Human Resources Development Department on Tatung Company Lecturer of Faculty of Electronic Engineering and Human Resources Officer of Tatung University	Human Resources Officer of Tatung University	Nil	Nil	Nil	Nil

Independent Director	Taiwan	Jeng Shih Rong	Male Aged 71-80	16 June 2023	3 years	12 Jun 2020	55,000	0.07	0	0	0	0	0	0	Bachelor of Law, National Chung Hsing University Chief Secretary of the Internal Administration Committee, Foreign and National Defense Committee of Legislative Yuan, Republic of China (Taiwan)	Nil	Nil	Nil	Nil	
Independent Director	Taiwan	Su Yi-Jen	Male Aged 51-60	16 June 2023 (NOTE 2)	3 years	16 June 2013	0	0	0	0	0	0	0	0	MBA from University of San Francisco, USA Chairman and General manager of Ensure Global Corp., Ltd.	CEO of Chungwa Satellite Communication Systems Co., Ltd. EMBA Adjunct Assistant Professor of Chang Jung Christian University	Nil	Nil	Nil	Nil
Independent Director	Taiwan	Shiau Fung Shyung	Male Aged 71-80	12 June 2020 (Note 3)	3 years	12 August 2011	0	0	0	0	0	0	0	0	PHD of Economic from Chinese Culture University Master of Economic from Yale University, U.S. Master of Agricultural Economic from National Chung Hsing University Dean of College of Commerce of Tamkang University Vice Council for Economic Construction Committee, Executive Yuan, R.O.C. (Taiwan)	Professor of Tamkang University Independent director of Wayi International Digital Entertainment Co., Ltd. Independent director of CMC Magnetics Technology Inc. Supervisor of Zhong Hua Cheng Co., Ltd.	Nil	Nil	Nil	Nil
Independent Director	Taiwan	Chen Ko Hung	Male Aged 61-70	12 June 2020 (Note 3)	3 years	24 March 2011	0	0	0	0	0	0	0	0	MBA of National Chengchi University (NCCU) Bachelor of Accounting, NCCU Senior Manager of Finance Department of UniLite Corporation Senior Manager of Finance Department of Princeton Technology Corporation	Chief Financial Officer of Ampire Co., Ltd.	Nil	Nil	Nil	Nil

Note 1: On 16 June 2023, a general election of directors was held, and Eastech Electronics (Taiwan) Inc. was re-elected as a director.

On the merger basis date of 28 September 2023, Eastech Innovations (TW) Inc. took over the chairmanship of the Company as a result of the merger with of Eastech Electronics (Taiwan) Inc. and designated Mr. Liou Jenq Lin as its representative.

Note 2: On 16 June 2023, a general election of directors was held, director Ms. Teng Chiou-Shiang and independent director Mr. Su Yi-Jen were newly appointed.

Note 3: On 16 June 2023, a general election of directors was held, independent director Mr. Shiau Fung Shyung and Mr. Chen Ko Hung were resigned.

2. Substantial shareholders of corporate director

(1) Substantial shareholders of corporate shareholder

31 December 2023

Corporate Name	Substantial Shareholders
Eastech Innovations (TW) Inc.	Eastern Asia Technology (HK) Limited (100%)

(2) Substantial shareholders of corporate which substantial shareholder is corporate.

31 December 2023

Corporate Name	Substantial Shareholders
Eastern Asia Technology (HK) Limited	Eastech Holding Limited (100%)

3. Information disclosure of the professional qualifications of the directors and supervisors and the independence of independent directors:

31 December 2023

Name	Qualification Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of concurrent appointment as an independent director of other public companies
Representative of Eastech Innovations (TW) Inc.: Liou Jenq Lin	Obtained dual master's degree in Electronic Engineering and Management from University of Southern California in the U.S.; served as the Senior Engineer of IBM in the U.S. and Senior Engineer Advisor of Xerox in the U.S.; has accumulated nearly 40 years of experience in the field of multinational business, electrical and electronic OEM, branding brand marketing; he has a long history of corporate development planning and strategizing the future direction of the Company. Currently he serves as the Representative of the Chairman of the legal person of the Company. There are no circumstances under Section 30 of the Company Act.	-	0
Pai Chin Chang	Obtained an Executive Master of Business Administration from Hong Kong International Business College; has accumulated nearly 40 years of experience in the field of speaker manufacturing and foundry, with a strong focus on production and quality management, and a strong technical orientation; currently serves as a Director and the President of the Company. There are no circumstances under Section 30 of the Company Act.	-	0
Chang Tung I	Obtained an MBA from California State University in the U.S, with experience in Chief Financial Officer and a strong background in financial planning; currently serves as a Director of the Company and the Chairman of its subsidiary in Taiwan. There are no circumstances under Section 30 of the Company Act.	-	0

Name \ Qualification	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of concurrent appointment as an independent director of other public companies
Teng Chiou-Shiang (Note 3)	Bachelor of Department of Economics, Fu Jen Catholic University; 20 years of professional HR experience; currently serves as a Director of the Company and the director of its subsidiary in Taiwan. There are no circumstances under Section 30 of the Company Act.	-	0
Chang Shan Juh	Obtained a Master of Electronic Engineering from University of Southern California in the U.S.; has been the Human Resources Officer of Tatung University; previously served as a Lecturer of Faculty of Electronic Engineering and Human Resources Officer of Tatung University, Director of Planning Division of Tatung Company, and Head of Human Resources Development Department of Tatung Company; currently serves as an independent Director, a member of the Audit Committee and the chairman of the Remuneration Committee of the Company; possesses expertise in human resources. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; not holding shares of the Company; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration the last two year.	0
Jeng Shih Rong	Obtained a Bachelor of Law from National Chung Hsing University; previously served as the Chief Secretary of the Internal Administration Committee, Foreign and National Defense Committee of Legislative Yuan, R.O.C.; currently serves as an independent Director, and a member of each of the Audit Committee and Remuneration Committee of the Company; possesses professional qualifications in law. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; holding shares of the Company and please refer to [page 87] of the annual report for the description on his shareholding proportion; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	0

Name \ Qualification	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of concurrent appointment as an independent director of other public companies
Su Yi-Jen (Note 3)	MBA from University of San Francisco, USA; CEO of Chunghwa Satellite Communication Systems Co., Ltd. and EMBA Adjunct Assistant Professor of Chang Jung Christian University; previously served as the chairman and general manager of Ensure, a listed company; currently serves as the independent director, chairman of audit committee and member of remuneration committee; with expertise in financial accounting. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; not holding shares of the Company; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	0
Shiau Fung Shyung (Note 4)	Obtained a PHD of Economics from Chinese Culture University, a Master of Economics from Yale University in the U.S., and a Master of Agricultural Economics from National Chung Hsing University; has been a Professor Emeritus of the Department of Finance and Economics of Tamkang University; previously served as the Dean of College of Commerce of Tamkang University and the Vice Council for Economic Construction Committee of the Executive Yuan, R.O.C.; currently serves as an independent Director, and a member of each of the Audit Committee and Remuneration Committee of the Company; possesses expertise in accounting or finance; concurrently serves as the independent directors of CMC Magnetics and Wayi International Digital Entertainment Co., Ltd.. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; not holding shares of the Company; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	2
Chen Ko Hung (Note 4)	Obtained an MBA from National Chengchi University; has been the Chief Financial Officer of Ampire Co., Ltd.; previously served as the Senior Manager of Finance Department of UniLite Corporation and the Senior Manager of Finance Department of Princeton Technology Corporation; currently serves as an independent Director, the chairman of the Audit Committee and a member of the Remuneration Committee of the Company; possesses expertise in accounting or finance. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; not holding shares of the Company; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	0

- Note 1: Qualification and experience: To describe the professional qualifications and experience of individual directors and supervisors, and in the case of audit committee members with accounting or financial expertise, describe their accounting or financial background and work experience, and state whether or not they have not been subject to the provisions of Section 30 of the Company Act.
- Note 2: Description for Independent directors shall include its independency, including but not limited to whether himself/herself, spouse, or relatives within two degrees of kinship are directors, supervisors, or employees of the Company or its affiliates; the number and proportion of shares of the Company held by himself/herself, spouse, or relatives within two degrees of kinship (or in the name of another person); whether himself/herself, spouse, or my relatives within two degrees of kinship (or in the name of another person) serve as a director, supervisor, or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Item 1, paragraphs 5-8 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies); the amount of compensation received in the last two years for providing business, legal, financial, and accounting services to the Company or its affiliates. The amount of compensation received for business, legal, financial and accounting services provided to the Company or its affiliates in the past two years.
- Note 3: Ms. Teng Chiou-Shiang, director, and Mr. Su Yi-Jen, independent director, were newly appointed on 16 June 2023.
- Note 4: Mr. Shiau Fung Shyung and Mr. Chen Ko Hung, independent director, were resigned on 16 June 2023.

4. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

The Company has established the Code of Practice for Corporate Governance with a diversified approach. The Company's articles of association have stipulated a nomination system for election of Directors to ensure the diversity and independence of Directors.

The specific management objective of the diversity policy is to appoint at least one female Director and more than half of the independent Directors must not serve more than three consecutive terms.

The Company completed the re-election of seven Directors of the sixth session of the Board of Directors at the regular general meeting held on 16 June 2023, including 3 independent Directors and 1 female Director, covering a wide range of senior management talents in operation management, legal affairs, finance, human resources and strategic planning specialties. Among which, the non-independent Directors are senior staff of the Company or subsidiaries who have both act as employee and management, except for two independent directors, Mr. Shiao Fung Shyung and Mr. Chen Ko Hung, who has resigned due to their term of office exceed three sessions, and Mr. Su Yi-Jen, an expert in financial management and business, and Ms. Teng Chiou-Shiang, the vice president of human resources of the subsidiaries, had been appointed as directors for replacement. In addition to gender equality and youthfulness, these directors are compliance with law requirements on the experience in business, legal, finance, or other areas of work necessary for the Company's business, in combination with the expertise of directors acting as management, to maximize the complementarity of industry and academia in decision-making and execution, and to pursue a consensus that the Company's sustainable development is the sole and best interest of the Company.

The seven Directors are professional parties with technical backgrounds in the multinational business, acoustics industry, human resources management, finance and legal professions, and they can complement each other with their diverse backgrounds and bring great benefits to the Company's future development.

(2) Independence of the Board of Directors

The Company places emphasis on the diversity and independence of its Board of Directors. The Board of Directors comprises seven members, of which four are Directors and three are independent Directors. Independent Directors account for 43% and Directors who are also employees account for 43% of the total number of members of the Board of Directors. Three Directors are aged 71~80, three Directors are aged 61~70 and one Director is aged 51~60. The nationality of each of the seven Directors is Taiwan.

None of the seven Directors of the Company are related to each other within the meaning of spouse and second-degree relatives. The qualifications and conditions of the three independent Directors have met the expectations of the Company and have demonstrated their professional and practical experience. Therefore, the Company considers that the three independent Directors are all external parties independent of the Company.

(b) Details of president, vice presidents, senior managers, head of departments and branch offices

26 March 2024

Title	Nationality	Name	Gender	Date of appointment	Shareholdings		Shareholdings of spouse and minor children		Shares held in other's name		Major Qualification	Current positions in other companies	Managers who are spouse or second-degree relatives			Remarks
					No. of shares	Shareholding %	No. of shares	Shareholding %	No. of shares	Shareholding %			Title	Name	Relationship	
President	Taiwan	Pai Chin Chang	Male	24 March 2011	140,000	0.19	177,000	0.24	0	0	Executive Master of Business Administrative from Hong Kong International Business College President of Eastech Holding Limited	Director and President of Eastern Asia Technology (HK) Limited	Nil	Nil	Nil	Nil
Supervisor of Information Security Department (Senior Vice President)	Taiwan	Hsu Chih Hsian	Male	1 January 2023 (Note 1)	N/A	0	0	0	0	0	Bachelor of Mechanical Engineering, The Tunghan University of Taiwan E-Commerce Group Director of Microsoft Taiwan Taipei Mobility Business Group Director of Microsoft Greater China Region	Nil	Nil	Nil	Nil	Nil
Vice President	Taiwan	Chang Po Chao	Male	1 December 2011	9,000	0.01	0	0	0	0	Bachelor's Degree of International Trading from National Chengchi University Vice President, Head of Corporate Governance and Spokesman of Eastech Holding Limited	Director of Eastech Innovations (TW) Inc.	Nil	Nil	Nil	Nil
Chief Financial Officer (Vice President)	Hong Kong	Lam Pui Man	Female	24 March 2011	8,000	0.01	0	0	0	0	Master of Finance from Chinese University of Hong Kong BBS from The Hong Kong University of Science and Technology Fellow member of Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants Chief Financial Officer of Eastech Holding Limited CPA Audit Accountant of Arthur Andersen	Director of Eastech Electronics (HK) Limited Director of Eastech (SZ) Co., Ltd. Supervisor of Eastech Innovations (TW) Inc. Director of Eastech Microacoustics (HK) Limited	Nil	Nil	Nil	Nil
Information Security Officer (Senior President)	Taiwan	Chen Chih-Ming	Male	25 August 2023 (Note 2)	0	0	0	0	0	0	Bachelor of Department of Information Science, The Soochow University Senior Manager of Eastech Holding Limited, Department of Information Security	Nil	Nil	Nil	Nil	Nil
Chief Audit Officer	Taiwan	Ko Chun Ming	Male	6 August 2020	0	0	0	0	0	0	Master of International Finance, National Taipei University Chief Audit Officer of Eastech Holding Limited	Nil	Nil	Nil	Nil	Nil
Deputy General Manager of EAVN	Malaysia	Low Weng Seet	Male	27 April 2023 (Note 3)	N/A	0	0	0	0	0	Bachelor of Electrical Engineering and Automation, Huaqiao University, Fujian, China	Nil	Nil	Nil	Nil	Nil

Note 1: Served as the head of Information Security Department of the Company since 1 January 2023. Resigned on 30 June 2023.

Note 2: Served as the head of Information Security Department of the Company since 25 August 2023.

Note 3: The Board of Directors appointed as the General Manager of EAVN on 27 April 2023. Due to the long term strategic development and organization integration of the Group, the Board of Directors has instead appointed Pai Chin Chang on 23 October 2023.

(c) Remunerations of directors, supervisors, presidents and vice presidents

1. Remunerations paid to directors, supervisors, presidents and vice presidents for the latest year (2023)

(1) Remunerations of general directors and independent directors

Unit: NTS'000

		Remunerations of Directors								Aggregated amount of A, B, C, and D and proportion to net profit after tax		Remunerations of concurrent employments						Aggregated amount of A, B, C, D, E, F and G and proportion to net profit after tax				Any remunerations from companies other than subsidiaries for investment business
		Salary (A)		Post-employment pension (B)		Directors' compensation (C) (Note 4)		Fee incurred for duty performance (D)				Salary, bonus and special bonus (E)		Post-employment pension (F)		Employees' compensation (Note 5) (G)		The Company		All companies contained in the financial statements		
Title	Name	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	By cash	By shares	By cash	By shares	
Chairman	Representative of Eastech Innovations (TW) Inc. Liou Jenq Lin (Note 1)	-	-	-	-	5,318	5,318	176	176	5,494	5,494	-	24,380	-	380	-	-	15,085	-	5,494	45,339	-
Director	Pai Chin Chang																					
Director	Chang Tung I																					
Director	Teng Chiou-Shiang (Note 2)																					
Independent Director	Chang Shan Juh																					
Independent Director	Jeng Shih Rong (Note 2)	-	-	-	-	5,182	5,182	152	152	5,334	5,334	-	-	-	-	-	-	-	-	5,334	5,334	-
Independent Director	Su Yi-Jen (Note 2)																					
Independent Director	Shiau Fung Shyung (Note 3)																					
Independent Director	Chen Ko Hung (Note 3)																					

- Please state the remuneration policy, system, standards and structure of independent Directors' remuneration, and describe the relationship with the amount of remuneration according to the responsibilities, risks, time invested and other factors.
The remuneration of the Company's independent Directors is determined by the Remuneration Committee in accordance with Article 117 of the Company's articles of association, and the pre-tax interest before deducting the distribution of employees' and directors' compensation for the current year is not more than 2%. At the discretion of the independent Directors, to consider the value of the Company's operation and contribution, to consider the proposed amount of the compensation and the principle of the payment, and to submit the proposal to the Board of Directors for approval after the resolution has been submitted.
- In addition to the disclosures in the above table, the Directors of the Company in the most recent year have received remuneration for providing services to all companies contained in the financial statements (such as serving as non-employee consultants of the parent company/all companies contained in the financial statements/re-investment business entities): Nil.

Note 1: On 16 June 2023, a general election of directors was held, and Eastech Electronics (Taiwan) Inc. was re-elected as a director. On the merger basis date of 28 September 2023, Eastech Innovations (TW) Inc. took over the chairmanship of the Company as a result of the merger with of Eastech Electronics (Taiwan) Inc. and designated Mr. Liou Jenq Lin as its representative.

Note 2: On 16 June 2023, a general election of directors was held, director Ms. Teng Chiou-Shiang and independent director Mr. Su Yi-Jen were newly appointed.

Note 3: On 16 June 2023, a general election of directors was held, independent director Mr. Shiau Fung Shyung and Mr. Chen Ko Hung were resigned.

Note 4: In accordance with the Company's articles of association, the directors' compensation for 2023 was approved by the Remuneration Committee and the Board of Directors on 26 February 2024.

Note 5: In accordance with the Company's articles of association, the employees' compensation for 2023 was approved by the Remuneration Committee and the Board of Directors on 26 February 2024.

Remuneration Ranking

Ranking of remuneration payable to each Director of the Company	Name of directors			
	Aggregate of four items of remunerations (A+B+C+D)		Aggregate of four items of remunerations (A+B+C+D)	
	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements
Below NT\$1,000,000	Directors: Teng Chiou-Shiang Independent Directors: Chen Ko Hung Shiau Fung Shyung Su Yi-Jen	Directors: Teng Chiou-Shiang Independent Directors: Chen Ko Hung Shiau Fung Shyung Su Yi-Jen	Directors: Teng Chiou-Shiang Independent Directors: Chen Ko Hung Shiau Fung Shyung Su Yi-Jen	Independent Directors: Chen Ko Hung Shiau Fung Shyung Su Yi-Jen
NT\$1,000,000 (inclusive) – NT\$2,000,000 (not inclusive)	Directors: Representative of Eastech Innovations (TW) Inc. Liou Jenq Lin Pai Chin Chang Chang Tung I Independent Directors: Chang Shan Juh Jeng Shih Rong	Directors: Representative of Eastech Innovations (TW) Inc. Liou Jenq Lin Pai Chin Chang Chang Tung I Independent Directors: Chang Shan Juh Jeng Shih Rong	Directors: Representative of Eastech Innovations (TW) Inc. Liou Jenq Lin Pai Chin Chang Chang Tung I Independent Directors: Chang Shan Juh Jeng Shih Rong	Independent Directors: Chang Shan Juh Jeng Shih Rong
NT\$2,000,000 (inclusive) – NT\$3,500,000 (not inclusive)	Nil	Nil	Nil	Nil
NT\$3,500,000 (inclusive) – NT\$5,000,000 (not inclusive)	Nil	Nil	Nil	Nil
NT\$5,000,000 (inclusive) – NT\$10,000,000 (not inclusive)	Nil	Nil	Nil	Directors: Teng Chiou-Shiang
NT\$10,000,000 (inclusive) – NT\$15,000,000 (not inclusive)	Nil	Nil	Nil	Directors: Representative of Eastech Innovations (TW) Inc. Liou Jenq Lin Pai Chin Chang Chang Tung I
NT\$15,000,000 (inclusive) – NT\$30,000,000 (not inclusive)	Nil	Nil	Nil	Nil
NT\$30,000,000 (inclusive) – NT\$50,000,000 (not inclusive)	Nil	Nil	Nil	Nil
NT\$50,000,000 (inclusive) – NT\$100,000,000 (not inclusive)	Nil	Nil	Nil	Nil
Above NT\$100,000,000	Nil	Nil	Nil	Nil
Total	9 persons	9 persons	9 persons	9 persons

(2) Remunerations of supervisors: Not applicable as the Company does not have any supervisors.

(3) Remuneration of the president and vice presidents

Unit: NT\$'000

Title	Name	Salary (A)		Post-employment pension (B)		Bonus and special bonus (C)		Employees' compensation amount (D) (Note 3)				Aggregated amount of A, B, C and D and proportion to net profit after tax (%)		Remunerations from companies other than subsidiaries or parent company for investment business
		The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	The Company	All companies contained in the financial statements	The Company		All companies contained in the financial statements		The Company	All companies contained in the financial statements	
								By cash	By shares	By cash	By shares			
President	Pai Chin Chang													
Chief Financial Officer (Vice President)	Lam Pui Man													
Vice President	Chang Po Chao	-	16,998	-	460	-	4,181	-	-	9,477	-	-	31,116 5.83%	-
Senior Vice President	Hsu Chih Hsian (Note 1)													
EAVN Vice President	Low Weng Seet (Note 2)													

Note 1: Served as the head of Information Security Department of the Company since 1 January 2023. Resigned on 30 June 2023.

Note 2: Appointed as EAVN President by the Board of Directors on 27 April 2023, terminated on 23 October 2023.

Note 3: In accordance with the Company's articles of association, the employees' compensation for 2023 was approved by the Remuneration Committee and the Board of Directors on 24 February 2024.

Remuneration Ranking

Ranking of remuneration payable to each president and vice president of the Company	Name of president and vice president	
	The Company	All companies contained in the financial statements
Below NT\$1,000,000	Nil	Nil
NT\$1,000,000 (inclusive) – NT\$2,000,000 (not inclusive)	Nil	Nil
NT\$2,000,000 (inclusive) – NT\$3,500,000 (not inclusive)	Nil	Chang Po Chao Hsu Chih Hsian
NT\$3,500,000 (inclusive) – NT\$5,000,000 (not inclusive)	Nil	Nil
NT\$5,000,000 (inclusive) – NT\$10,000,000 (not inclusive)	Nil	Lam Pui Man Low Weng Seet
NT\$10,000,000 (inclusive) – NT\$15,000,000 (not inclusive)	Nil	Pai Chin Chang
NT\$15,000,000 (inclusive) – NT\$30,000,000 (not inclusive)	Nil	Nil
NT\$30,000,000 (inclusive) – NT\$50,000,000 (not inclusive)	Nil	Nil
NT\$50,000,000 (inclusive) – NT\$100,000,000 (not inclusive)	Nil	Nil
Above NT\$100,000,000	Nil	Nil
Total	0 person	5 persons

(4) Name of managers who have been awarded staff remuneration and the distribution of employees' compensation

Unit: NT\$'000

	Title	Name	By Shares	By Cash	Total	Percentage of total amount to net profit tax (%)
Managers	President	Pai Chin Chang	-	9,107	9,107	1.71%
	Chief Financial Officer (Vice President)	Lam Pui Man				
	Vice President	Chang Po Chao				
	Supervisor of Information Security Department (Senior Manager)	Chen Chih-Ming				
	Chief Audit Officer	Ko Chun Ming				

Note 1: In accordance with the Company's articles of association, the employees' compensation for 2023 was approved by the Remuneration Committee and the Board of Directors on 26 February 2024.

2. Analysis on the percentage of total remunerations of directors, supervisors, president and vice presidents of the Company and all companies contained in the financial statements for the latest two years to net profit after tax, and descriptions on the remuneration policies, standards and packages and the procedure of determination of remunerations and its relationship with operating results

(1) Percentage of total remunerations of Directors, president and vice presidents of the Company and all companies contained in the financial statements to consolidated net profit.

Unit: NT\$'000

Year	2022				2023			
	The Company		All companies contained in the financial statements		The Company		All companies contained in the financial statements	
	Amount	Net profit after tax (%)	Amount	Net profit after tax (%)	Amount	Net profit after tax (%)	Amount	Net profit after tax (%)
Directors (Directors' remuneration)	6,635	1.79%	35,666	9.64%	10,828	2.03%	50,673	9.50%
President and Vice President	-	-	18,028	4.88%	-	-	31,116	5.83%

- (2) Descriptions on the remuneration policies, standards and packages and the procedure of determination of remunerations and its relationship with operating results.

- ① The policies, standards and combinations of remuneration, and procedures for determining remuneration.

Remuneration of directors of the Company is determined by the Remuneration Committee of the Company in accordance with Article 117 of the Company's articles of association with reference to the performance evaluation of the Directors. The total remuneration of all Directors is proposed based on the division of expertise and the full coverage of industry, government and academia groups when forming the board of Directors, including but not limited to the degree of participation and contribution to the Company's policies, decision-making and operations. The total compensation is capped at a limit of 2% of the profit before tax, with reference to the results of the performance appraisal of the Directors, and considering their respective expertise and full coverage of the industry, government and academia group when determining the composition of the Board, including but not limited to the extent of participation and contribution to the Company's policies, decisions and operations, the total compensation of all Directors shall not exceed 2% of the pre-tax income before the distribution of employee compensation and Directors' compensation for the current year, regardless of whether profits are made for the Company's business or non-business. No compensation will be made in subsequent years if no profits were earned in prior years. The most important purpose is that the Directors will only share the profits with the shareholders when the Company has profits for the year, and there will be no self-enrichment at the expense of the shareholders. No matter how high the annual profits are, a ceiling of 2% is set for Directors' compensation to take care of the shareholders' interests and it is released only after reporting to the board of directors for resolution.

Employees' compensation of the Company is provided in accordance to Article 117 of the articles of association of the Company and the amount provided shall not be less than 1% and not more than 15% of the profit before tax for the year and before deducting the compensation of employees and directors for the year. Remuneration of the chairman, president and vice presidents shall be paid according to the scope of their duties and responsibilities for their positions and their contribution to the Company's operational objectives. Determination of the remuneration shall be based on the overall operating performance of the Company, future operating risks and development trend of the industry and individual performance and contribution

to the Company's performance (including the achieve rate on the Company's consolidated revenue and budget, and the consideration of the comprehensive indicators such as the performance of other business management aspects), and the issuing of bonuses (including the attainment rate on the Company's consolidated operational revenue, the attainment rate on the target budget, and the consideration of the comprehensive indicators such as the performance of other business management aspects), and the payment of bonuses and reasonable remuneration is to maintain a close link between performance and rewards.

The Company's remuneration policy is determined based on its business strategy, employment policy and ability to pay. The remuneration of the chairman, president, vice presidents and managers are reviewed by the Remuneration Committee before the submission to the Board for approval.

② Relevance to business performance and future risks:

The Company's payment of Directors' remuneration has taken into consideration the Company's future operational risks and its positive correlation with operating performance, in order to balance the Company's sustainable operations and risk control.

For the remuneration of the chairman, general manager and deputy general manager, the Company's remuneration for the same position in recent year, and the reasonableness of the correlation between the individual performance and the Company's operating performance and future risks from the achievement of the Company's short-term and long-term business goals and the Company's financial status. It also did not guide managers to engage in behaviors that exceeded the company's risk appetite in pursuit of compensation.

3. Particulars of corporate governance

(a) Board of Directors

1. During the latest year (2023) and as at the date of publication of annual report, 8 Board meetings were held. The attendance of the Directors is as follows(3 meetings were convened before election, 5 meetings were convened after election) :

Title	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)	Remarks
Chairman	Representative of Eastech Innovations (TW) Inc.: Liou Jenq Lin	8	0	100%	Reappointment (Note)
Director	Pai Chin Chang	8	0	100%	Reappointment (Note)
Director	Chang Tung I	8	0	100%	Reappointment (Note)
Director	Teng Chiou-Shiang	5	0	100%	Newly appointed (Note)
Independent Director	Chang Shan Juh	8	0	100%	Reappointment (Note)
Independent Director	Jeng Shih Rong	8	0	100%	Reappointment (Noted)
Independent Director	Su Yi-Jen	5	0	100%	Newly appointed (Note)
Independent Director	Shiau Fung Shyung	3	0	100%	Resigned (Note)
Independent Director	Chen Ko Hung	3	0	100%	Resigned (Noted)

Note: On 16 June 2023, the shareholders' meeting completed the reelection of the sixth term of Directors, with the term of office from 16 June 2023 to 15 June 2026.

After the general reelection of directors on 16 June 2023, Eastech Electronics (Taiwan) Inc. was re-elected as a director; on the merger basis date of 28 September 2023,

Eastech Electronics (Taiwan) Inc. assumed the position of chairman of the Company as a result of the merger with Eastech Innovations (TW) Inc. and appointed Mr. Liou Jenq Lin as its corporate representative.

Director Teng Chiou-Shiang and Independent Director Su Yi-Jen were newly appointed, and Independent Directors Shiau Fung Shyung and Chen Ko Hung resigned.

2. Other disclosure:

- (1) The date of Board meeting, session, content of the proposal, the opinions of all independent Directors and the Company's response to the opinions of independent Directors shall be recorded if any of the following circumstances occurs:
- ① Matters stipulated in Article 14-3 of the Securities and Exchange Law
 - ② In addition to the aforementioned matters, other Board resolutions that have been objected to or qualified by independent Directors with record or written statement:

Board Meeting	Content of the proposal and follow-up action	Matters stipulated in Article 14-3 of the Securities and Exchange Law	Objections or reservation by independent Directors
Fifth session Twenty-fourth meeting 24 February 2023	1. Proposed distribution of employees' compensation and directors' compensation of the Company for 2022	Yes	No
	2. Proposed merger of two 100%-owned sub-subsidiaries, Eastech (Huizhou) Co., Ltd. and Eastech Systems (Huiyang) Co., Ltd.	Yes	No
	3. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	Opinions of independent Directors: Nil		
	The Company's response to the opinions of independent Directors: Nil		
	Voting results: All attending Directors and independent Directors approved the resolution.		
Fifth session Twenty-fifth meeting 27 April 2023	1. Proposed appointment of the candidates of Directors and independent Directors	Yes	No
	2. Proposed relief of the Directors and their representatives of the sixth session of the Company from the prohibition of competition	Yes	No
	3. Appointment of the Company's Certified Public Accountant and their remuneration	Yes	No
	Opinions of independent Directors: Nil		
	The Company's response to the opinions of independent Directors: Nil		
	<p>Voting results of the first resolution: As Eastech Electronics (Taiwan) Inc. (Mr. Liou Jenq Lin, the Chairman, is also the legal representative of ETT, Mr. Chang Tung I, a Director, concurrently serves as the chairman of ETT) and Mr. Pai Chin Chang, a Director, and Mr. Chang Tung I abstained from voting as they are the candidates of Directors recommended by the Board in compliance with law. After deduction of the number of Directors who abstained from voting due to their interests in this resolution, the number of voters was only 4. After being appointed as the acting chairman, Mr. Chen Ko Hung, an independent Director, made consultation and it was resolved to nominate Eastech Electronics (Taiwan) Inc., Mr. Pai Chin Chang, Mr. Chang Tung I and Ms. Teng Chiou Shiang as candidates of Directors of the Company.</p> <p>Mr. Chang Shan Juh, an independent Director, and Mr. Jeng Shih Rong, an independent Director, abstained from voting in respect of this resolution in compliance with law as they are candidates of independent Directors recommended by the Board. After deduction of the number of Directors who abstained from voting due to their interests in this resolution, the number of voters was only 5. After consultation by the chairman, it was resolved to nominate Mr. Chang Shan Juh, Mr. Jeng Shih Rong and Mr. Su Yi Jen as candidates of independent Directors of the Company.</p>		
	Voting results of No. 2: All attending Directors and independent Directors approved the resolution.		
Voting results of No. 3: The resolution is approved. The Audit Committee supplemented the authorization to the Chief Financial Officer to negotiate with Deloitte & Touche Taiwan within 10% of the annual audit fee for 2022. After consultation by the Chairman, all attending Directors and independent Directors approved the resolution.			

Board Meeting	Content of the proposal and follow-up action	Matters stipulated in Article 14-3 of the Securities and Exchange Law	Objections or reservation by independent Directors
Fifth session Twenty-sixth meeting 12 May 2023	1. Appointment of the Company's Certified Public Accountant and their remuneration	Yes	No
	2. Proposed capital injection in cash by Eastech Innovations (TW) Inc., a sub-subsidiary	Yes	No
	3. Proposed disposal of shares in HT Precision Technologies, Inc. held by Eastern Asia Technology (HK) Limited to Eastech Innovations (TW) Inc.	Yes	No
	4. Proposed endorsements and guarantees for Eastern Asia Technology (HK) Limited	Yes	No
	5. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	6. Proposed capital loan to a wholly-owned subsidiary, Eastern Asia Technology (HK) Limited, in the amount of US\$3,000,000	Yes	No
	Opinions of independent Directors: Nil		
	The Company's response to the opinions of independent Directors: Nil		
	Voting results: All attending Directors and independent Directors approved the resolution.		
Sixth session First meeting 27 June 2023	1. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	2. Proposed endorsements and guarantees for Eastech (Huizhou) Co., Ltd. by the Company	Yes	No
	Opinions of independent Directors: Nil		
	The Company's response to the opinions of independent Directors: Nil		
	Voting results: All attending Directors and independent Directors approved the resolution.		
Sixth session Second meeting 25 August 2023	The Company intends to change its accounting firm and certified public accountants effective for the third quarter of 2023	Yes	No
	1.		
	2. Merger of two 100%-owned sub-subsidiaries, Eastech Electronics (Taiwan) Inc. and Eastech Innovations (TW) Inc.	Yes	No
	3. A proposed capital loan of US\$4,000,000 to a 100%-owned subsidiary, Eastern Asia Technology (Hong Kong) Limited.	Yes	No
	Opinions of independent Directors: Nil		
	The Company's response to the opinions of independent Directors: Nil		
Voting results: All attending Directors and independent Directors approved the resolution.			
Sixth session Third meeting 10 November 2023	1. Proposed endorsements and guarantees for Eastern Asia Technology (HK) Limited by the Company	Yes	No
	2. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	3. Proposed endorsements and guarantees for Eastech (VN) Company Limited by the Company	Yes	No
	4. Proposed renewal of the liability insurance for Directors, supervisors and Managers	Yes	No
	Opinions of independent Directors: Nil		
	The Company's response to the opinions of independent Directors: Nil		
	Voting results: All attending Directors and independent Directors approved the resolution.		

Sixth session Fourth meeting 15 December 2023	1. Approval of the pre-sale and pre-purchase forward foreign exchange operation, with the total authorized amount of not exceeding US\$70,000,000	Yes	No
	2. The Company's sub-subsidiary, Eastech (Huizhou) Co., Ltd., intends to acquire a license asset from Huizhou Rongfeng Technology Co., Ltd.	Yes	No
	3. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	4. Proposed amendments to the internal control system of the Company	Yes	No
	5. Proposed issuance of employee stock option certificates by the Company	Yes	No
	Opinions of independent Directors: Nil		
	The Company's response to the opinions of independent Directors: Nil		
Voting results: All attending Directors and independent Directors approved the resolution.			
Sixth session Fifth meeting 26 February 2024	1. The Company's 2023 employees' compensation and directors' compensation proposal	Yes	No
	Opinions of independent Directors: Nil		
	The Company's response to the opinions of independent Directors: Nil		
	Voting results: All attending Directors and independent Directors approved the resolution.		

- (2) Details of abstention from voting by Directors on proposals with conflict of interests (the name of directors, content of the proposal, reason for abstention and their participation in voting):

Board meeting on 27 April 2023

Resolution One: In respect of the proposed appointment of candidates of Directors and independent Directors, as Eastech Electronics (Taiwan) Inc. (Mr. Liou Jenq Lin, the Chairman, is also the legal representative of ETT, Mr. Chang Tung I, a Director, concurrently serves as the chairman of ETT) and Mr. Pai Chin Chang, a Director, and Mr. Chang Tung I are candidates of Directors recommended by the Board, they abstained from voting to avoid conflict of interests in compliance with law. After deduction of the number of Directors who abstained from voting due to their interests in this resolution, the number of voters was only 4. After appointed as the acting chairman, Mr. Chen Ko Hung, an independent Director, made consultation and it was resolved to nominate Eastech Electronics (Taiwan) Inc., Mr. Pai Chin Chang, Mr. Chang Tung I and Ms. Teng Chiou-Shiang as candidates of Directors of the Company.

As Mr. Chang Shan Juh, an independent Director, and Mr. Jeng Shih Rong, an independent Director are candidates of independent Directors recommended by the Board, they abstained from voting to avoid conflict of interests in compliance with law. After deduction of the number of Directors who abstained from voting due to their interests in this resolution, the number of voters was only 5. After consultation by the chairman, it was resolved to nominate Mr. Chang Shan Juh, Mr. Jeng Shih Rong and Mr. So Yi Jen as candidates of Independent Directors of the Company.

(3) Implementation of the appraisal of the Board of Directors:

Evaluation Cycle	Internal evaluation: The Company carries out an annual performance evaluation of the Board of Directors and the results are published on the website or in the annual report of the Company
Evaluation Period	From 1 January 2023 to 31 December 2023
Evaluation Scope	(a) Performance evaluation of the Board of Directors (b) Self-evaluation of performance of members of the Board of Directors (c) Performance evaluation of the Remuneration Committee (d) Performance evaluation of the Audit Committee
Evaluation Method	Internal evaluation: Internal self-evaluation of the Board of Directors, self-evaluation of members of the Board of Directors, and internal self-evaluation of the Remuneration Committee and the Audit Committee
Evaluation Content	(a) The internal performance evaluation of the Board of Directors of the Company has taken into account, among others, the following five areas: The level of participation in the Company's operations, the enhancement of quality of decisions of the Board of Directors, the composition and structure of the Board of Directors, the election and appointment and continuous education of Directors, and internal control. (b) The self-evaluation of performance of members of the Board of Directors has taken into account, among others, the following six areas: The mastery of the Company's goals and tasks, the awareness of Directors' responsibilities, the level of participation in the Company's operations, internal relationship management and communication, Directors' professional and continuing education, and internal control. (c) The performance evaluation of the Remuneration Committee has taken into account, among others, the following four areas: The level of participation in the Company's operations, the awareness of the functional committee's responsibilities, the enhancement of quality of decisions of the functional committee, and the composition of functional committee and the election and appointment of its members. (d) The performance evaluation of the Audit Committee has taken into account, among others, the following five areas: The level of participation in the Company's operations, the awareness of the functional committee's responsibilities, the enhancement of quality of decisions of the functional committee, the composition of functional committee and the election and appointment of its members, and internal control.

On 8 November 2019, the Board of Directors of the Company approved the “Measures for Performance Evaluation of the Board of Directors”, which stipulates that the Board of Directors shall carry out performance evaluation of the Board of Directors, the members of the Board of Directors, the Remuneration Committee and the Audit Committee at least once a year. For the internal evaluation, the performance evaluation for the current year shall be carried out at the end of each year in accordance with the measures.

The evaluation shall be carried out by the Board of Directors using an internal questionnaire based on the operation of the Board of Directors, the participation of the Directors and the functional committees, with the Directors evaluating the operation of the Board of Directors, the Directors evaluating their own participation and the functional committees evaluating the operation of the Remuneration Committee and the Audit Committee. The results of the aforesaid performance evaluation will be used as a reference for the nomination of Directors.

Upon complete collection of the questionnaire in January each year, the Company's Board of Directors will analyse the results in accordance with the aforesaid measures and report the results to the Board of Directors as well as provide improvement suggestions in response to the Directors' advice.

The Company completed the performance evaluation of the Board of Directors on January 2024, the members of the Board of Directors, the Remuneration Committee and the Audit Committee in January 2023, and reported the results to the Board of Directors on 26 February 2024.

Results of the internal evaluation of performance of the Board of Directors:

1. “Self-evaluation Questionnaire for Performance Appraisal of the Board of Directors“: All Directors considered that the Board of Directors of the Company performed well in all aspects in respect of the questions mentioned in the questionnaire and that the Board of Directors as a whole operated actively and effectively (evaluation result: excellent)
2. “Self-evaluation Questionnaire for Self-appraisal of Members of the Board of Directors“: All Directors considered that they performed well in all aspects in respect of the questions mentioned in the questionnaire (evaluation result: excellent)

3. “Self-evaluation Questionnaire for Performance Appraisal of the Remuneration Committee”: All members considered that the Company's Remuneration Committee, which oversees the reasonableness of, among others, the salary payment to the Company's management team and the employees' compensation on behalf of the Board of Directors, performed well in all aspects in respect of the questions mentioned in the questionnaire (evaluation result: excellent)
4. “Self-evaluation Questionnaire for Performance Appraisal of the Audit Committee”: All members considered that the Company's Audit Committee, which performs its responsibilities of supervision and maintains good communication with the accountants and internal auditors on behalf of the Board of Directors, performed well in all aspects in respect of the questions mentioned in the questionnaire (evaluation result: excellent)

The “Measures for Performance Evaluation of the Board of Directors” of the Company are published on the websites of the Market Observation Post System and the Company, respectively.

- (4) Objectives and assessment of the implementation of the function enhancement of the Board of Directors during the current year and the latest year:

The Company established the Audit Committee on 30 March 2011. In order to enhance information transparency, the auditors of the Company will regularly submit audit reports to independent Directors. The Company also fulfilled the requirements of the competent authority and established the Remuneration Committee on 28 September 2011 accordingly. The Audit Committee and the Remuneration Committee are all composed of independent Directors.

The Company's articles of association have revised the nomination system for candidates of Director for election.

The Company pays attention to the interests of investors and interested parties. Major board resolutions will be announced after each Board meeting, and the information on further studies, attendance at board meetings and remuneration of Directors and independent Directors will be disclosed.

In order to protect the Directors against the risks they bear when carrying out business, the Company takes out “Directors' Liability Insurance” for all Directors every year and reports to the Board of Directors the important information such as the insurance amount, coverage and premium of its liability insurance. On 10 November 2023, the Board of Directors reported the renewal of the liability insurance for all Directors.

Specific measures taken by the Company to enhance the functions of the Board of Directors and strengthen the supervision: (i) one female Director and more than half of the independent Director with a term of office no more than 3 sessions for the 2023 re-election of the Directors; (ii) the Audit Committee was established and the members of the Audit Committee with expertise in fields such as financial accounting and legal profession can effectively perform their supervisory functions; (iii) a majority of the members of the Board of Directors are not employees or managers; and (iv) professional director courses are arranged for the members of the Board of Directors every year to enhance the operational capability of the Board of Directors.

(B) Audit Committee

1. The Company established the Audit Committee on 30 March 2011. According to the organizational procedures of the Audit Committee of the Company, the committee consists of all independent directors, and is responsible for assisting the Board of Directors to supervise the Company’s performance in accounting, auditing and financial reporting processes and the quality and integrity in financial control.

The matters considered by the Audit Committee mainly include:

- Audit of financial statements and accounting policies and procedures
- Internal control system and related policies and procedures
- Major assets or derivatives transactions
- Loan, endorsement or guarantee of substantial amount
- Offering or issuance of securities
- Compliance
- Whether the managers and the directors have related party transactions and possible conflicts of interest
- Qualification of the certified public accountant and independence assessment
- Appointment and dismissal of internal audit officers
- Duty performance of the Audit Committee

- Review of financial reports

The Board of Directors has issued the Company's 2023 business report, consolidated financial statements and surplus distribution proposal. The consolidated financial statements have been audited by Ernst & Young Taiwan, which has issued its audit report. The abovementioned business report, consolidated financial statements and surplus distribution proposal have been reviewed and audited by the Audit Committee and it is considered that there is no disagreement on them.

- Evaluation of the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, compliance, etc.) and reviews the periodic reports of the Company's audit department, certified public accountant and management, including risk management and compliance. With reference to the Internal Control – Integrated Framework issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee considered the Company's risk management and internal control systems to be effective. The Company has adopted the necessary control mechanisms to monitor and correct violations.

The professional qualifications and experience of the Audit Committee are disclosed in conjunction with the professional qualifications and experience of the members of the Board of Directors.

During the latest year (2023) and as at the date of publication of the annual report, the Audit Committee of the Company held 8 meetings. The attendance of the members is as follows:

(Convened 3 times before the 2023 re-election and 5 times after the re-election):

Title	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)	Remarks
Independent Director	Su Yi-Jen	5	0	100%	Newly appointed (Note)
Independent Director	Chang Shan Juh	8	0	100%	Reappointed (Note)
Independent Director	Jeng Shih Rong	8	0	100%	Reappointed (Note)
Independent Director	Shiau Fung Shyung	3	0	100%	Resigned (Note)
Independent Director	Chen Ko Hung	3	0	100%	Resigned (Note)

Note: At the regular general meeting held on 16 June 2023, Chang Shan Juh, Jeng Shih Rong and Su Yi-Jen were elected and appointed as independent Directors of the Company for a term commencing from 16 June 2023 to 15 June 2026.

Shiau Fung Shyung and Chen Ko Hung resigned as independent Directors.

2. Other disclosure

(1) The date of meeting, session, and content of resolutions of the Audit Committee, the dissenting views and reservations of the independent Directors, or the content of major proposed projects, the voting results of the Audit Committee, and the Company's response to the opinion of the Audit Committee shall be described if any of the following circumstances in relation to the Audit Committee occurs.

- ① Matters stipulated in Article 14-5 of the Securities and Exchange Law:
- ② In addition to the aforementioned matters, other resolutions not approved by the Audit Committee but approved by more than two-thirds of all Directors:

Board Meeting	Content of the proposal and follow-up action	Matters stipulated in Article 14-5 of the Securities and Exchange Law	Resolution not approved by the Audit Committee but approved by more than two-thirds of all Directors
Fourth session Twenty-fourth meeting 24 February 2023	1. The Company's 2022 business report and consolidated financial statements	Yes	No
	2. Proposed distribution of employees' compensation and directors' compensation of the Company for 2022	Yes	No
	3. Proposed merger of two 100%-owned sub-subsidiaries, Eastech (Huizhou) Co., Ltd. and Eastech Systems (Huiyang) Co., Ltd.	Yes	No
	4. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	5. The Company's proposed approval for the issuance of the Statement of the Internal Control System in accordance with Article 24 of the Guidelines for Public Issuers in Establishing Internal Control Systems	Yes	No
	Voting results of the Audit Committee (24 February 2023): All members of the Audit Committee approved the resolution.		
	The Company's response to the opinion of the Audit Committee: All attending Directors and independent Directors approved the resolution.		
Fourth session Twenty-fifth meeting 27 April 2023	1. Appointment of the Company's Certified Public Accountant and their remuneration	Yes	No
	Voting results of the Audit Committee (27 April 2023): Authorization was granted to the Chief Financial Officer to negotiate with Deloitte & Touche Taiwan within 10% of the annual audit fee for 2022. All members of the Audit Committee approved the resolution.		
	The Company's response to the opinion of the Audit Committee: All attending Directors and independent Directors approved the resolution.		

Fourth session Twenty-sixth meeting 12 May 2023	1. Appointment of the Company's Certified Public Accountant and their remuneration	Yes	No
	2. Proposed capital injection in cash by Eastech Innovations (TW) Inc., a sub-subsidiary	Yes	No
	3. Proposed disposal of shares in HT Precision Technologies, Inc. held by Eastern Asia Technology (HK) Limited to Eastech Innovations (TW) Inc.	Yes	No
	4. Proposed endorsements and guarantees for Eastern Asia Technology (HK) Limited	Yes	No
	5. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	6. Proposed capital loan to a wholly-owned subsidiary, Eastern Asia Technology (HK) Limited, in the amount of US\$3,000,000	Yes	No
	Voting results of the Audit Committee (12 May 2023): All members of the Audit Committee approved the resolution.		
	The Company's response to the opinion of the Audit Committee: All attending Directors and independent Directors approved the resolution.		
Fifth session First meeting 27 June 2023	1. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	2. Proposed endorsements and guarantees for Eastech (Huizhou) Co., Ltd. by the Company	Yes	No
	Voting results of the Audit Committee (27 June 2023): All members of the Audit Committee approved the resolution.		
	The Company's response to the opinion of the Audit Committee: All attending Directors and independent Directors approved the resolution.		
Fifth session Second meeting 25 August 2023	1. The Company's 2023 consolidated financial statements	Yes	No
	2. The Company intends to change its accounting firm and certified public accountants effective for the third quarter of 2023.	Yes	No
	3. Merger of two 100%-owned sub-subsidiaries, Eastech Electronics (Taiwan) Inc. and Eastech Innovations (TW) Inc.	Yes	No
	4. A proposed capital loan of US\$4,000,000 to a 100%-owned subsidiary, Eastern Asia Technology (Hong Kong) Limited.	Yes	No
	Voting results of the Audit Committee (25 August 2023): All members of the Audit Committee approved the resolution.		
	The Company's response to the opinion of the Audit Committee: All attending Directors and independent Directors approved the resolution.		

Fifth session Third meeting 10 November 2023	1. Proposed endorsements and guarantees for Eastern Asia Technology (HK) Limited by the Company	Yes	No
	2. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	3. Proposed endorsements and guarantees for Eastech (VN) Company Limited by the Company	Yes	No
	4. Proposed renewal of the liability insurance for Directors, supervisors and Managers	Yes	No
	Voting results of the Audit Committee (10 November 2023): All members of the Audit Committee approved the resolution.		
	The Company's response to the opinion of the Audit Committee: All attending Directors and independent Directors approved the resolution.		
Fifth session Fourth meeting 15 December 2023	1. Approval of the pre-sale and pre-purchase forward foreign exchange operation, with the total authorized amount of not exceeding US\$70,000,000	Yes	No
	2. The Company's sub-subsidiary, Eastech (Huizhou) Co., Ltd., intends to acquire a license asset from Huizhou Rongfeng Technology Co., Ltd.	Yes	No
	3. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company	Yes	No
	4. Proposed amendments to the internal control system of the Company	Yes	No
	5. Proposed issuance of employee stock option certificates by the Company	Yes	No
	Voting results of the Audit Committee (15 December 2023): All members of the Audit Committee approved the resolution.		
The Company's response to the opinion of the Audit Committee: All attending Directors and independent Directors approved the resolution.			
Fifth session Fifth meeting 26 February 2024	1. The Company's 2023 business report and consolidated financial statements	Yes	No
	2. Proposed distribution of employees' compensation and directors' compensation of the Company for 2023	Yes	No
	3. The Company's proposed approval for the issuance of the Statement of the Internal Control System in accordance with Article 24 of the Guidelines for Public Issuers in Establishing Internal Control Systems	Yes	No
	Voting results of the Audit Committee (26 February 2024): All members of the Audit Committee approved the resolution.		
	The Company's response to the opinion of the Audit Committee: All attending Directors and independent Directors approved the resolution.		

- (2) Details of abstention from voting by independent Directors on proposals with conflict of interests (the name of directors, content of the proposal, reason for abstention and their participation in voting): Nil.
- (3) Communication between independent Directors and internal audit officer and accountant (which shall include major subjects, modes and results of communication on the Company's financial and business conditions, etc.):
 - ① Modes of communication between independent Directors and internal audit officer and accountant

The internal audit officer of the Company attends each of the meetings held by the Audit Committee to submit the audit report to the independent Directors, and communicates with the members on the results of the audit report and the implementation of the follow-up report.

The Company's certified public accountant communicates with the Audit Committee at least once every year to report to the independent Directors regarding the financial and overall operation and internal control of the Company and its domestic and overseas subsidiaries, and fully communicates whether there is any significant adjustment to the entry or whether the amendments to laws and regulations affect the account.

② Summary of communication between independent Directors and internal audit officer

The major subjects of communication in 2023 are summarized as follows:

Date	Focus of communication	Communication results
24 February 2023 Audit Committee	1. 2022 internal audit implementation summary report 2. “Statement of the Internal Control System” for 2022 3. 21 November 2022 ~ 31 January 2023 internal audit implementation report	No disagreement
27 April 2023 Audit Committee	1 February 2023 ~ 31 March 2023 internal audit implementation report	No disagreement
12 May 2023 Audit Committee	1 April 2023~ 30 April 2023 internal audit implementation report	No disagreement
27 June 2023 Audit Committee	1 May 2023~ 31 May 2023 internal audit implementation report	No disagreement
25 August 2023 Audit Committee	1 June 2023~ 25 July 2023 internal audit implementation report	No disagreement
10 November 2023 Audit Committee	26 July 2023~ 25 October 2023 internal audit implementation report	No disagreement
15 December 2023 Audit Committee	26 October 2023~ 20 November 2023 internal audit implementation report	No disagreement
26 February 2024 Audit Committee	21 November 2023~ 31 January 2024 internal audit implementation report	No disagreement

③ Summary of communication between independent Directors and accountant

The major subjects of communication in 2023 are summarized as follows:

Date	Focus of communication	Communication results
24 February 2023 Audit Committee	<p>Submission of the consolidated financial statements for 2022</p> <p>The certified public accountant attended the meeting of the Audit Committee, communicated with the independent Directors to explain the matters to be reviewed on the Company's consolidated financial statements for 2022 and the key audit matters (KAM), and communicated to answer the questions raised by the independent Directors.</p>	<p>The consolidated financial statements for the year were approved by the Audit Committee and submitted to the Board of Directors for approval on 24 February 2023, and the process was completed as announced on 24 February 2023.</p>
25 August 2023 Audit Committee	<p>Submission of the consolidated financial statements for the first half of 2023</p> <p>The certified public accountant attended the meeting of the Audit Committee, communicated with the independent Directors to explain the matters to be reviewed on the Company's consolidated financial statements for the first half of 2023 and the key audit matters (KAM), and communicated to answer the questions raised by the independent Directors.</p>	<p>In compliance with the requirements as stipulated in the circulars and orders of the competent authorities, the Company's financial statements for the first half of 2023 were audited and certified by the accountant, and were approved by the Audit Committee and submitted to the Board of Directors for approval on 25 August 2023, and the process was completed as announced on 25 August 2023.</p>
10 November 2023 Audit Committee	<p>Submission of the consolidated financial statements for the third quarter of 2023</p> <p>The certified public accountant attended the meeting of the Audit Committee, communicated with the independent Directors to explain the matters to be reviewed on the Company's consolidated financial statements for the third quarter of 2023, and communicated to answer the questions raised by the independent Directors.</p>	<p>The consolidated financial statements for the Q32023 were approved by the Audit Committee and submitted to the Board of Directors for approval on 10 November 2023, and the process was completed as announced on 10 November 2023.</p>

<p>15 December 2023 Audit Committee</p>	<p>The certified public accountant attended the meeting of the Audit Committee and the Board of Directors, communicated between Accountants and Corporate Governance Units (Audit Planning).</p>	<p>The certified public accountants and the Audit Committee are in full communication with each other in checking the planning matters.</p>
<p>26 February 2024 Audit Committee</p>	<p>Submission of the consolidated financial statements for 2023</p> <p>The certified public accountant attended the meeting of the Audit Committee, communicated with the independent Directors to explain the matters to be reviewed on the Company's consolidated financial statements for 2023 and communicated to answer the questions raised by the independent Directors.</p>	<p>The consolidated financial statements for the year were approved by the Audit Committee and submitted to the Board of Directors for approval on 26 February 2024, and the process was completed as announced on 26 February 2024.</p>

(c) The Company's corporate governance implementation, its discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the underlying reasons

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
1. Does the company establish and disclose its code of practice for corporate governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	Yes		The Company has established the Code of Practice for Corporate Governance and disclosed it on the Company's website and the Market Observation Post.	No substantial discrepancy
2. Equity structure and shareholder rights (1) Has the Company set internal operating procedures to deal with shareholder proposals, queries, disputes and litigation matters, and does it implement these in accordance with its procedures?	Yes		(1) The Company has appointed SinoPac Securities Stock Transfer Agency Department, a professional stock agency, to handle the share transfer matters, and has a spokesperson, an agent spokesperson and an email address (ir@eastech.com) to properly handle related issues such as shareholder suggestions, queries, etc., and handle legal matters with assistance from the legal department.	No substantial discrepancy
(2) Does the Company have a list of de facto controllers of the Company and those who ultimately control the major shareholders of the Company?	Yes		(2) The Company reports the shareholding changes of its insiders (directors, managers and substantial shareholders holding more than 10% of the shares) to the Market Observation Post on a monthly basis according to law.	No substantial discrepancy
(3) How does the Company establish and implement its risk management mechanism and firewalls involving related entities?	Yes		(3) The Company has established the Procedures for Trading with Related Parties, Specific Companies and Group Companies, which clearly defines the business, operation and financial transactions with related entities, and has fulfilled risk control and firewall mechanisms.	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
(4) Has the Company set internal standards to prohibit insiders from using undisclosed information to trade securities on the market?	Yes		(4) The Company has established the "Procedures for Prevention of Insider Trading and Handling of Material Internal Information", which, in accordance with external regulations, were approved by the Board on 16 December 2022, requiring the Company's insiders to comply with the acts related to the prevention of insider trading and not to trade the Company's shares during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of each quarterly financial report.	No substantial discrepancy
3. Composition and responsibilities of the Board of Directors (1) Does the Board of Directors set up and implement a diversity policy and specific management objective in respect of its composition?	Yes		(1) The Company has established the Code of Practice for Corporate Governance with a diversified approach. The Company's articles of association have stipulated a nomination system for election of directors to ensure the diversity and independence of its members. According to the specific management objective of the diversity policy, for the gender equality in the composition of members of the Board of Directors, one female Directors has been added.	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
			<p>The Company completed the re-election of seven Directors of the sixth session of the Board of Directors at the regular general meeting held on 16 June 2023, and added 1 female Director and term of office of more than half of the independent Director are no more than three sessions. The management objective has thus been achieved.</p> <p>Currently, independent Directors account for 43%, Directors who are also employees account for 43% and female Directors accounted for 14% of the total number of members of the Board of Directors. Three directors are aged 71~80, three Directors are aged 61~70 and one director is aged 51~60. The nationality of each of the seven Directors is Taiwan. The Company places emphasis on the diversity and independence of its Board of Directors.</p>	

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
			<p>The Company comprises seven directors. Mr. Liou Jenq Lin, a Director who has been immersed in the acoustic industry for decades, has created and operated the acoustic enterprise layout to date. He is good at arranging enterprise development plans and strategic future development directions, with Mr. Pai Chin Chang, a Director, who is strong in production and quality management and technology-based, which every product is like a treasure and he have been involved in every stage of factory building and transformation. Chief Financial Officer Mr. Chang Tung I, who is a Director with a strong background in financial planning and has the ability to operate many listed companies. Teng Chiou-Shiang is a Director with 20 years of experience in professional human resources. The aforesaid four Directors who are management staff form the Three Musketeers for the Company's operation. Among three independent Directors,</p>	

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
			<p>Independent Director Chang Shan Juh, who concurrently serves as the chairman and member of the Remuneration Committee, with expertise in human resources and experience of manpower supervision including large listed groups and universities and facilitating industry-university cooperation with related universities, which makes progress for both teaching and learning. Independent Director Jeng Shih Rong, who has a professional background in law and had served as the secretary for the chairman of Foreign and National Defense Committee of the Legislative Yuan for decades, has extensive experience in public service and clear legal reasoning, and hopes to draw on his practical experience in the public sector to provide mentor-like supervision and advice on corporate governance and legal compliance. Independent Director Su Yi-Jen has actual experience on corporation operation by acted as chairman and president of a listed company, plus US MBA degree with professional background in finance and accounting, both practical and theoretical.</p> <p>The diversity of the seven Directors will be greatly beneficial the Company's future development. No substantial discrepancy</p>	

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
(2) Has the Company voluntarily established other functional committees besides the Remuneration Committee and the Audit Committee required by law?	Yes		(2) The Company has established an Audit Committee and a Remuneration Committee. Other functional committees will be established according to the actual needs of the Company.	No substantial discrepancy
(3) Has the Company set performance assessment rules and methods for the Board of Directors and does it perform regular evaluation every year, and reported the results of performance to the Board of Directors and applied to the reference of the remuneration and renewal nomination of individual directors?	Yes		(3) The Company has established the “Board Performance Evaluation Method” to regularly perform performance evaluation of the Board of Directors after the end of each year. The Company completed the performance evaluation of the Board of Directors, the members of the Board of Directors, the Remuneration Committee and the Audit Committee in January 2024, which were all assess as excellent in 2023. The Board of Directors overall has been giving active recommendations, positive interactions and effective operation. It has been reported to the Board of Directors on 26 February 2024. The remuneration of the Directors (including independent Directors) is determined in accordance with the articles of association and the results of the performance evaluation will be taken as a reference for the nomination of Directors.	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
(4) Does the Company regularly evaluate the independence of the certified public accountant?	Yes		(4) The Audit Committee of the Company regularly reviews the independence of the certified public accountant annually, and re-elected accountants on 25 August 2023, the Audit Committee reviewed the independence of the certified public accountants, requested the accountant to issue the Statement of Independence of CPA and Audit Quality Indicators (AQIs), and conducts the evaluation in accordance with the Accountants' Independence Evaluation Standards (please refer to page [64] of the Annual Report) and 13 AQIs of the Company. Following approval of the results of the most recent annual evaluation by the Audit Committee on 25 August 2023, the Board agreed that Liu Jung-Chin and Huang Tzu-Ping, the accountants from Ernst & Young Taiwan, fulfilled the Company's independence and competence standards on 25 August 2023.	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
4. Does the TWSE/TPEX listed company have a qualified and appropriate number of corporate governance personnel, and appoint a corporate governance supervisor to be in charge of the Company' corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting directors and supervisors to follow laws, convening board/shareholder meetings in compliance with the law, and producing meeting minutes of board/shareholders' meetings)?	Yes		<p>In order to implement corporate governance and as approved by the Board of Directors on 26 April 2019, the Company designated Mr. Chang Po Chao, the vice president, to specifically act as chief supervisor for corporate governance related matters in order to secure the rights of the shareholders and strengthen the function of the Board. Vice President Chang Po Chao has over 20 years of management experience in finance, stock affairs or meetings of listed companies. The main duties of the person in charge of corporate governance are to handle matters related to Board meetings and shareholders' meetings according to law, to prepare minutes of Board meetings and shareholders' meetings, to assist the Directors in taking office and continuous learning and to provide the information and regulations required for the independent Directors and Directors to perform their duties in order to assist the Directors in complying with laws and regulations.</p> <p>Please refer to page 88 for the continuing education of the chief supervisor for corporate governance in 2023.</p>	
5. Does the Company establish communication channels and dedicate section for stakeholders (including but not limited to shareholders, employees, clients and suppliers) on its website to properly respond to important issues of corporate social responsibility concerns?	Yes		<p>The Company has set up sections for stakeholders on the Company's website (https://eastech.com), including employee section, customer section, investor section, section for partners (suppliers), etc., and sets up communication windows and mailboxes for each category of stakeholders to properly respond to material corporate social responsibility issues of concern to each category of stakeholders.</p>	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
6. Has the Company appointed a professional agent for stock affairs for holding shareholders' meetings?	Yes		The Company appointed the Stock Transfer Agency Department of SinoPac Securities Corporation for handling the shareholders' meeting.	No substantial discrepancy
7. Disclosure of information (1) Does the Company set up website to disclose financial operations and corporate governance information?	Yes		(1) The Company has set up a website in Chinese and English (website: https://eastech.com) and has successively updated information disclosure on financial business and corporate governance.	
(2) Has the Company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?	Yes		(2) The Company's Chinese and English websites disclose information about financial business and corporate governance. The Company designates personnel to be responsible for the collection and disclosure of corporate information; and the spokesperson will co-ordinate the external statements and other matters. The briefings and audio-visual materials of the Company's investor conference have been placed on the Market Observation Post and the Company's website available for shareholders and investors.	No substantial discrepancy
(3) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarterly financial reports and the monthly operating situation within the prescribed time limit?	Yes		(3) The Company has announced and declared the 2023 consolidated financial report on 26 February 2024, and announced and declared the first, second, and third quarterly financial reports and the monthly operating situation before the prescribed deadline.	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
8. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, execution of risk management policies and risk assessment standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?	Yes		<p>1. Interests and rights of employees:</p> <p>In addition to complying with relevant laws and regulations, the Company has also produced a Staff Handbook to regulate the rights and obligations between employees and the Company. If there is violation of the rules, the heads of various departments will hold a meeting to discuss. Employees can also directly express their opinions through the suggestion box and other proper channels.</p> <p>2. Care for employees:</p> <p>Human resources are the Company's greatest asset. In order to provide employees with a comfortable and pleasant working environment, the following measures can help employees to make progress for the Company and promote the healthy development of the Company's human resources.</p>	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
			<p>1. Staff welfare initiatives: The Company provides various regular welfare initiatives for its staff, procures insurance for employees according to local laws and regulations, provides a humane promotion system and transfer system, organizes entertainment activities, subsidizes the tuition for the children of factory workers attending Xiu De Chinese – Anglo Kindergarten, and provides nutritious and hygienic food in staff canteens.</p> <p>2. Various staff education and training: On the day of registration, new recruits are briefed by the HR department on HR rules and welfare system and other issues. The content of pre-employment training focuses on helping new recruits to get familiar with the work environment and get used to the situation as soon as possible. Programmed education and training enable all employees to develop their skills at work. From time to time, the Company as a whole or each department participates in educational training courses organized by training institutions at home and abroad.</p> <p>3. Retirement system: Implemented in accordance with the local labor law.</p>	

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
			<p>3. Investor relations:</p> <p>The Company holds a shareholders' meeting every year, giving shareholders adequate opportunity and time to ask questions and submit proposals; investor conferences are held for two-way communication between investors and analysts and the Company's management team; the Company's spokesperson is responsible for establishing a two - way communication channel between the Company and investors. The Company also makes announcements on relevant information in accordance with the regulations of the competent authority to immediately provide information that may affect the decision of investors.</p>	

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
			<p>4. Supplier relations:</p> <p>Adhering to the principle of integrity, the Company focuses on the stability and quality of supplies from the suppliers. Procurement is prudently evaluated beforehand and handled in accordance with relevant operational regulations. Both parties perform their duties and obligations according to the contract. If third-party manufacturers encounter any technical obstacle, the Company also provides technical assistance for the manufacturer when necessary, and maintains a positive and stable partnership with suppliers.</p> <p>5. Stakeholder rights:</p> <p>The Company sets up sections for stakeholders on the Company's website (https://eastech.com), including employee section, customer section, investor section, and section for partners (suppliers), etc., and sets up communication windows for each category of stakeholders to properly respond to issues of concern of stakeholders.</p>	

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
			<p>6. Continuing education of directors:</p> <p>All directors of the Company possess relevant professional knowledge and have taken training courses on securities law in compliance with regulations in order to enhance their professional skills and strengthen the implementation of corporate governance. Please see pages 86 to 87 for details of directors' training.</p>	
			<p>7. Execution of risk management policies and risk assessment standards:</p> <p>The Company has formulated various internal regulations according to law and established a risk management mechanism to timely identify, respond to, report and monitor major risks affecting current and future operations through regular and non-scheduled risk identification operations and raise employees' risk awareness to ensure sustainable operations of the Company.</p> <p>8. Execution of customer policies:</p> <p>The Company upholds the principle of integrity, attaches importance to customer rights, provides quality services, and establishes long - term cooperative relationships with customers.</p>	

Assessment item	Implementation status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
			<p>9. Liability insurance for the Company's Directors and supervisors:</p> <p>In 2023, the Company has procured liability insurance for its Directors and managers for an insurance period from 20 November 2023 to 20 November 2024. The insured amount, coverage and insurance rate were submitted to the meeting of Audit Committee and the Board of Directors on 14 November 2023, which was announced on the Market Observation Post. No substantial discrepancy</p>	
<p>9. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved.</p>	Yes		<p>The Company has been actively promoting its corporate governance performance, and completed the following major improvement projects in 2023:</p> <p>In the regular general meeting on 16 June 2023, the re-election of seven directors for the sixth session of the Board of Directors was completed, which has added one seat for a female Director and more than one-half of the Independent Directors to serve for a term of not more than three sessions.</p>	No substantial discrepancy

Note 1: Diversity and its implementation of the sixth session of the Board

Core of diversity Name of Director	Nationality	Gender	Age	Operational judgement capabilities	Accounting and financial analysis skills	Operational management capabilities	Crisis management capabilities	Industrial knowledge	International market perspective	Leadership	Decision making capabilities	Legal knowledge
Liou Jenq Lin	Taiwan	Male	71~80	V		V	V	V	V	V	V	V
Pai Chin Chang	Taiwan	Male	61~70	V		V	V	V		V	V	V
Chang Tung I	Taiwan	Male	61~70	V	V	V	V	V	V	V	V	V
Teng Chiou-Shiang	Taiwan	Female	61~70	V			V	V	V	V	V	V
Chang Shan Juh	Taiwan	Male	71~80	V			V		V	V	V	
Jeng Shih Rong	Taiwan	Male	71~80	V			V			V	V	V
Su Yi-Jen	Taiwan	Male	51~60	V	V		V			V	V	

Assessment of the independence of accountant

- (1) The content of the assessment (as defined in Article 47 of the Certified Public Accountant Law and the Gazette No. 10 of the Code of Ethics for Professional Accountants):

Assessment item	Assessment result	Meeting the independent requirements
1. Since the third quarter of 2023, the certified public accountants were changed to Liu Jung-Chin and Huang Tzu-Ping. As of the latest certification, Liu Jung-Chin and Huang Tzu-Ping have not served as accountants for the same client for seven consecutive years.	Yes	Yes
2. No material financial interest with the client.	Yes	Yes
3. Avoid any inappropriate relationship with the client.	Yes	Yes
4. Accountants should ensure that their assistants are honest, impartial and independent.	Yes	Yes
5. Accountants shall not audit and attest the financial statements of the organization they served within the two years prior to the practice.	Yes	Yes
6. The name of accountant shall not be used for others.	Yes	Yes
7. No shareholding in the Company and its affiliates.	Yes	Yes
8. There is no money lending with the Company and its affiliates, except those under the normal business of the financial industry.	Yes	Yes
9. There is no relationship of co-investment or sharing of benefits with the Company and its affiliates.	Yes	Yes
10. No concurrent position held in the Company and its affiliates with a fixed salary.	Yes	Yes
11. Not involved in the management functions in making decisions of the Company and its affiliates.	Yes	Yes
12. No concurrent businesses that may cause him/her to lose independence.	Yes	Yes
13. Those who have relationship of spouse, immediate family members and in-laws or within two degrees of kinship with the Company's management shall not attest the financial statements.	Yes	Yes
14. No commissions related to business were received.	Yes	Yes
15. To date, there has been no disciplinary action or damage to the principle of independence.	Yes	Yes

(2) Work performance and plans

Accountant Liu Jung-Chin is mainly responsible for audit services for domestic and foreign listed companies and multinational companies. He is familiar with the relevant laws and regulations of Taiwan listed companies and multinational group audits.

Accountant Huang Tzu-Ping has extensive experience in audit services and is mainly responsible for audit professional services in high-tech, electronics, traditional industries, retail and e-commerce industries, as well as providing financial certification and tax consulting services.

(3) Assessment result

Accountant Liu Jung-Chin is independent from the Company and has the ability to provide appropriate diversified, cross-business line integrated professional services.

Accountant Huang Tzu-Ping is independent from the Company and possesses auditing expertise, which is appropriate.

(d) Composition, responsibilities and operation of the remuneration committee (if established by the Company)

1. Information on the members of the remuneration committee

31 March 2024

Position	Qualification	Professional qualifications and experience (Note1)	Independence (Note 2)	Number of other public companies in which the person serves as a member of the remuneration committee
	Name			
Independent Director	Chang Shan Juh	Obtained a Master of Electronic Engineering from University of Southern California in the U.S.; has been the Human Resources Officer of Tatung University; previously served as a Lecturer of Faculty of Electronic Engineering and Human Resources Officer of Tatung University, Director of Planning Division of Tatung Company, and Head of Human Resources Development Department of Tatung Company; currently serves as an independent Director, the chairman of the Remuneration Committee and a member of the Audit Committee of the Company; possesses expertise in human resources. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; not holding shares of the Company; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	0
	Jeng Shih Rong	Obtained a Bachelor of Law from National Chung Hsing University; previously served as the Chief Secretary of the Internal Administration Committee, Foreign and National Defense Committee of Legislative Yuan, R.O.C.; currently serves as an independent Director, and a member of each of the Audit Committee and Remuneration Committee of the Company; possesses professional qualifications in law. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; holding shares of the Company and please refer to page 99 of the annual report for the description on his shareholding proportion; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	0
	Su Yi-Jen (Note 3)	MBA from University of San Francisco, USA; CEO of Chunghwa Satellite Communication Systems Co., Ltd. and EMBA Adjunct Assistant Professor of Chang Jung Christian University; previously served as the chairman and general manager of Ensure, a listed company; currently serves as the independent director, chairman of audit committee and member of remuneration committee; with expertise in financial accounting. There are no circumstances under Section 30 of the Company Act.	As an independent director, she meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by herself, spouse, or relatives within two degrees of kinship; not holding shares of the Company; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	0

Independent Director	Shiau Fung Shyung (Note 4)	Obtained a PHD of Economics from Chinese Culture University, a Master of Economics from Yale University in the U.S., and a Master of Agricultural Economics from National Chung Hsing University; has been a Professor Emeritus of the Department of Finance and Economics of Tamkang University; previously served as the Dean of College of Commerce of Tamkang University and the Vice Council for Economic Construction Committee of the Executive Yuan, R.O.C.; concurrently serves as a member of the Remuneration Committee of each of CMC Magnetics and Wayi International Digital Entertainment Co., Ltd.. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; not holding shares of the Company not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	2
	Chen Ko Hung (Note 4)	Obtained an MBA from National Chengchi University; has been the Chief Financial Officer of Ampire Co., Ltd.; previously served as the Senior Manager of Finance Department of UniLite Corporation and the Senior Manager of Finance Department of Princeton Technology Corporation; possesses expertise in accounting or finance. There are no circumstances under Section 30 of the Company Act.	As an independent director, he meets the criteria for independence, including but not limited to, not being a director, supervisor, or employee of the Company or its affiliates by himself, spouse, or relatives within two degrees of kinship; not holding shares of the Company; not being a director, supervisor, or employee of a company with which the Company has a specific relationship; and not being a director, supervisor, or employee of a company which has provided business, legal, financial, or accounting services to the Company or its affiliates and received remuneration in the last two year.	0

Note 1: Qualification and experience: To describe the professional qualifications and experience of individual members of Remuneration Committee.

Note 2: Description for independency: Description for Independent directors shall include its independency, including but not limited to whether himself/herself, spouse, or relatives within two degrees of kinship are directors, supervisors, or employees of the Company or its affiliates; the number and proportion of shares of the Company held by himself/herself, spouse, or relatives within two degrees of kinship (or in the name of another person); whether himself/herself, spouse, or my relatives within two degrees of kinship (or in the name of another person) serve as a director, supervisor, or employee of a company that has a specific relationship with the Company (refer to Article 6, Item 1, Paragraphs 5~8 of the Regulations Governing the Establishment and Exercise of Powers and Functions of the Remuneration Committee of a Company whose Shares are Listed on the Stock Exchange or Traded on the Stock Exchange's Business Premises); the amount of compensation received in the last two years for providing business, legal, financial, and accounting services to the Company or its affiliates.

Note 3: Mr. Su Yi-Jen, independent director, were newly appointed on 16 June 2023.

Note 4: Mr. Shiau Fung Shyung and Mr. Chen Ko Hung, independent director, were resigned on 16 June 2023.

2. Duties of the remuneration committee

- Establish policies, systems, standards and structures for director performance evaluation and the remuneration of directors and managers, and review them regularly;
- Regularly evaluate and recommend the remuneration of directors and managers; and
- Other matters required by the Listing Act

3. Operation of the remuneration committee

- (1) The Company's remuneration committee comprises three independent directors.
- (2) The term of office of the current session: 27 June 2023 to 15 June 2026. During the latest year (2023) and as at the date of publication of annual report, the remuneration committee held 5 meetings. The qualifications and attendance of the members is as follows(in 2023, 2 meetings were convened before reelection, and 3 meetings were convened after reelection):

Title	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)	Remarks
Convener	Chang Shan Juh	5	0	100	Reappointment (Note)
Member	Jeng Shih Rong	5	0	100	Reappointment (Note)
Member	Su Yi-Jen	3	0	100	Newly appointed (Note)
Member	Shiau Fung Shyung	2	0	100	Resigned (Note)
Member	Chen Ko Hung	2	0	100	Resigned (Note)

Note: On 27 June 2023, the Company appointed Chang Shan Juh, Jeng Shih Rong and Su Yi-Jen as the members of the Remuneration Committee, with a term from 27 June 2023 to 15 June 2026. Shiau Fung Shyung and Chen Ko Hung resigned.

(3) Other disclosure:

- ① If the board of directors does not adopt or amend the recommendations of the remuneration committee, the date of board meeting, session, content of the proposal, the resolution of the board of directors and the Company's response to the opinion of the remuneration committee shall be recorded (if the remuneration approved by the board of directors is better than the recommendation of the remuneration committee, the difference and the reasons therefor should be stated): No such situation.
- ② If any resolution of the remuneration committee is objected to or qualified by committee member(s) with a record or written statement, the date of remuneration committee meeting, session, content of the proposal, the opinions of all members and the response to the members' objection shall be recorded: No such situation.

Remuneration committee	Content of the proposal	Resolution	The Company's response to the opinion of the remuneration committee
Fourth session Thirteenth meeting 24 February 2023	1. The Company's 2022 employees' compensation and directors' compensation proposal	All committee members approved the resolution	Submitted to the board of directors and approved by all attending directors and independent directors
Fourth session Fourteenth meeting 27 April 2023	2. Discussion about the 2023 salary adjustment plan of the Company and its subsidiaries	All committee members approved the resolution	Submitted to the board of directors and approved by all attending directors and independent directors
	3. Appointment of key executives of subsidiaries	All committee members approved the resolution	Submitted to the board of directors and approved by all attending directors and independent directors
Fifth session First meeting 25 August 2023	1. Appointment of head of information security	All committee members approved the resolution	Submitted to the board of directors and approved by all attending directors and independent directors
Fifth session Second meeting 15 December 2023	1. Principles of 2023 bonus distribution and distribution amount for the managers by year end	All committee members approved the resolution	Submitted to the board of directors and approved by all attending directors and independent directors
	2. Issuance of the employee stock option certificates by the Company	All committee members approved the resolution	Submitted to the board of directors and approved by all attending directors and independent directors
	3. The 2024 work plan of the Remuneration Committee of the Company	All committee members approved the resolution	Submitted to the board of directors and approved by all attending directors and independent directors
Fifth session Third meeting 26 February 2024	1. The Company's 2023 employees' compensation and directors' compensation proposal	All committee members approved the resolution	Submitted to the board of directors and approved by all attending directors and independent directors

(e) Implementation of the promotion of sustainable development and differences from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor

Assessment item	Implementation status			The discrepancy with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the underlying reasons
	Yes	No	Description	
1. Does the Company establish a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, which is delegated by the board of directors to senior management and supervised by the board of directors?		No	1. The Company actively evaluates the establishment of a governance structure to promote sustainable development and sets up a task force to promote sustainable development. In March 2023, a greenhouse gas inventory promotion team will be set up in the manufacturing plants in Guangdong and North Vietnam as a matter of priority, and counseling and education training will be arranged for the greenhouse gas inventory. With 2022 as the baseline year for the inventory, the Company will start to conduct the relevant data inventory, and prioritize the promotion of the corporate vision and the environmental issues that are of concern to the customers, in order to achieve the priority goals of energy conservation and carbon reduction. The top management of each factory will take the lead and report to the board of directors on a regular basis.	The Company expects to establish a Sustainability Unit in 2024.

<p>2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?</p>	<p>Yes</p>		<p>2. The Company's assessment of the risks associated with the relevant environmental, social and corporate governance issues is as follows:</p> <table border="1" data-bbox="920 220 1794 979"> <thead> <tr> <th data-bbox="920 220 1099 288">Material issues</th> <th data-bbox="1099 220 1323 288">Risk Assessment Items</th> <th data-bbox="1323 220 1794 288">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="920 288 1099 560">Environment</td> <td data-bbox="1099 288 1323 560">Environmental Protection & Management</td> <td data-bbox="1323 288 1794 560">The Company has actively implemented various management and energy saving measures and greenhouse gas emission reduction measures. We have reduced pollution emissions and the impact on the environment by greening the environment, renovating waste water and exhaust systems, improving lighting and saving energy in the air compressor system, replacing old equipment with new, and choosing green labelled equipment.</td> </tr> <tr> <td data-bbox="920 560 1099 831">Society</td> <td data-bbox="1099 560 1323 831">Product Safety</td> <td data-bbox="1323 560 1794 831">We continue to work with suppliers to establish long-term goals for environmental protection, energy saving and carbon reduction, and the recycling or natural decomposition of raw materials and packaging materials, and to promote the use of environmentally friendly materials in production machines, which help to fulfil our corporate social responsibility and green commitment.</td> </tr> <tr> <td data-bbox="920 831 1099 979">Corporate Governance</td> <td data-bbox="1099 831 1323 979">Socio-economic and legal compliance</td> <td data-bbox="1323 831 1794 979">Through the establishment of a governance structure and the implementation of internal control mechanisms, the Company ensures that all employees and operations comply with the relevant laws and regulations.</td> </tr> </tbody> </table>	Material issues	Risk Assessment Items	Description	Environment	Environmental Protection & Management	The Company has actively implemented various management and energy saving measures and greenhouse gas emission reduction measures. We have reduced pollution emissions and the impact on the environment by greening the environment, renovating waste water and exhaust systems, improving lighting and saving energy in the air compressor system, replacing old equipment with new, and choosing green labelled equipment.	Society	Product Safety	We continue to work with suppliers to establish long-term goals for environmental protection, energy saving and carbon reduction, and the recycling or natural decomposition of raw materials and packaging materials, and to promote the use of environmentally friendly materials in production machines, which help to fulfil our corporate social responsibility and green commitment.	Corporate Governance	Socio-economic and legal compliance	Through the establishment of a governance structure and the implementation of internal control mechanisms, the Company ensures that all employees and operations comply with the relevant laws and regulations.	<p>No substantial discrepancy</p>
Material issues	Risk Assessment Items	Description														
Environment	Environmental Protection & Management	The Company has actively implemented various management and energy saving measures and greenhouse gas emission reduction measures. We have reduced pollution emissions and the impact on the environment by greening the environment, renovating waste water and exhaust systems, improving lighting and saving energy in the air compressor system, replacing old equipment with new, and choosing green labelled equipment.														
Society	Product Safety	We continue to work with suppliers to establish long-term goals for environmental protection, energy saving and carbon reduction, and the recycling or natural decomposition of raw materials and packaging materials, and to promote the use of environmentally friendly materials in production machines, which help to fulfil our corporate social responsibility and green commitment.														
Corporate Governance	Socio-economic and legal compliance	Through the establishment of a governance structure and the implementation of internal control mechanisms, the Company ensures that all employees and operations comply with the relevant laws and regulations.														

Assessment item	Implementation status			The discrepancy with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the underlying reasons
	Yes	No	Description	
<p>3. Environmental issues</p> <p>(1) Does the Company establish an appropriate environmental management system according to its industrial characteristics?</p>	Yes		<p>(1) All of our mainland and Vietnam subsidiaries have established environmental management systems in accordance with ISO 14001 and continue to pass third-party certification, and carry out annual system certification in accordance with ISO 14001.</p> <p>In March 2023, the Company launched the ISO 14064-1 GHG inventory of the Company and its subsidiaries (excluding Denmark ScS) for the year 2022 (the scope of the verification is EAHZ and its Shenzhen branch and Vietnam EAVN), to collect carbon emissions and further implement actions to control the reduction of greenhouse gases.</p> <p>Scope of Verification:</p> <p>ISO 14064-1 Greenhouse Gas Inventory (Scope of verification: EAHZ, and its Shenzhen branch and Vietnam EAVN)</p> <p>ISO 14001 Environmental Management System (Scope of verification: EAHZ, EAVN Vietnam)</p>	No substantial discrepancy
<p>(2) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?</p>	Yes		<p>(2) The Company complies with international regulatory requirements on environmental protection, such as RoHS, WEEE, etc. It introduces green supply chain management and uses materials with low environmental impact. It also strives to improve the utilization efficiency of all resources in adherence to 3R (reduce, reuse and recycle) principle. It successfully uses recyclable wood chips to manufacture speaker housings with special casting processes.</p>	No substantial discrepancy
<p>(3) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to address climate-related issue?</p>	Yes		<p>(3) With the impact of greenhouse effect, rising global warming temperature and intensifying extreme climate, our factories in China are less efficient in energy saving due to older factory buildings and production equipment. By packaging material recycling, energy saving and water recycling and use of electric loads, the efficiency of energy and water resources were improved. Due to the unstable power supply in the North Vietnam Industrial Zone, the Vietnam plant is in urgent need of diversified power supply sources such as green energy reserves, and needs to be combined with the supply chain to strengthen the resilience for supplying in order to prevent chain breakage. As for the opportunities, in terms of product development, the Company also actively cooperates with the environmental protection policies of the European Union, the United States and other countries to develop products that meet the requirements of environmental protection, so that the Company can become a green partner of the major international manufacturers.</p>	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the underlying reasons																								
	Yes	No	Description																									
(4) Does the Company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?		No	<p>(4) 1. All of the factories and subsidiaries of the Company (except Denmark ScS) completed the 2022 inventory of ISO14064-1 scope 1, 2 and 3 in 2023, of which EAHZ and its Shenzhen branch and EAVN Vietnam obtained third-party verification.</p> <p>Greenhouse gas emissions in 2022:</p> <p style="text-align: right;">Unit: tonne CO₂e</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Turnover emission (tonne/NTD million)</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>1,355.0229</td> <td>16,278.3269</td> <td>1.4007</td> <td>5,071.1583</td> </tr> </tbody> </table> <p>2. Water consumption in 2022 (for the whole Eastech Group except ScS)</p> <p style="text-align: right;">Unite: tonne</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total water consumption</th> <th>Turnover Water Consumption (tonne/NTD million)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>336,574.18</td> <td>26.7356</td> </tr> </tbody> </table> <p>Waste output in 2022 (for the whole Eastech Group except ScS)</p> <p style="text-align: right;">Unite: tonne</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous waste</th> <th>Non-hazardous waste</th> <th>Turnover waste output (tonne/NTD million)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>7.091</td> <td>771.4792</td> <td>0.0618</td> </tr> </tbody> </table> <p>Policies and objectives: Taken 2022 as the benchmark year, the objective for reducing greenhouse gas emissions per unit of turnover by 2% as compared with 2022 level. Through the realization of decomposition targets, we aim to reduce electricity consumption per unit of turnover by 0.4%, fuel oil consumption by 0.5%, and water consumption by 0.5% per unit of turnover each year, and promote the reduction program year by year in order to achieve improved efficiency.</p>	Year	Scope 1	Scope 2	Turnover emission (tonne/NTD million)	Scope 3	2022	1,355.0229	16,278.3269	1.4007	5,071.1583	Year	Total water consumption	Turnover Water Consumption (tonne/NTD million)	2022	336,574.18	26.7356	Year	Hazardous waste	Non-hazardous waste	Turnover waste output (tonne/NTD million)	2022	7.091	771.4792	0.0618	No substantial discrepancy
Year	Scope 1	Scope 2	Turnover emission (tonne/NTD million)	Scope 3																								
2022	1,355.0229	16,278.3269	1.4007	5,071.1583																								
Year	Total water consumption	Turnover Water Consumption (tonne/NTD million)																										
2022	336,574.18	26.7356																										
Year	Hazardous waste	Non-hazardous waste	Turnover waste output (tonne/NTD million)																									
2022	7.091	771.4792	0.0618																									

Assessment item	Implementation status			The discrepancy with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the underlying reasons
	Yes	No	Description	
4. Social issues (1) Does the Company set policies and procedures in compliance with relevant regulations and the International Bill of Human Rights?	Yes		(1) The Company complies with all relevant labor laws and regulations of the local competent authority to protect the rights and interests of employees.	No substantial discrepancy
(2) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacations and other benefits), and appropriately reflect operating performance or results in employee remuneration?	Yes		<p>(2) A summary of the Company's employee benefit measures and their implementation is as follows:</p> <ol style="list-style-type: none"> 1. Staff remuneration The Company's salary is set in accordance with internal regulations and is reasonable. The annual bonus system is allocated to all employees after considering the annual operation of the Company and taking into account the employees' seniority and annual performance, in order to motivate all employees to work together for the Company's goals. 2. Employee Welfare Measures Employees of the Company are regularly provided with various welfare measures and are insured in accordance with local laws and regulations, a humane management system for promotion and transfer, an effective incentive system for bonuses, various recreational activities, tuition subsidies for the children of our factory employees to attend Xiu De Chinese – Anglo Kindergarten, and a factory cafeteria that provides nutritional and hygienic food and beverage care for our employees. 3. Workplace diversity and equality The ratio of male to female employees is similar, with 41.7% of male employees and 58.3% of female employees in 2023, and the proportion of female senior executives (associate level and above) has reached 23.5%, and equal pay for equal work and equal promotion opportunities for different genders have been achieved. 4. Operational performance reflected in staff remuneration Article 117 of the Company's Articles of Association stipulates that if the Company makes a profit in the year, it should allocate 1% to 15% of the profit as employees' compensation and share the surplus result with them. 	No substantial discrepancy

Assessment item	Implementation status			The discrepancy with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the underlying reasons									
	Yes	No	Description										
(3) Has the Company established effective career development training plans for its staff?	Yes		<p>(3) The Company's core philosophy is disaster prevention and prevention of disasters, using appropriate management tools, proven technology and available resources to integrate occupational safety and health issues within the plant, propose effective countermeasures, and continue to refine and promote a culture of occupational safety; in addition to strengthening the protection management of workers and investing resources to strengthen occupational disease prevention in order to create a zero-hazard environment.</p> <p>In 2023, there was zero incapacities and zero occupational accidents (0% of the total number of employees at the end of 2023).</p> <p>In 2023, there was zero fire incidents, caused zero fatalities and injuries and the number of fatalities and injuries accounted for 0% of the total number of employees. Fire prevention training and publicity will be held annually to strengthen employees' awareness of fire emergency response.</p> <p>During the past two years, the Company has organized fire safety and hygiene training and education.</p> <table border="1" data-bbox="972 778 1742 954"> <thead> <tr> <th>Year</th> <th>Education Training (man-times)</th> <th>Education Training (man-hours)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>3,906</td> <td>1,953</td> </tr> <tr> <td>2023</td> <td>3,443</td> <td>1,722</td> </tr> </tbody> </table>	Year	Education Training (man-times)	Education Training (man-hours)	2022	3,906	1,953	2023	3,443	1,722	No substantial discrepancy
Year	Education Training (man-times)	Education Training (man-hours)											
2022	3,906	1,953											
2023	3,443	1,722											
(4) Has the Company established effective career development training plans for its staff?	Yes		<p>(4) The Company has a comprehensive training programme for supervisors and staff at all levels, including newcomer training for 1,419 hours (common training: introduction to the environment, information security and work safety education training), internal professional development advanced training for the department and supervisory training courses (details refer to Training for Managers on pages 88), to assist colleagues to continue to learn and grow through a variety of learning styles.</p>	No substantial discrepancy									
(5) With regard to topics such as customer health and safety, customer privacy, marketing and labeling of products and services, has the Company followed relevant regulations and international standards, and formulated relevant consumer protection policies or customer benefits policies and procedures for appeal?	Yes		<p>(5) The Company has followed the relevant regulations and international standards for topics such as customer health and safety, customer privacy, marketing and labeling of products and services.</p> <p>The Company has established new customer processing procedures, customer data processing procedures, etc., to maintain smooth communication channels with customers and accept customer audits. In response to customer complaints, properly determine the problem and attribution, and regularly assess customer satisfaction to ensure the best service to customers. On the basis of protecting the intellectual property rights of customers, in addition to the confidentiality agreements regulated by brand customers, the company also regularly warns and promotes the importance of confidentiality to relevant R&D personnel.</p>	No substantial discrepancy									

Assessment item	Implementation status			The discrepancy with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the underlying reasons
	Yes	No	Description	
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	Yes		<p>(6) The Company has set up a supplier management program.</p> <p>The Company's procurement department is responsible for handling supplier management. To ensure that the supplier's quality system management and source management of raw materials comply with regulations, the suppliers are also required to comply with relevant local laws and regulations when operating the Company's business. We also require suppliers to follow the RBA (Responsible Business Alliance) human rights, environment and ethical code of conduct.</p> <p>Establish a good communication mechanism with suppliers, deal with related matters of communication with suppliers, and proactively promote social responsibility views and environmental safety and health management policies to suppliers, including green supply chain, product hazardous substance restriction regulations, environmental protection related laws and regulations and customer product quality requirements, etc., to maintain good cooperative relations with suppliers.</p> <p>The Company's requirements for suppliers are not limited to quality and service. Before cooperating with us, the supplier must sign and comply with the Company's integrity management policy. If the supplier is involved in violation of the Company's integrity management policy, the Company will also terminate the business contacts. At the same time, the implementation status is realized. The Company's auditors conduct annual inventory inspections of the suppliers' social and environmental responsibilities to assess whether the new suppliers are required by laws, regulations, customers and other relevant regulations. If they do not meet the requirements, the supplier will be assisted to improve within the specified time and reached the standard.</p>	No substantial discrepancy
5. Does the Company refer to the internationally-prepared reporting standards or guidelines for preparing sustainable development reports and other reports that disclose the Company's non-financial information? Do the aforesaid reports obtain the confirmation or assurance opinion of the third-party verification unit?		No	<p>5. The Company's goal is to promote sustainable development, and has established a "Corporate Sustainable Development Zone" on the website to expose relevant information such as environmental protection, education subsidies and social welfare, and expose sustainable development-related information in annual reports or public statements. In the future, we will prepare a sustainable development report depending on the Company's development status. The Company will prepare a sustainability report starting in 2024 and plans to obtain a third-party external verification of the AA1000 Medium Assurance Level and publish a bilingual sustainability report in 2025.</p>	No substantial discrepancy
6. If the Company has established its own sustainable development code of practice according to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, describe the differences between its operation and the code of practice: Not applicable				

Assessment item	Implementation status			The discrepancy with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and the underlying reasons
	Yes	No	Description	
7. Other important information to facilitate better understanding of the Company's implementation of sustainable development:				
(1) Environmental protection:				
<ul style="list-style-type: none"> The Company adheres to the principles of 3R (reduce, reuse and recycle) and makes effective use of all resources. It successfully uses recyclable wood chips to manufacture speaker housings with special casting processes. For product development, the Company also complies with the environmental protection policies of the EU, the United States and other countries to develop green products, making the Company a green partner of international renowned companies. 				
(2) Education subsidy:				
In October 2004, a director of the Company's subsidiary established Xiu De Chinese – Anglo Kindergarten in Huiyang New Market. The kindergarten provides a quality education platform for the children of our employees and children in the surrounding communities. As part of the Company's employee benefits policy, the children of our employees are entitled to tuition subsidy and manpower and material support.				
(3) Social welfare				
In October 2004, a director of the Company's subsidiary established Xiu De Chinese – Anglo Kindergarten in Huiyang New Market. The kindergarten provides a good environment and quality education for the children of the surrounding communities and adopts the advanced education and teaching concepts of Hong Kong, Taiwan and the United States. It was awarded as a grade I kindergarten in Huizhou in March 2011, one of the four outstanding kindergartens in Huiyang in 2018, and repeatedly awarded the "Advanced Education Unit", "Safe and Civilized Campus" and other titles in the district and county from 2019 to 2023, enrolling approximately 350 children per term and providing a quality education platform for the children of the surrounding communities.				
The Vietnam subsidiary was awarded the Contribution to Urban Development Award by the Chi Linh City Government of Vietnam.				
While pursuing robust development, Eastech Group spares no effort to contribute to society and make donations to certain social welfare groups to support social welfare from time to time.				
In order to fulfill the responsibility of environmental protection and caring for the safety and health of our colleagues, and for the responsibility of pollution prevention management and social responsibility of environmental protection, the Company obtained ISO14001:2015 environmental management system certification. The certificates of subsidiaries of the Group in PRC were renewed in August 2022 and the certificate of subsidiary of the Group in Vietnam was renewed in March 2023.				
The Company obtained the ISO9001:2015 quality management system certification and the certificates of subsidiaries of the Group in PRC were renewed in April 2021 and the certificate of subsidiary of the Group in Vietnam was renewed in December 2022.				
The Company's Mainland subsidiaries and Vietnam subsidiaries obtained ISO14064-1 greenhouse gas inventory report certification in December 2023 and September 2023, respectively.				
In February 2024, the Company's subsidiaries in China and Vietnam will start to implement the ISO50001 energy management system.				
The Vietnam subsidiary plans to start investing in solar energy equipment in 2024.				

Relevant Climatological Information for TPEX Listed Companies

Implementation on climate related information

Item	Implementation position
<p>1. Description on the oversight and governance of climate-related risks and opportunities of the Board and management.</p>	<p>The schedule of the Group (subsidiaries inclusive) has been submitted and considered and approved by the Board on 17 June 2022.</p> <p>In accordance with the priority of the operation of the Group, the carbon inventory and audit promotion group was established in 2023 to report relevant implementation to the Board, and the group has completed the Group-wide (except ScS) greenhouse gas inventory for 2022, and EAVN Vietnam and EAHZ Huizhou, as individual operators, have obtained the ISO 14064-1 certification statement for 2022 issued by AFNOR on 25 September 2023 and 1 December 2023, respectively.</p> <p>It is estimated that the establishment of climate rated risk management mechanism will be completed in 2024.</p>
<p>2. Description on the impact of the risks and opportunities from identified climate risks on the business, strategies and short-term, middle-term and long-term finance of the enterprise</p>	<p>The items which the Group may be affected by climate-related risks but are not considered to be main sources of significant accounting judgments, estimates and assumption uncertainties are as follows:</p> <p>(1) Property, plant and equipment Climate change and carbon reduction programs will require the Group to make more capital expenditures than expected. Such includes the purchase of new “green” assets or the reforming of existing assets. In addition, the Group will need to consider whether legislation, advanced technology or even the commitment to achieve net zero carbon emissions will change the lifespan of its property, plant and equipment. As at the end of 2023, the Group's management assessed that no adjustment to the lifespan of the aforementioned assets was necessary.</p> <p>(2) Inventory valuation The EU's Carbon Border Adjustment Mechanism (CBAM) started from 1 October 2023 (transitional period) for certain industries (imports of cement, iron and steel, aluminum, chemical fertilizers, electricity, and hydrogen) to report. The CBAM will be fully implemented since 1 January 2026.</p> <p>The Group is not a member of any of the specific industries mentioned above and therefore the Group's management assessment up to the end of 2023 is not yet affected by the CBAM. However, the Group will need to start considering how to recognize the carbon content of the products</p>

	<p>exported to the EU and how to calculate the contribution to the unit cost of the products as well as to ensure that the embedded carbon emissions will be calculated and the carbon tax will be paid when filing such in 2026.</p> <p>(3) With the impact of the greenhouse effect, global warming causing temperatures rise, and the intensification of extreme weather conditions, the energy-saving efficiency of China's factories is slightly lower due to the relatively old buildings and production equipment. The Group promote energy and water saving and recycling by improving the efficiency of energy and water resources, and recycling of packaging materials and using more electric carriers.</p> <p>(4) Due to the unstable power supply in the North Vietnam Industrial Zone, it is necessary for the Vietnam factory to strengthen the diversified sources of power supply such as green energy reserves, and to strengthen the supply chain to prevent the breakage of the supply chain.</p> <p>Opportunities:</p> <p>(1) In terms of product development, the Company also actively follow with the environmental policies of the European Union and the United States to develop products that meet the requirements of environmental protection, so that the Company can become a green partner of international manufacturers.</p> <p>(2) We cannot expect our competitors to fail to keep up with the environmental protection and energy conservation camp, and we believe energy conservation is the only way out and such is the key to the survival of the Company.</p>
3. Description on the financial impact of extreme climate event and transformation	The financial impact of extreme climate event and transformation are the same as mentioned in item 2.
4. Description on the integration of identification, assessment, and management procedures of climate risks with the general risk management system	It is estimated that the establishment of climate rated risk management mechanism will be completed in 2024.
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and major financial impacts should be described.	No scenario analysis is used.
6. If there is a transformation plan for managing climate-related risks, describe the content of the plan and the metrics and objectives used to identify and manage physical and transformation risks.	The greenhouse gas emissions reduction target of the Group: By 2030, reduce greenhouse gas emissions per unit of turnover by 2% from the 2022 level. This will be achieved through the realization of

	<p>disaggregated targets.</p> <p>In addition, Vietnam EAVN plans to invest in solar energy facilities from 2024. Vietnam EAVN plans to invest in solar energy facilities since 2024, utilizing factory rooftops to build solar power stations, generating electricity locally and utilizing it locally, reducing utility energy consumption, and making full use of unused resources, thus realizing energy-saving and emission-reduction benefits.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.</p>	<p>No internal carbon pricing mechanism was established.</p>
<p>8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress achieved each year should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits or the amount of renewable energy certificates (RECs) offset should be described.</p>	<p>Estimates and plans for greenhouse gas emission reductions</p> <p>(1) Starting in 2023, reduce electricity consumption per unit of turnover by 0.4% from the previous year. Enhance publicity on electricity saving in production and logistics, and implement specific control measures. Consider the use of low-energy processes in the design of product processes.</p> <p>When purchasing new equipment, priority will be given to the selection of energy-saving equipment and facilities.</p> <p>(2) Gradually and systematically dismantle and decontaminate idle air-conditioning and other refrigeration equipment, and complete the process by the end of 2027.</p> <p>(3) Reduce annual fuel oil consumption per unit turnover by 0.5% from the previous year.</p> <p>(4) Enhance publicity on energy conservation in production and logistics and implement specific control measures to reduce water consumption per unit of turnover by 0.5% per annum as compared with the previous year.</p> <p>(5) No specific budget and amount have been set aside, but priority will be given to the procurement of energy-saving, monitoring and green-labeling equipment, and the replacement of fuel tankers by electric vehicles.</p>
<p>9. Greenhouse Gas Inventory and Assurance</p>	<p>See section “Greenhouse Gas Inventory and Assurance”</p>

Greenhouse Gas Inventory and Assurance

1-1 Greenhouse Gas Inventory and Assurance for the Most Recent Two Years

1-1-1 Information on greenhouse gas inventory

The most recent two years of greenhouse gas emissions (tonnes CO₂e), intensity (tonnes CO₂e per NTD million), and the scope of the data are described.

Direct greenhouse gas emissions: 1,355.0229 tonnes CO₂e (2022).

Indirect greenhouse gas emissions: 16,278.3269 tonnes CO₂e (2022).

Other indirect greenhouse gas emissions: 5,071.1583 tonnes CO₂e (2022).

Scope of the inventory: The Company and all of its subsidiaries (Danish ScS exclusive).

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (Scope 2, i.e., indirect greenhouse gas emissions from the input of electricity, heat or steam) and other indirect emissions (Scope 3, i.e., emissions from the Company's activities, which are not indirect energy emissions, but are from sources owned or controlled by other companies).

Note 2: The scope of information on direct emissions and indirect emissions from energy sources shall be handled in accordance with the timeframe set by the order stipulated in Article 10, Paragraph 2 of this standard, while information on other indirect emissions may be disclosed on a voluntary basis.

Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions can be calculated per unit of product/service or turnover, but at least the data calculated by turnover (NT\$ million) should be stated.

1-1-2 Information of assurance of greenhouse gas

Description of the status of assurance for the two most recent years as of the date of publication of the annual report, including the scope of assurance, assurance organization, assurance criteria, and opinion on assurance.

Assurance scope: Individual operating entities, including Vietnam EAVN and Huizhou EAHZ, obtained certified statements on 25 September 2023 and 1 December 2023, respectively.

Assurance organization: EAVN International Co.

Assurance criteria: ISO14064-1:2018

Assurance opinion: Without qualification

Note 1: In accordance with the timetable set forth in the order stipulated in Article 10, Paragraph 2 of these Guidelines, if the Company has not obtained a complete greenhouse gas assurance opinion by the printing date of the annual report, it should state that "complete assurance information will be disclosed in the sustainability report", and if the Company has not prepared a sustainability report, it should state "complete assurance information will be disclosed in the Public Information Observation Post System", and then disclose the complete assurance information in the following year's annual report.

Note 2: The confirming organization should comply with the requirements for confirming organizations of the sustainability report established by the Taiwan Stock Exchange Corporation and TPEX.

Note 3: Please refer to the samples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for the contents of the disclosure.

1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans

Description of the benchmark year of greenhouse gas reduction and its data, reduction targets, strategies and specific action plans and achievement of reduction targets.

- (1) Starting from 2023, reduce electricity consumption per unit of turnover by 0.4% per annum from the previous year. Enhance publicity on electricity saving in production and logistics, and implement specific control measures. Consider the use of low-energy processes in the design of product processes, and prioritize the selection of energy-saving equipment and facilities when purchasing new equipment.
- (2) Gradually and systematically dismantle and decontaminate idle air-conditioning and other refrigeration equipment, with a view to completing the process by the end of 2027.
- (3) Reduce annual fuel oil consumption per unit turnover by 0.5% from the previous year.
- (4) To step up publicity on energy conservation and implement specific control measures in the production and logistics sectors, with the annual water consumption per unit turnover reduced by 0.5% from the previous year's level.
- (5) No specific budget and amount have been earmarked, but priority will be given to the procurement of energy-saving, monitoring and green-labeling equipment, replacement of oil tankers by electric carriers, etc. The Government will continue to promote energy conservation in the production and logistics sectors and implement specific control measures.

Note 1: The schedule shall be in accordance with the order stipulated in Paragraph 2 of Article 10 of these Guidelines.

Note 2: The base year shall be the year in which the consolidated financial report boundary is completed. For example, according to the order stipulated in Paragraph 2 of Article 10 of the Standards, a company with a capital of over NT\$10 billion shall complete the consolidated financial report for the year 2024 in the year 2025, so the base year shall be the year 2024, and if the company has completed the consolidated financial report earlier than that, it may use that earlier year as the base year, and the data in the base year may be calculated as the average of the data of a single year or several years. In addition, the data of the base year can be calculated as the average of a single year or several years.

Note 3: The disclosure can be found in the samples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

[Amendment]

- I. Revised the format for disclosure of greenhouse gas inventory and assurance information in consideration of practical operation.
- II. Adding that TPEX listed companies should disclose their greenhouse gas reduction targets, strategies, and specific action plans.

(f) Implementation of ethical management policy and the reasons and differences with the TPEX listed companies' integrity management code

Assessment Item	Implementation Status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
1. Establishment of corporate conduct and ethics policy and implementation measures (1) Does the Company formulate the integrity management policy approved by the board of directors, have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the board of directors and the management team?	Yes		(1) The Company has established Procedures for Ethical Management and Guidelines for Conduct and Code of Ethical Conduct, addressing its corporate conduct and ethics policy and measures which are approved by the board of directors and issued to each supplier in order to make its suppliers and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management. The board and the management team also rigorously and thoroughly implement such policies, and will not participate in matters related to their own interests as appropriate.	No substantial discrepancy
(2) Does the Company establish appropriate compliance measures for the business activities prescribed in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and any other such activities with higher risk of unethical conduct?	Yes		(2) Procedures for Ethical Management and Guidelines for Conduct of the Company explicitly prohibit providing or accepting improper benefits, handling procedures for facilitating payments, and also standardize the procedures for handling political contributions and charitable donations or sponsorships. All have taken preventive measures and carried out education and publicity, planning and reporting system to ensure the effectiveness of the implementation of the system, in order to implement the integrity management policy.	No substantial discrepancy
(3) Does the Company establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such policies?	Yes		(3) Procedures for Ethical Management and Guidelines for Conduct of the Company explicitly prohibits unethical conduct, Codes of Ethical Conduct also requires the prevention of obtaining personal gain, fair trade, compliance with rules and regulations, encouraging reporting on illegal or unethical activities, etc., and in case of violation, the violator will be punished in accordance with relevant provisions. Procedures for Ethical Management and Guidelines for Conduct of the Company are reviewed annually for updates when the Board presents an executive report on the promotion of ethical standards.	No substantial discrepancy
2. Ethic management practice (1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	Yes		(1) Before developing a commercial relationship with another party, the Company evaluates the legality and ethical management policy of the party, and avoids business dealing with parties that have a record of involvement in unethical conduct; when entering into a contract with another party, the contract terms shall include compliance of ethical management policy.	No substantial discrepancy

Assessment Item	Implementation Status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
(2) Does the Company set up a unit which is dedicated to or tasked with promoting the Company's ethical standards and reports directly to the board with periodical (at least once a year) updates on its integrity management policies and plans to prevent dishonest behaviors and supervision on relevant matters?	Yes		(2) The human resources department of the Company is responsible for formulating and supervising the implementation of integrity management policies and preventive measures to ensure the implementation of integrity management policies, which reports to the board the implementation results of integrity management on an annual basis, and assists the board of directors in evaluating the effective operation of the integrity prevention measures established. On 10 November 2023, the board of directors has completed the integrity management policy and the plan to prevent dishonesty behavior, and supervised the implementation.	No substantial discrepancy
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	Yes		(3) Procedures for Ethical Management and Guidelines for Conduct and Codes of Ethical Conduct of the Company stipulate the policy of avoiding conflict of interest, and complaint channels are established for handling cases in respect of violation of laws or code of ethics and business conduct.	No substantial discrepancy
(4) To implement relevant policies on ethical conducts, does the Company establish effective accounting and internal control systems that are audited by internal auditors in accordance with the results of the assessment of the risk of dishonesty, the relevant audit plan will be drawn up and the compliance with the plan to prevent dishonesty will be checked or entrusting accountants CPA to perform the audit?	Yes		(4) The Company implements ethical management, and has established effective accounting and internal control systems, which are audited by internal auditors in accordance with the results of the assessment of the risk of dishonesty, the relevant audit plan will be drawn up and the compliance with the plan to prevent dishonesty will be checked, and the audit report is submitted to the board.	No substantial discrepancy
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	Yes		(5) In 2023, the Company held a series of internal and external training courses related to integrity management issues (including compliance with integrity management laws and regulations, practical application of internal audit and fraud detection skills, analysis of board of directors and functional committees (audit and compensation) regulations and audit focus, corporate mergers and acquisitions and legal risks, trade secret litigation practices, competition prohibition clauses and case studies, how to review financial reports by directors and supervisors from non-financial backgrounds, how to supervise corporate risk management and crisis handling by directors and supervisors, introduction to and case studies of short-term trading by insiders of a company, and information security governance. Practical: analysis of key management issues, how to apply "Robotic Process Automation" (RPA) to enhance the effectiveness of internal control, "Opinion on Reasonableness of Price" and "Evaluation of Fair Price at the Time" under the new Business Merger Law, and other related courses.) A total of 953 participants and 989 person-hours.	No substantial discrepancy

Assessment Item	Implementation Status			The discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the underlying reasons
	Yes	No	Description	
3. Implementation of whistleblowing procedures (1) Does the company establish specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and designate responsible individuals to handle the concerns reported?	Yes		(1) Procedures for Reporting of Illegal and Unethical Behavior or Unethical Conduct stipulate the whistleblowing and reward system, and complaint channels and communicating mailbox were established for internal and external personnel to report, and responsible personnel were designated to handle the concerns reported.	No substantial discrepancy
(2) Does the Company establish standard operation procedures for investigating the concerns reported, follow-up measures to be taken after the completion of investigation and ensuring such concerns are handled in a confidential manner?	Yes		(2) The Company established the standard procedure, follow-up measures to be taken after the completion of investigation and relevant confidentiality system for investigating the concerns received, and records of procedures and results of investigation will be stored. If violation of regulations is confirmed, report will be submitted to the management team immediately, and the violator will be punished depending on the seriousness.	No substantial discrepancy
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her reporting concerns?	Yes		(3) The Company will not accept anonymous blackmails, but will protect the confidentiality of personal information in the case of named and substantiated letters of complaint, and adopts proper measures to protect the whistleblower from retaliation for his/her concerns reported.	No substantial discrepancy
4. Information Disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System?	Yes		Procedures for Ethical Management and Guidelines of the Company and relevant governance information are disclosed on the website of the Company ("Investors" page) (website: https:// eastech.com).	No substantial discrepancy
5. If the Company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, describe any discrepancy between the policies and their implementation: The Company has established Procedures for Ethical Management and Guidelines for Conduct, and complies with it. There is no discrepancy between the Procedures for Ethical Management and Guidelines for Conduct and its implementation.				
6. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (e.g., review the Company's corporate conduct and ethics policy) (1) The Company established Procedures for Ethical Management and Guidelines for Conduct, and issued to each supplier to indicate the Company's determination of ethical management. (2) Rules of Procedure of the Board of Director of the Company require that if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and shall further abstain from discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. (3) The Company has established the "Procedures for Prevention of Insider Trading and Handling of Material Internal Information", which require the Company's insiders to comply with laws and regulations relating to the prevention of insider trading and not to trade the Company's shares during the closed period of 30 days prior to the announcement of annual financial reports and 15 days prior to the announcement of quarterly financial reports, and to remind insiders in good faith during the relevant period to prevent inadvertent mistakes.				

(g) If company has established Corporate Governance Code and relevant regulations, disclosure of means to access

The Company established “Corporate Governance Code”, “Procedures for Ethical Management and Guidelines for Conduct”, “Codes of Ethical Conduct”, relevant regulations, etc., please refer to the website of the Company at <https://eastech.com> or Market Observation Post System.

(h) Other important information that is able to enhance the governance of the company

1. The Company established “Verification and Disclosure of Material Information of Companies”, pursuant to which, each division of the Company shall handle the public disclosure of information prudently and ensure the accuracy and truthfulness of the information; information with obligation of confidentiality and shall not be divulged before the formal disclosure.

2. Director’s training in 2023

Title	Name	Date		Holder	Course name	Training hours
		Since	Up to			
Corporate Director Representative	Liou Jenq Lin	24 July 2023	24 July 2023	Taipei Foundation Of Finance	Boom of Artificial Intelligence: Chat Robots ChatGPT Technology Development and Application Opportunities	3
		26 October 2023	26 October 2023	Taiwan Academy of Banking and Finance	Corporate Merging and Legal Risks	3
Director	Pai Chin Chang	4 October 2023	4 October 2023	Legal Foundation, Securities & Futures Institute of ROC	How Directors and Supervisors with Non-Financial Background Review Financial Reports	3
		4 October 2023	4 October 2023	Legal Foundation, Securities & Futures Institute of ROC	Economic Outlook and Industry Trends to 2024	3
Director	Chang Tung I	5 October 2023	5 October 2023	Legal Foundation, Securities & Futures Institute of ROC	Introduction and Case Study on Short Term Trading by Corporate Insiders	3
		12 October 2023	12 October 2023	Legal Foundation, Securities & Futures Institute of ROC	How to Make International Tax Planning and Investment For Enterprises	3
Director	Teng Chiou-Shiang	25 July 2023	26 July 2023	Legal Foundation, Securities & Futures Institute of ROC	Practical Workshop for Directors and Supervisors (including Independent Directors) and Corporate Governance Executives	12

Title	Name	Date		Holder	Course name	Training hours
		Since	Up to			
Independent Director	Chang Shan Juh	20 June 2023	20 June 2023	Legal Foundation, Securities & Futures Institute of ROC	How Should Directors and Supervisors Supervise Corporate Risk Management and Crisis Management?	3
		20 June 2023	20 June 2023	The Corporate Operating and Sustainable Development Association of ROC	How Directors and Supervisors with Non-Financial Background Review Financial Reports	3
Independent Director	Jeng Shih Rong	13 April 2023	13 April 2023	Taiwan Institute of Directors	2023 KPMG Leadership Academy Forum - Business Opportunities and Challenges in the Net Zero Boom	3
		26 June 2023	26 June 2023	Greater China Financial and Economic Development Association	Prospect on the Global Economic Condition of the Second Half of 2023	3
		14 July 2023	14 July 2023	Chinese National Association of Industry and Commerce	Trade Secret Litigation Practices, Non-compete Clauses and Cases	3
Independent Director	Su Yi-Jen	25 July 2023	26 July 2023	Legal Foundation, Securities & Futures Institute of ROC	Practical Workshop for Directors and Supervisors (including Independent Directors) and Corporate Governance Executives	12

3. Manager's training in 2023

Title	Name	Date		Holder	Course name	Training hours
		Since	Up to			
Chief Financial Officer (Vice President)	Lam Pui Man	10 April 2023	10 April 2023	The Hong Kong Institute of Certified Public Accountants (HKICPA)	ESG Series – Latest Trends and Updates: Driving Shared Values Through Effective ESG Reporting	1
		23 April 2023	23 April 2023	The Hong Kong Institute of Certified Public Accountants (HKICPA)	ESG Series – Latest Trends and Updates: EHS vs ESG – The Evolution towards Safe, Responsible and Accountable Business	1
		4 June 2023	4 June 2023	The Hong Kong Institute of Certified Public Accountants (HKICPA)	Practical implementation issues on core aspects of HKFRS 17	2
		11 June 2023	11 June 2023	The Hong Kong Institute of Certified Public Accountants (HKICPA)	HKFRS 13 Fair Value Measurement	2
		17 June 2023	17 June 2023	The Hong Kong Institute of Certified Public Accountants (HKICPA)	Annual Accounting Update 2022: "A New Chapter for Corporate Reporting"	3
		18 June 2023	18 June 2023	The Hong Kong Institute of Certified Public Accountants (HKICPA)	Common application issues of Accounting Guideline 5 Merger Accounting for Common Control Combinations	2
		22 June 2023	22 June 2023	The Hong Kong Institute of Certified Public Accountants (HKICPA)	IFRS Interpretations Committee Agenda Decisions that are relevant to Hong Kong	1
Head of Corporate Governance (Vice President)	Chang Po Chao	7 February 2023	7 February 2023	Taiwan Corporate Governance Association	Information Security Governance Practice: Key Management Issues Analysis	3
		18 June 2023	18 June 2023	Accounting Research and Development Foundation	How to Apply Robotic Process Automation (RPA) to Enhance Internal Control Effectiveness	6
		26 September 2023	26 September 2023	The Chinese Association of Business and Intangible Assets Valuation	Evaluation of "Opinion of Reasonableness of Price" and "Fair Price at the Time" under the New Business Merger Act	4
Audit Manger	Ko Chun Ming	15 September 2023	15 September 2023	Taiwan Development & Research Academia of Economic & Technology	Internal Audit and Fraud Detection Practical Workshop	6
		17 October 2023	17 October 2023	The Institute of Internal Auditors-Chinese Taiwan	Explanation of board of directors and functional committees (audit, compensation) regulations and audit key points.	6

4. The Company's personnel relating to financial information transparency and their relevant licenses by competent authorities:

Department	Licenses	Number of personnel
Finance department	Hong Kong Certified Public Accountant	3
	Australia Certified Public Accountant	1
	Associate Member of the Hong Kong Chartered Governance Institute	1
Audit department	International Certified Internal Auditor	1

(i) **Matters to be disclosed relating to the implementation of internal control:**

1. Management's Report on Internal Control

Eastech Holding Limited

Management's Report on Internal Control

Date: 26 February 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2023:

1. The Company's Board of Directors and managers are responsible for establishing, implementing, and maintaining an adequate internal control system. And the Company has established such system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes in environment and situation due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each criterion includes several items. For the aforesaid items, please refer to the requirement of the Regulations.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the criteria of the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, in 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on 26 February 2024, with none of the seven attending directors expressing dissenting opinions, and they all affirmed the content of this Statement.

Eastech Holding Limited

Chairman: Representative of
Eastech Innovations (TW) Inc.: Liou Jenq Lin

President: Pai Chin Chang

2. If a CPA has been engaged to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: Nil.

(j) For the latest year and up to the date of publication of annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, or any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies. If the result of the sanctions imposed may have a significant impact on shareholders' equity or the price of securities, the content of sanctions and the state of any efforts to make improvements shall be listed:

Nil

(k) Material resolutions of a general meeting or a board of directors' meeting during the most recent fiscal year and up to the date of publication of annual report

1. Material resolutions of general meeting of the Company in 2023:

Date	Material resolutions	Implementation
16 June 2023	Matters for approval 1. The Company's 2022 business report and consolidated financial statements	Has complied with the resolution.
	2. Proposed distribution of earnings for 2022 of the Company	The ex-dividend date is 1 April 2023 and the cash dividend payment date is 20 April 2023 with a cash dividend of NT\$3.04520420 per share.
	Matters for discussion 1. Proposed amendments to the "Articles of Association" of the Company	It was announced on the website of the Company and the Company is operating in accordance with the new Articles of Association.
	Matters for election 1. Election for the sixth session of the Directors of the Company	The list of elected directors is as follows: 4 Directors: Eastech Innovations (TW) Inc., Pai Chin Chang, Chang Tung I, and Teng Chiou-Shiang 3 Independent Directors: Chang Shan Juh, Jeng Shih Rong, and Su Yi-Jen
	Other resolutions 1. Lifting of restrictions on competition prohibition for the sixth newly appointed Directors of the Company and their representatives	A resolution has been passed and executed to remove the new independent directors of the Company from engaging in the same or similar scope of business of the Company for themselves or others during their term of office as directors.

2. Material resolutions of Board of Directors' meeting of the Company during 2023 and up to the date of publication of the annual report:

Date	Material resolution
12 May 2023	<ol style="list-style-type: none"> 1. Appointment of the Company's Certified Public Accountant and their remuneration 2. Consolidated financial statements of the Company for the first quarter of 2023 3. Proposed capital injection in cash by Eastech Innovations (TW) Inc., a sub-subsiary 4. Proposed disposal of shares in HT Precision Technologies, Inc. held by Eastern Asia Technology (HK) Limited to Eastech Innovations (TW) Inc. 5. Proposed endorsements and guarantees for Eastern Asia Technology (HK) Limited 6. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company 7. Proposed capital loan to a wholly- owned subsidiary, Eastern Asia Technology (HK) Limited, in the amount of US\$3,000,000
27 June 2023	<ol style="list-style-type: none"> 1. Re-select the certified public accountants to meet the needs of the Group's future operation and development, implement corporate governance and to enhance the functions of the Board of Directors. 2. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company 3. Proposed endorsements and guarantees for Eastech (Huizhou) Co., Ltd. by the Company 4. Appointment of the members for the fifth remuneration committee

25 August 2023	<ol style="list-style-type: none"> 1. Consolidated financial statements of the Company for the first half of 2023 2. The Company proposed to change of accounting firm and certified public accountant since the third quarter of 2023 3. Proposed pre-approval of the provision of non-confirmatory services to the Company and its subsidiaries by a firm of certified public accountants and its affiliates 4. Merger of two 100% owned sub-sub-subsidiaries, Eastech Electronics (Taiwan) Inc. and Eastech Innovations (TW) Inc. 5. Proposed capital loan of US\$4,000,000 to a 100%-owned subsidiary, Eastern Asia Technology (Hong Kong) Limited. 6. Proposed revised table of authority for approvals 7. Appointment of head of information security
10 November 2023	<ol style="list-style-type: none"> 1. Consolidated financial statements of the Company for the third quarter of 2023 2. Proposed pre-approval of the provision of non-confirmatory services to the Company and its subsidiaries by a firm of certified public accountants and its affiliates 3. Proposed endorsements and guarantees for Eastern Asia Technology (HK) Limited by the Company 4. Proposed endorsements and guarantees for Eastech (Huizhou) Co., Ltd. by the Company 5. Proposed endorsements and guarantees for Eastech (VN) Company Limited by the Company 6. Proposed renewal of the liability insurance for Directors, supervisors and managers

15 December 2023	<ol style="list-style-type: none"> 1. Approval of the pre-sale and pre-purchase forward foreign exchange operation, with the total authorized amount of not exceeding US\$70,000,000 2. Preparation of the 2024 budget of the Company 3. Proposed approval for the 2024 operating plan of the Company 4. The Company's subsidiary, Eastech (Huizhou) Co., Ltd. (“EAHZ”), intends to acquire a license asset from Huizhou Rongfeng Technology Co., Ltd. 5. Proposed endorsements and guarantees for Eastech Electronics (HK) Limited by the Company 6. Proposed approval for the 2024 audit plan of the Company 7. Proposed amendments to the internal control system of the Company 8. Principles of 2023 bonus distribution and distribution amount of the year-end bonus for the managers 9. Submission of the Cayman Annual Return and Economic Substance Report
26 February 2024	<ol style="list-style-type: none"> 1. The Company’s 2023 annual business report and consolidated financial statements 2. The Company’s 2023 employees' compensation and directors' compensation proposal 3. Proposed 2023 Surplus Distribution for Cash Dividends of the Company 4. Proposed determination of the ex-dividend date for the 2024 cash dividends 5. Proposed issue of the Management’s Reports on Internal Control in accordance with Article 24 of the Guidelines for the Establishment of Regulations Governing Establishment of Internal Control Systems by Public Companies 6. Proposed to amend the Rules of Procedure of the Board of Director of the Company 7. Proposed to amend the Organizational Procedures of the Audit Committee of the Company 8. Resolution of the Board of Directors in relation to the matters for convening the 2024 regular general meeting of the Company

- (l) Where, during the latest year and up to the date of publication of annual report, a director or the audit committee has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: Nil.
- (m) A summary of resignations and dismissals, during the latest year and up to the date of publication of annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, head of corporate governance and principal research and development officer:

Table of summary of resignations and dismissals of parties concerned of the Company

31 March 2024

Title	Name	On-Board Date	Date of Resignation or Dismissal	Reason of Resignation or Dismissal
Nil	Nil	Nil	Nil	Nil

Note: Parties concerned refer to Chairman, President, Head of Accounting Finance, Internal Audit, Corporate Governance and Research and Development of the Company.

4. Information on fees paid to the certified public accountant

(1) Information on fees paid to the certified public accountant

Information on fees paid to the certified public accountant

Unit: NT\$'000

Accounting firm	Name of account	Period of audit by accountant	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche Taiwan	Shih Chin-Chuan Chiu Yung-Ming	1 January 2023~31 August 2023	1,980	-	1,980	
Ernst & Young Taiwan	Liu Jung-Chin Huang Tzu-Ping	1 September 2023~31 December 2023	3,194	535	3,729	
Total			5,174	535	5,709	

Note 1: The non-audit fees are mainly the fees for issuance of individual subsidiaries' tax returns and transfer pricing tax returns.

(2) **When the Company changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the amount of the audit fees before and after the change and the reason shall be disclosed:**

In view of the long-term strategic development and internal management needs of the Company, since the third quarter of 2023, the certified public accounting firm and certified public accountants are proposed to replace the original accountants Shih Chin-Chuan and Chiu Yung-Ming from Deloitte & Touche Taiwan by Liu Jung-Chin and Huang Tzu-Ping from Ernst & Young Taiwan.

(3) **When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: Nil.**

5. Information on the change in accountant:

(I) Information on the previous independent auditor

Date of replacement	25 August 2023		
Cause and details of the replacement	Long-term strategic development and internal management needs of the Company		
Any details for the termination or rejection of the commissioner or CPA	Party	CPA	Commissioner
	Situation		V
	Active termination of the commission		
	Rejection of (continuing) commission		
Opinion and reasons for audit report issued during the two past fiscal years containing an observation other than unqualified ones	Not applicable		
Any disagreement with the issuer	Yes		Generally accepted accounting principles
			Disclosure of financial reports
			Scope or procedure of audits
			Other
	None	V	
	No disagreement		
Other items to be disclosed (items that shall be disclosed as prescribed by Article 10 Subparagraph 6 Item 1-4 to 1-7 of these standards)	Not applicable		

(II) About the successor independent auditor

Name of the accounting firm	Ernst & Young Taiwan
Name of the independent auditor	CPA Liu Jung-Chin and Huang Tzu-Ping
Date of commissioning	Approved by the Board on 25 August 2023
Accounting treatment or accounting principle for specific transactions as well as consultation items and results on audit assessment on the financial report prior to formal engagement	Not applicable
Written views on disagreements between the successor and former independent auditors	Not applicable

(III) Response of the former independent auditors regarding Article 10, Subparagraph 6, Items 1 and 2-3 of these standards: Not applicable.

- 6. The chairman, president, manager of financial or accounting affairs of the Company who has held a post in the certified public accountant firm or its affiliates in the latest year: Nil.**

- 7. Movements of shareholdings and pledge thereof held by directors, supervisors, managers and shareholders (whose shareholdings representing over 10% of total shares) for the latest year and as at the date of issue of annual report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship with the Company, directors, supervisors, managers and shareholders with shareholdings representing over 10% of total shares, and the number of shares transferred or pledged.**

(1) Movements of shareholdings and pledge thereof held by directors, supervisors, managers and substantial shareholders

Unit: share

Title	Name	2023		As at 26 March 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Eastech Innovations (TW) Inc.(Note 1)	453,000	0	0	0
Representative of Eastech Innovations (Taiwan) Inc.	Liou Jenq Lin	0	0	0	0
Director and President	Pai Chin Chang	(262,000)	0	0	0
Director	Chang Tung I	(250,000)	0	(34,000)	0
Director	Teng Chiou-Shiang (Note 2)	60,000	0	(34,000)	0
Independent Director	Chang Shan Juh	0	0	0	0
Independent Director	Jeng Shih Rong	0	0	0	0
Independent Director	Su Yi-Jen (Note 2)	0	0	0	0
Independent Director	Shiau Fung Shyung (Note 3)	0	0	N/A	N/A
Independent Director	Chen Ko Hung (Note 3)	0	0	N/A	N/A
Head of Information Security (Senior Vice President)	Hsu Chih Hsian (Note 4)	160,000	0	N/A	N/A
Chief Financial Officer (Vice President)	Lam Pui Man	0	0	0	0
Vice President	Chang Po Chao	0	0	0	0
Supervisor of Information Security Department (Senior Vice President)	Chen Chih-Ming (Note 5)	0	0	0	0
Chief Audit Officer	Ko Chun Ming	0	0	0	0
Deputy General Manager of EAVN	Low Weng Seet (Note 6)	200,000	0	N/A	N/A
Substantial shareholder	Taishin International Bank is entrusted to manage the investment account for Above Vantage	0	0	0	0

Note 1: On 16 June 2023, a general election of directors was held, and ETW. was re-elected as a director. On the merger basis date of 28 September 2023, ETW. took over the chairmanship of the Company as a result of the merger with of ETW. and designated Mr. Liou Jenq Lin as its representative.

ETW took over 453,000 shares of the company held by the former ETT.

Note 2: On 16 June 2023, a general election of directors was held, and Ms. Teng Chiou-Shiang and Mr. Su Yi-Jen were newly appointed. .

Note 3: On 16 June 2023, a general election of directors was held, and Mr. Shiao Fung Shyung and Mr. Chen Ko Hung were resigned. .

Note 4: Served as the head of Information Security Department of the Company since 1 January 2023. Resigned on 30 June 2023.

Note 5: Served as the head of Information Security Department of the Company since 25 August 2023.

Note 6: The appointment Board of Directors appointed as the General Manager of EAVN was approved by the Board on 27 April 2023. The Board of Directors has instead appointed Pai Chin Chang on 23 October 2023

(2) Information on the counterparty of a share transfer or share pledge which is a related party:

Name	Reason for change of equity interests	Date of trade	Counterparty	Relationship between the counterparty and the Company, its directors, supervisors, managers and shareholders holding more than 10% of the shares	Number of shares	Trading price
Chang Tung I	Gift	17 January 2023	Hsu Li Chuan	Spouse	255,000	–
		17 January 2023	Chang Hsuan Wei	Children	75,000	–
		10 April 2023	Hsu Li Chuan	Spouse	120,000	–
		11 January 2024	Chang Hsuan Wei	Children	34,000	
Pai Chin Chang	Gift	10 April 2023	Liang Su Hsing	Spouse	427,000	–
		10 April 2023	Pai Kai Jen	Children	55,000	–
Eastech Electronics (Taiwan) Inc.	Arrange with specific persons	28 September 2023	Eastech Innovations (TW) Inc.	Parent company Simple merger	453,000	-

(3) Information on the share pledge which is a related party: Nil.

8. Details of shareholdings of top ten shareholders, their relationship as related parties or as spouse or second degree relatives

26 March 2024; Unit: share

Name	Shareholdings		Spouse and minor shareholding		Total shareholdings in the names of other persons		For those who are related to the top ten shareholders or are spouses or within the second degree of kinship, their name and relationship		Remarks
	No. of shares	Shareholding %	No. of shares	Shareholding %	No. of shares	Shareholding %	Name	Relationship	
Taishin International Bank is entrusted to manage the investment account for Above Vantage Limited	27,956,600	37.17%	0	0	0	0	Nil	Nil	Nil
Morgan Stanley & Co. International PLC Investors Fund under custody of HSBC	1,799,153	2.39%	0	0	0	0	Nil	Nil	Nil
Wu Shu Jhen	1,664,000	2.21%	0	0	0	0	Nil	Nil	Nil
HSBC is entrusted to manage the investment account for Core Pacific Yamaichi International (H.K.) Limited	1,500,000	1.99%	0	0	0	0	Nil	Nil	Nil
Kwok King Lam Keenan Ken	1,231,000	1.64%	0	0	0	0	Nil	Nil	Nil
Berkeley Capital's SBL/PB Investment Account under custody of Citibank	1,092,000	1.45%	0	0	0	0	Nil	Nil	Nil
Jiang Ji Ru	920,000	1.22%	0	0	0	0	Nil	Nil	Nil
Chen Jheng-Yu	872,000	1.16%	0	0	0	0	Nil	Nil	Nil
Societe Generale European Option Investment Account under the custody of HSBC	660,000	0.88%	0	0	0	0	Nil	Nil	Nil
Trustee Insurance of HSBC (Taiwan) Commercial Bank Co., Ltd.	647,000	0.86%	0	0	0	0	Nil	Nil	Nil

9. The number of shares held by the Company, the Company's directors, supervisors, managers and entities directly or indirectly controlled by the Company in the same investee, and the combined proportion of shares in aggregate:

Consolidated Shareholding Percentage

31 December 2023; Unit: share; %

Investees (Note)	Investment of the Company		Investment of the directors, supervisors, managers and directly or indirectly controlled entities		Consolidated Investment	
	No. of shares	Shareholding %	No. of shares	Shareholding %	No. of shares	Shareholding %
Eastern Asia Technology (HK) Limited	80,000,000	100%	–	–	80,000,000	100%
Eastech (Huizhou) Co., Ltd.	–	–	N/A	100%	N/A	100%
Eastech (SZ) Co., Ltd.	–	–	N/A	100%	N/A	100%
Scan-Speak A/S	–	–	1,320,045	100%	1,320,045	100%
Eastech Electronics (HK) Limited	–	–	115,000,000	100%	115,000,000	100%
Eastech (SG) Pte. Ltd.	–	–	50,000	100%	50,000	100%
Eastech (VN) Company Limited	–	–	N/A	100%	N/A	100%
Eastech Microacoustics (HK) Limited	–	–	100,000	100%	100,000	100%
Eastech Innovations (TW) Inc.	–	–	215,000,000	100%	215,000,000	100%
Eastech Trading (VN) Company Limited	–	–	N/A	100%	N/A	100%

Note: The investees are all wholly-owned by the Company.

IV. CAPITAL OVERVIEW

1. Capital and shares

(1) Source of the Company's share capital

1. Source of the Company's share capital

26 March 2024; Unit: thousand shares; Unit: NT\$'000

Month/ Year	Issue Price	Authorized Share Capital		Paid-in Share Capital		Remark		
		No. of shares	Amount	No. of shares	Amount	Source of Share Capital	Paid by assets other than cash	Others
2011.02	NT\$10	80,000	800,000	100	1,000	Initial capital	–	–
2011.03	NT\$10	80,000	800,000	54,000	540,000	Issuance of 53,900,000 new shares	Note 1	–
2012.11	NT\$60	80,000	800,000	60,750	607,500	Cash capital increase to issue 6,750,000 new shares	–	Note 2
2015.06	NT\$0	80,000	800,000	61,002	610,020	Issuance of 252,000 new shares with restricted employee rights	–	Note 3
2016.12	NT\$0	80,000	800,000	61,502	615,020	Issuance of 500,000 new shares with restricted employee rights	–	Note 4
2017.05	NT\$0	80,000	800,000	61,498	614,980	Cancellation of 4,000 shares of new share capital with restricted employee rights	–	–
2017.08	NT\$0	80,000	800,000	61,494	614,940	Cancellation of 4,000 shares of new share capital with restricted employee rights	–	–
2017.11	NT\$0	80,000	800,000	61,486	614,860	Cancellation of 8,000 shares of new share capital with restricted employee rights	–	–
2017.12	NT\$0	80,000	800,000	62,502	620,020	Issuance of 500,000 new shares with restricted employee rights	–	Note 5
2018.03	NT\$0	80,000	800,000	61,967	619,670	Cancellation of 19,000 shares of new share capital with restricted employee rights	–	–
2018.05	NT\$0	80,000	800,000	61,961	619,610	Cancellation of 6,000 shares of new share capital with restricted employee rights	–	–
2018.08	NT\$0	80,000	800,000	61,932	619,320	Cancellation of 29,000 shares of new share capital with restricted employee rights	–	–
2018.11	NT\$0	80,000	800,000	61,606	616,060	Cancellation of 300,000 shares of treasury stock Cancellation of 26,000 shares of new capital with restricted employee rights	–	–

Month/ Year	Issue Price	Authorized Share Capital		Paid-in Share Capital		Remark		
		No. of shares	Amount	No. of shares	Amount	Source of Share Capital	Paid by assets other than cash	Others
2019.03	NT\$0	80,000	800,000	61,579	615,790	Cancellation of 27,000 shares of new share capital with restricted employee rights	–	–
2019.05	NT\$0	80,000	800,000	61,519	615,190	Cancellation of 60,000 shares of new share capital with restricted employee rights	–	–
2019.06	NT\$0	120,000	1,200,000	–	–	–	–	Note 6
2019.08	NT\$0	120,000	1,200,000	61,504	615,040	Cancellation of 15,000 shares of new share capital with restricted employee rights	–	–
2020.03	NT\$0	120,000	1,200,000	61,458	614,580	Cancellation of 46,000 shares of new share capital with restricted employee rights	–	–
2020.05	NT\$0	120,000	1,200,000	61,455	614,550	Cancellation of 3,000 shares of new share capital with restricted employee rights	–	–
2021.03	NT\$0	120,000	1,200,000	61,418	614,180	Cancellation of 37,000 shares of new share capital with restricted employee rights	–	–
2021.12	NT\$0	120,000	1,200,000	61,406	614,060	Cancellation of 12,000 shares of new share capital with restricted employee rights	–	–
2022.10	NT\$0	120,000	1,200,000	62,336	623,360	Exercise employee stock options for 930,000 shares	–	–
2023.01	NT\$0	120,000	1,200,000	63,139	631,390	Exercise employee stock options for 803,000 shares	–	–
2023.04	NT\$0	120,000	1,200,000	64,494	644,940	Exercise employee stock options for 1,355,000 shares	–	–
2023.07	NT\$0	120,000	1,200,000	66,557	665,568	Domestic bond conversion of 969,773 shares; Exercise employee stock options for 1,093,000 shares	–	–
2023.10	NT\$0	120,000	1,200,000	70,303	703,033	Domestic bond conversion of 3,156,564 shares; Exercise employee stock options for 590,000 shares	–	–
2024.01	NT\$0	120,000	1,200,000	71,693	716,934	Exercise employee stock options for 1,390,083 shares	–	–
2024.03	NT\$0	120,000	1,200,000	75,207	752,071	Domestic bond conversion of 3,263,713 shares; Exercise employee stock options for 250,000 shares	–	–

Note 1: To comply with the listing requirements of Taiwan, the Company was incorporated in Cayman Islands in February 2011. Pursuant to the resolutions passed at the general meeting held on 30 March 2011, additional 53,900,000 new shares were issued to DJR, a substantial shareholder of the Company, 100% equity of EAH were acquired from EATL at a consideration of HK\$293,887,883 and reorganization of the shareholding structure of the Group was completed. After the reorganization, the Company directly held 100% equity interests in EAH, and indirectly held 100% equity interests in EAHY, EAHZ and ESHY.

Note 2: Approved by Letters 1010032948 and 1010038983 issued by Financial Supervisory Commission on 31 July 2012 and 4 September 2012.

Note 3: Approved by the Letter 1030024812 issued by Financial Supervisory Commission on 1 July 2014.

Note 4: Approved by the Letter 1050024865 issued by Financial Supervisory Commission on 29 June 2016.

Note 5: Approved by the Letter 1060027567 issued by Financial Supervisory Commission on 25 July 2017.

Note 6: On 10 June 2019, the shareholders' general meeting resolved to pass the amendments to the Articles of Association to increase the authorized capital to NT\$1,200,00 thousand, divided into 120,000 thousand shares with the nominal value of NT\$10 per share.

26 March 2024; Unit: Shares

Type of shares	Authorized Share Capital			Remark
	Issued shares (Note)	Unissued shares	Total	
Ordinary shares	75,207,133 listed shares	44,792,867	120,000,000	Shares of listed company

Note: Please specify whether the stock is a listed or over-the-counter company (if it is restricted from being listed or traded over the counter, a note shall be indicated). General reporting system related information: Not applicable.

(2) Shareholding structure

26 March 2024

Shareholding Structure Amount	Government Authority	Financial Institution	Other Legal Entity	Individual	Foreign Entity and Individual	Chinese Entity and Individual	Total
No. of person	0	7	28	4,998	52	1	5,086
No. of shares	0	89,450	801,213	35,409,254	38,889,216	18,000	75,207,133
Shareholding %	0	0.12	1.06	47.08	51.71	0.02	100

(3) Shareholding distribution

1. Ordinary Shares

26 March 2024; Unit: Shares

Ranking of Shareholdings	No. of shareholders	No. of shares held	Shareholding (%)
1 to 999	832	112,346	0.15
1,000 to 5,000	3,227	6,152,199	8.18
5,001 to 10,000	438	3,445,856	4.58
10,001 to 15,000	166	2,156,397	2.87
15,001 to 20,000	112	2,064,450	2.75
20,001 to 30,000	96	2,461,754	3.27
30,001 to 40,000	41	1,484,910	1.97
40,001 to 50,000	42	1,947,454	2.59
50,001 to 100,000	66	4,885,571	6.50
100,001 to 200,000	34	5,067,000	6.74
200,001 to 400,000	18	5,032,443	6.69
400,001 to 600,000	4	2,055,000	2.73
600,001 to 800,000	2	1,307,000	1.74
800,001 to 1,000,000	2	1,792,000	2.38
1,000,001 and above	6	35,242,753	46.86
Total	5,086	75,207,133	100

2. Preferred shares: Nil

(4) List of substantial shareholders:

Name of shareholders holding more than 5% of total shares or top ten shareholders, their shareholdings and proportion if there are less than ten shareholders

26 March 2024

Name of substantial shareholders	No. of shares held	Shareholding (%)
Taishin International Bank is entrusted to manage the investment account for Above Vantage Limited	27,956,600	37.17%
Morgan Stanley & Co. International PLC Investors Fund under custody of HSBC	1,799,153	2.39%
Wu Shu Jhen	1,664,000	2.21%
HSBC is entrusted to manage the investment account for Core Pacific Yamaichi International (H.K.) Limited	1,500,000	1.99%
Kwok King Lam Keenan Ken	1,231,000	1.64%
Berkeley Capital's SBL/PB Investment Account under custody of Citibank	1,092,000	1.45%
Jiang Ji Ru	920,000	1.22%
Chen Jheng-Yu	872,000	1.16%
Societe Generale European Option Investment Account under the custody of HSBC	660,000	0.88%
Trustee Insurance of HSBC (Taiwan) Commercial Bank Co., Ltd.	647,000	0.86%

(5) Market price, net assets, earnings and dividends per share and the relevant information

Unit: NT\$; thousand Shares

Item	Year		2022	2023
	Market price per share	Highest		43.50
Lowest		19.80	32.30	
Average		26.74	48.11	
Net assets per share (Notes 1 & 2)	Before distribution		35.59	39.70
	After distribution		32.48	32.96
Earnings (loss) per share (Notes 1 & 2)	Weighted average no. of shares		61,291 thousand shares	66,483 thousand shares
	Earnings (loss) per share		6.03	8.02
Dividend per share	Cash dividend (Notes 2 & 4)		3.05	6.57
	Stock Dividend Distribution	Surplus shares distribution	–	–
		Capital reserve shares distribution	–	–
	Accumulated unpaid dividend		–	–
Analysis of return on investment	Price-Earnings Ratio (Note 5)		4.43	6.00
	Price-Dividend Ratio (Note 6)		8.78	7.32
	Cash Dividend Yield (Note 7)		11.39%	13.66%

Note 1: The net assets and earnings per share for 2022 and 2023 were calculated based on the audited consolidated financial statements.

Note 2: The net assets per share for 2022 were calculated based on the number of shares of the Company issued as at the end of 2022, being 63,139 thousand shares.

The net assets and dividends per share for 2023 were calculated based on the number of shares issued as at the end of 2023, being 71,693 thousand shares.

Note 3: The profit per share for 2022 was calculated based on the weighted average number of shares of the Company, being 61,291 thousand shares.

The earnings per share for 2023 were calculated based on the weighted average number of shares of the Company, being 66,483 thousand shares.

Note 4: The dividends per share for 2022 was calculated based on 64,494 thousand shares outstanding as at 9 March 2023.

The dividends per share for 2023 was calculated based on 75,207 thousand shares outstanding as at 4 March 2024.

Note 5: Price-Earnings Ratio = average closing price per share for the year/earnings per share.

Note 6: Price-Dividend Ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash Dividend Yield = cash dividend per share/average closing price per share for the year.

(6) Dividend policy and its implementation

1. Dividend Policy

Pursuant to the resolution passed by the shareholders at the general meeting on 12 June 2020, the Articles of Association of the Company were amended as follows:

If the Company has earnings for the current period after the close of a fiscal year, it shall set aside 1% to 15% of such earnings as employees' compensation, and set aside no more than 2% of such earnings as directors' compensation. If the Company has accumulated losses, it shall first set aside the losses and distribute the employees' compensation and directors' compensation from the remaining earnings as set forth in the preceding paragraph. The distribution of the employees' compensation can be made in cash or stock to the employees of eligible domestic or foreign controlled or subordinate companies or of this Company and its subsidiaries. The distribution of the employees' compensation and directors' compensation shall be approved by majority of the directors at the Board attended by at least two third directors.

The Company may distribute earnings according to the distribution plan proposed by the Board and approved by an Ordinary Resolution, unless provided otherwise in the Articles. The Board shall set aside out of the earnings of the Company for each financial year in the following orders:(1) payment of tax for the relevant financial year; (2) an offset of its losses in previous years that have not been previously offset; and (3) special capital reserve, if it is required in accordance with the Applicable Listing Rules or as required by the competent authorities.

Subject to the aforesaid, if there is any remaining earnings for each fiscal year (the "Remaining Earnings"), such Remaining Earnings plus all accumulative and undistributed profits from previous years shall be the distributable profits of the Company. The business of the Company is in a mature industry, and the Board may consider factors of financial conditions, business and operation, etc. of the Company, to propose distribute plan relating to shareholders dividends/bonus distribution after the shareholders' approval. The dividends/bonus distribution to the Shareholders under this clause shall not be less than 10% of the Remaining Earnings.

With the attendance of more than two-thirds of the directors by the board of directors of the Company and the attendance of more than half of the directors by special resolution, the dividend and all or any of the dividends to be distributed by way of cash shall be reported to the shareholders in general meeting. The cash dividend shall not be less than 50% of the total dividends/bonus distribution and the remaining distribution may be in stock dividends.

2. Status of the confirmed dividend distribution of the Company is as follows:

On 26 February 2024, the Board approved the resolution to distribute a cash dividend of NT\$6.61466011 per share for the year 2023 and authorized the chairman of the board to handle dividend distribution and other related matters.

The cash dividend was adjusted to NT\$6.57218246 per share due to the conversion of convertible bonds into ordinary shares and exercise of the employee stock options for the subscription of ordinary shares of the Company, and was paid on 22 April 2024.

3. Report of the status and results of the cash dividend distribution at the general meeting:

It is expected that the Company will report the status and results of the cash dividend distribution at the general meeting to be held on 24 May 2024.

- (7) The effect of the proposed stock dividend distribution at the general meeting on the Company's business performance and earnings per share:** No applicable.

- (8) Staff and directors' compensation**

1. The percentage or range of compensation for staff and directors set out in the Articles of Association:

In accordance with Article 117 of the Articles of Association of the Company

If the Company has earnings for the current period after the close of a fiscal year, it shall set aside 1% to 15% of such earnings as employees' compensation, and set aside no more than 2% of such earnings as directors' compensation. If the Company has accumulated losses, it shall first set aside the losses and distribute the employees' compensation and directors' compensation from the remaining earnings as set forth in the preceding paragraph. The distribution of the employees' compensation can be made in cash or stock to the employees of eligible domestic or foreign controlled or subordinate companies or of this Company and its subsidiaries. The distribution of the employees' compensation and directors' compensation shall be approved by majority of the directors at the Board attended by at least two third directors.

2. The accounting treatment in respect of any difference between actual distribution amount and the estimated amount of calculation basis of compensation of staff and directors and the number of bonus shares distributed for the current period.

The compensation of staff and directors for the current period was estimated in accordance with the requirements of the articles of association and was approved by the Board of Directors on 26 February 2024 and there is no difference.

3. The distribution of compensation approved by the Board of Directors:
 - (1) The compensation of staff and directors shall be paid in cash or stock. In case there is difference between the amounts paid and the estimated amount recognized for the year, the shortfall, reasons and handling method should be disclosed.

As approved by the Board of Directors on 26 February 2024, the Company intended to distribute the compensation of staff and directors of NT\$36,430,853 and NT\$10,500,000 respectively. All of the abovementioned amounts will be paid in cash.

- (2) The amount of staff compensation paid in stock and as a percentage of the net profit after tax of the individual or separate financial statement for the current period and the aggregated staff compensation: Nil
4. Report of the status and results of the distribution of compensation at the general meeting:

It is expected that the compensation of staff and directors to be reported by the Company at the general meeting to be held on 24 May 2024 will be NT\$36,430,853 and NT\$10,500,000, respectively.

5. The actual distribution of staff and directors' compensation for the previous year (including the number of shares distributed, the amount and the share price) and, in case of difference between the amount paid and the staff and directors' compensation recognized, the shortfall, reasons and handling method shall be described:

On 24 February 2023, the Board resolved to distribute employees' compensation and director's compensation in the amount of NT\$22,369,917 and NT\$6,300,000, respectively. There is no difference in the amount of employees' compensation and director compensation resolved by the Board from the actual amount paid and the amount of employees' compensation and director compensation recognized in the financial statements of 2022.

(9) Information on repurchase of the Company's shares: Nil.

2. Corporate Bonds (including overseas corporate bonds):

(I) Corporate bonds outstanding and in process

Type of Corporate Bonds	First secured convertible corporate bonds in the R.O.C.
Date of Issue (Processing)	28 November 2022
Denomination	Denomination of NT\$100,000 per bond
Place of issuance and trading	Taipei Exchange
Issuance price	NT\$106,420
Total amount	Total amount of issuance is NT\$350,000,000
	The amount raised is NT\$372,471,810
Interest	0% coupon rate
Term	A term of 3 years with maturity date at 28 November 2025
Guarantor	CTBC Bank Co., Ltd
Trustee	Yuanta Commercial Bank Co., Ltd.
Underwriter	KGI Securities Co., Ltd.
Attorney	Chiu Shih Fang Managing Attorney of Der Kai Law Firm
Certified Public Accountant	Deloitte & Touche Taiwan
	Shih Chin-Chuan and Chiu Yung-Ming, CPA
Repayment method	The convertible bonds shall be repaid in cash in one lump sum upon maturity at the nominal amount of the bonds, except for the conversion of the bonds into ordinary shares of the Company in accordance with Article 11 of this Regulation, exercise of the right to repurchase in accordance with Article 22 of this Regulation, or early redemption by the Company in accordance with Article 21 of this Regulation, or the purchase and cancellation by the securities dealer's office.
Outstanding principal amount	NT\$30,400,000 (as of 26 March 2024)
Terms of Redemption or Early Repayment	In accordance with Article 21 of the Regulations Governing the Issuance and Conversion of Bonds, if (1) the closing price of the Company's ordinary shares is 30% higher than the conversion price of the Bonds for 30 consecutive business days, the Company may redeem the Bonds in cash at any time during the period from the date after the third month of issuance to 40 days prior to maturity, or (2) if the outstanding balance of the Bonds is less than 10% of the total nominal value of the original issue.
Restrictive terms	Nil
Credit Rating Agency Name, Date of rating, corporate bond rating results	N/A

Additional rights	Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or warrants) as of the date of publishing of the annual report	As of 26 March 2024, a total of 3,196 corporate bond was applied for conversion and converted into 8,780,133 ordinary shares.
	Issuance and Conversion (Exchange or Stock Purchase)	Please refer to the Regulations Governing the Issuance and Conversion of the Company's First Secured Convertible Corporate Bonds in the Republic of China.
The method of issuance and conversion, exchange or subscription, the possible dilution of shareholdings from the issuance and impact on the interests of existing shareholders		Based on the current issued share capital of 75,207,000 shares and the current conversion price of NT\$34.2 per share, the number of unconverted shares is 304 as of 26 March 2024. If all the outstanding bonds are converted into ordinary shares, the number of shares will increase by approximately 889,000 shares, which is a dilution ratio of 1.18%, and the impact on shareholders' equity will be limited.
Name of entrusted custodian for the bond exchange		Nil

(II) Convertible Corporate Bonds

Unit: NTD

Type of Corporate Bond		The first guaranteed convertible corporate bonds in the R.O.C.		
Item	Year	2022	2023	Current year up to 31 March 2024
	Market Value of Convertible Corporate Bonds			
	High	114	182	346
	Low	104.1	109	166
	Average	108.79	129.96	235.15
Conversion price		28 November 2022~ 31 December 2022: NT\$39.20	1 January 2023~ 31 March 2023: NT\$39.20 1 April 2023~ 31 December 2023: NT\$36.40 (Note)	1 January 2024~ 29 March 2023: NT\$36.40 Since 30 March 2024: NT\$34.20 (Note)
Issuance (processing) date and conversion price at issuance		Issued on 28 November 2022 with a conversion price of NT\$39.20 at issuance		
Method for performing the conversion obligation		Issuance of new shares		

Note: The conversion price is adjusted due to the ex-dividend process.

3. Preferred shares: Nil.
4. Global depositary receipts: Nil.

5. Employee Stock Options

(1) Outstanding employee stock options and the impact on shareholders' interests:

31 March 2024

Type of Employee Stock Options	Second issuance of employee stock option certificates by the Company
Effective date and total units of issuance	23 May 2019 4,550 units
Date of issuance	19 May 2020
Subscription period	4 years from the date of granting
Unit of issuance	203 units
Number of units remaining to be issued	—
Number of shares issued as a percentage of the total number of shares in issue	0.27%
Subscription period	19 May 2020~18 May 2024
Way of performance	Issuance of new shares
Restriction period and ratio (%) of subscription	100% of the stock options are exercisable after 3 years from issuance
Number of shares issued upon exercise of options	0
Amount of options exercised	0
Number of unexercised shares lapsed (Note)	203,000 share
Number of outstanding stock options	0 share
Subscription price per share for unexercised stock options	-
Number of shares from unexercised options as a percentage of the total number of shares in issue (%)	0%
Impact on shareholders' equity	The Company's stock option holders may not exercise their stock options in full until three years after the employee stock option certificates have been granted. Therefore, the dilution effect on the original shareholders is limited.

Note: Mainly represented the number of shares lapsed as a result of the departure of employees.

Type of Employee Stock Options	Third issuance of employee stock option certificates by the Company	
Effective date and total units of issuance	25 September 2019 2,639 units	
Date of issuance	19 May 2020	6 August 2020
Subscription period	4 years from the date of grant	4 years from the date of grant
Unit of issuance	2,557 units	82 units
Number of units remaining to be issued	–	–
Number of shares issued as a percentage of the total number of shares in issue	3.40%	0.11%
Subscription period	19 May 2020~ 18 May 2024	6 August 2020~ 5 August 2024
Way of performance	Issuance of new shares	Issuance of new shares
Restriction period and ratio (%) of subscription	100% of the stock options are exercisable after 3 years of issuance	100% of the stock options are exercisable after 3 years of issuance
Number of shares issued upon exercise of options	1,380,000 shares	0
Amount of options exercised	NT\$31,464,000	0
Number of unexercised shares lapsed (Note)	1,177,000 shares	82,000 shares
Number of outstanding stock options	0 shares	0 share
Subscription price per share for unexercised stock options	NT\$22.80	–
Number of shares from unexercised options of as a percentage of the total number of shares in issue (%)	0%	0%
Impact on shareholders' equity	The Company's stock option holders may not exercise their stock options in full until three years after the employee stock option certificates have been granted. Therefore, the dilution effect on the original shareholders is limited.	The Company's stock option holders may not exercise their stock options in full until three years after the employee stock option certificates have been granted. Therefore, the dilution effect on the original shareholders is limited.

Note: Mainly represented the number of shares lapsed as a result of the departure of employees.

Type of Employee Stock Options	Fourth issuance of employee stock option certificates by the Company	Fifth issuance of employee stock option certificates by the Company	Sixth issuance of employee stock option certificates by the Company
Effective date and total units of issuance	7 May 2020 219 units	9 July 2021 2,461 units	24 December 2021 1,158 units
Date of issuance	27 April 2021	20 August 2021	21 January 2022
Subscription period	4 years from the date of grant	4 years from the date of grant	4 years from the date of grant
Unit of issuance	219 units	2,460 units	1,030 units
Number of units remaining to be issued	–	–	128 units
Number of shares issued as a percentage of the total number of shares in issue	0.29%	3.27%	1.37%
Subscription period	27 April 2021~ 26 April 2025	20 August 2021~ 19 August 2025	21 January 2022~ 20 January 2026
Way of performance	Issuance of new shares	Issuance of new shares	Issuance of new shares
Restriction period and ratio (%) of subscription	100% of the stock options are exercisable after 3 years of issuance	100% of the stock options are exercisable after 3 years of issuance	100% of the stock options are exercisable after 3 years of issuance
Number of shares issued upon exercise of options	0	0	0
Amount of options exercised	0	0	0
Number of unexercised shares lapsed (Note)	0 share	610,000 shares	60,000 shares
Number of outstanding stock options	219,000 shares	1,850,000 shares	970,000 shares
Subscription price per share for unexercised stock options	NT\$18.30	NT\$16.40	NT\$17.60
Number of shares from unexercised options as a percentage of the total number of shares in issue (%)	0.29%	2.46%	1.29%
Impact on shareholders' equity	The Company's stock option holders may not exercise their stock options in full until three years after the employee stock option certificates have been granted. Therefore, the dilution effect on the original shareholders is limited.	The Company's stock option holders may not exercise their stock options in full until three years after the employee stock option certificates have been granted. Therefore, the dilution effect on the original shareholders is limited.	The Company's stock option holders may not exercise their stock options in full until three years after the employee stock option certificates have been granted. Therefore, the dilution effect on the original shareholders is limited.

Note: Mainly represented the number of shares lapsed as a result of the departure of employees.

(2) The names of the management officers and the top ten employees who obtained the employee stock options, acquisition and subscription

31 March 2024; Unit: thousand shares

	Position	Name	No. of shares acquired	No. of shares acquired as a percentage of total no. of shares in issue	Exercised			Not Yet Exercised				
					No. of shares subscribed	Subscription price	Subscription amount	No. of shares subscribed as a percentage of total no. of shares in issue	No. of shares subscribed	Subscription price (NT\$)	Subscription amount (NT\$'000)	No. of shares subscribed as a percentage of total no. of shares in issue
Management officers	Director (Note 1)	Pai Chin Chang	1,945	2.59%	1,705	22.30 ~ 30.80	46,969	2.27%	240	16.40 ~ 17.60	4,104	0.32%
	Director (Note 2)	Chang Tung I										
	Director (Note 3)	Teng Chiou-Shiang										
	Chief Financial Officer	Lam Pui Man										
	Vice President	Chang Po Chao										
	Chief Audit Officer	Ko Chun Ming										
	Supervisor of Information Security Department (Note 5)	Chen Chih-Ming										
	Senior Vice President (Note 6)	Hsu Chih Hsian										

	Position	Name	No. of shares acquired	No. of shares acquired as a percentage of total no. of shares in issue	Exercised			Not Yet Exercised				
					No. of shares subscribed	Subscription price	Subscription amount	No. of shares subscribed as a percentage of total no. of shares in issue	No. of shares subscribed	Subscription price (NT\$)	Subscription amount (NT\$'000)	No. of shares subscribed as a percentage of total no. of shares in issue
Staff (Note 4)	Senior Associate	Wang Yu Rong	3,456	4.60%	3,316	22.30 ~ 30.80	87,516	4.41%	140	17.60	2,464	0.19%
	Associate	Wang Feng Shi										
	Deputy General Manager	Lee Kheng Wee										
	Senior Manager	Goh Ngak Mee										
	Senior Associate	Lim Sou Eng Hwa										
	Senior Associate	Lin Jixiong										
	Senior Associate	Kim Haeng Seon										
	Deputy General Manager	Kim Seon Dae										
	Deputy General Manager	Chan Hoi Lung										
	Deputy General Manager	Low Weng Seet										

Note 1: Being the President of the Company.

Note 2: Being the Vice Executive President of a subsidiary.

Note 3: Being the Vice President of the subsidiary.

Note 4: Being a staff of a subsidiary.

Note 5: Served as the head of Information Security Department of the Company since 25 August 2023.

Note 6: Served as the head of Information Security Department of the Company since 1 January 2023 and resigned on 30 June 2023.

6. Restricted shares for employees

- (1) Restricted shares for employees that have not satisfied all vesting conditions and impact on shareholders' interests:** Not applicable
- (2) Names of the management officers and the top ten employees who obtained the restricted shares for employees and details:** Not applicable

7. Mergers and acquisitions

- (1) Mergers or acquisitions in progress:** Not applicable.
- (2) Split in progress:** Not applicable.

8. Issuance of new shares due to acquisition of shares of another company: Nil.

9. Implementation of the fund utilization plan: Nil

V. OPERATIONAL HIGHLIGHTS

1. Business activities

(1) Scope

1. Principal Business

The Company is principally engaged in the design, manufacturing and sales of high-end/smart speakers, speaker systems, audio/video electronic home entertainment systems and earphones; research and development of system architecture, new product concepts, state-of-the-art products and sound and acoustic advance technology.

2. Key Products and Proportion to Turnover

Unit: NT\$'000

Item \ Year	2022		2023	
	Amount	%	Amount	%
Home Audio	8,673,517	67.70	7,089,333	66.62
Personal Audio	2,814,340	21.97	2,477,029	23.28
Transducer Speaker	416,113	3.25	334,730	3.15
Others	906,412	7.08	739,428	6.95
Total	12,810,382	100	10,640,520	100

Note: Others include CKD (speaker units, plastic parts, semi products) and molds.

3. Existing Products (Services) of the Company

Home Audio	Home theater, Sound Bars
Personal Audio	Portable wireless speakers, AI music center and earphones
Transducer Speaker	Premium transducers, automotive transducers, acoustic kits
Others	Molds, CKD (speaker units, plastic parts, semi-finished products)

4. Planned development of new products (service) project

(1) Introduction of new technology: Bluetooth Low Energy, BLE

In respect of audio technology, new models of Bluetooth Low Energy audio (BLE audio) in 2023 and 2024 under research and development will be fully launched including a complete range of home and personal audio products and earphones. LE Audio which uses low-energy Bluetooth spectrum for communication has the feature of saving power consumption during operation. LE Audio is not only compatible with Classic Audio devices which use Bluetooth Classic spectrum, but also supports more new functions. In addition to saving power through wireless communication, LE Audio also introduces a more power-efficient (Low Complexity

Communications Codec (LC3), which can maintain sound quality while reducing the computing requirements of the source devices, Bluetooth earphones, and speakers for audio processing.

- (2) Environmental protection application: We have researched and developed products which use environmentally friendly materials in packaging and products, including the use of solar panels for charging to increase the diversity of power sources and increase the usage time.
- (3) Research and development of new material: Development of differentiated technology content such as new material for diaphragm and vacuum sputtering method to improve the performance of acoustic sound quality.

(2) Industry overview

1. Current Industry Status and Development

The Company is a holding company established in the Cayman Islands in February 2011. Its operating subsidiaries focus on the research and development, manufacture and sales of speaker systems, audio/video electronic home entertainment systems, headphones, acoustic kits, transducer speaker, as well as smart speakers and smart wears for a wide range of applications in downstream end markets, including home theatres, audio combinations, computers/tablets, game consoles, digital music players, smart phones, mobile wireless speakers, smart audio and other consumer electronic products.

The main products of the Company and its subsidiaries are electro-acoustic products, which can be divided into microphones and speakers, commonly known as loudspeakers. The loudspeaker industry (also known as the electro-acoustic industry), of which the Company and its subsidiaries belong to, has been developed for years. A loudspeaker is a device that converts electrical signals into audio signals, an important component for sound output of electronic audio-visual products. The structure of a loudspeaker is divided into three main parts: the vibration system, the magnetic circuit and the body. Most of the beautiful sounds heard by human beings are transmitted through loudspeakers, which are used in a wide range of applications. The main products of the Company and its subsidiaries, speaker systems and earphones, are described below:

(1) Speaker Systems and Audio/Video Systems

As a component of consumer electronics, the demand and supply of loudspeakers is closely related to the standard of living of the population and the popularity of technology products. Economic growth has been slow in recent years due to the impact of the epidemic, and high unemployment and inflation have put pressure on the global loudspeaker market. However, thanks to the development of wireless technology, there are now a large number of speaker systems, especially small and portable ones that use Bluetooth technology allowing them to play music from a mobile phone or other Bluetooth-enabled device without the need for a cable.

In terms of personal audio, the trend is to go wireless and electronic. In the future, voice recognition will become the main interactive interface for IoT (Internet of Things) devices, smart home systems and AI service applications. As more information is accumulated using virtual personal assistants (VPA), AI, deep learning and machine learning all require huge ecosystems to provide and accumulate large amounts of data and information, and wireless speakers play an important role, while voice control has become the biggest highlight and buying point in recent years and will bring exponential growth. In terms of home audio, the popularization of large-size TV and other related hardware devices, coupled with consumers' access to OTT (streaming media service) type and media content, has led to a rise in demand for high-definition audio and video entertainment and increasing consumer demand for home theatres and Sound Bars. With home theatre systems and Sound Bars (one-piece audio systems), Dolby Digital surround sound can be perfectly reproduced. Digital audio technology has significantly improved the quality of home audio and video enjoyment. According to research institutions, the value global home theater market in 2020 amounted to US\$15 billion, with more than 40% of U.S. households have a home theater system, European region is the world's second-largest home theater sales market, and Asia is the strongest growth momentum of the development of the region, it is estimated that by 2027, the global market value of the home theater market will reach US\$48.1 billion, reached the compound annual growth rate of 18.1%. In view of the development of Sound Bars in the market in recent years, the sales of Sound Bars also skyrocketed during pandemic, "sold until no chip for further manufacture", so manufacturers actively ordered additional material for production. However, the current weak economy plus the bonus brought by pandemic has ended, which means that the market competition has become more severe, correction may occur, or only the development of medium and high price products is profitable. Nevertheless, in the long term, the penetration rate of the market is only accounted for 10%, which still has growth potential.

(2) Headphones

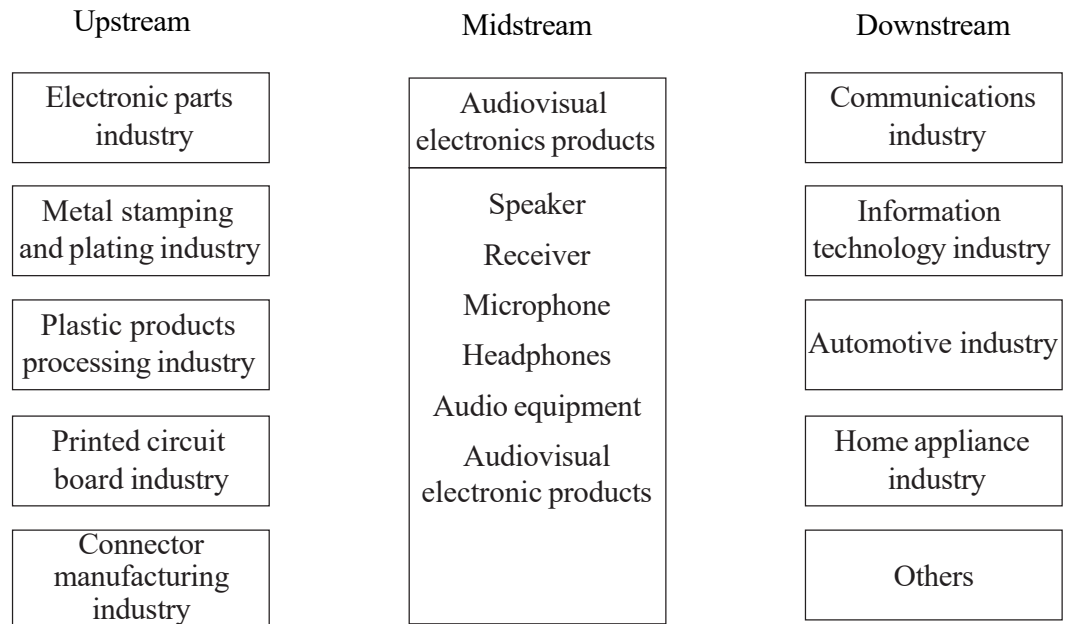
Headphones, the main products of the Company and its subsidiaries, are devices that convert electronic signals into acoustic signals and serve as an indispensable component of audio output in various devices. Headphones are generally independent of the source and are connected by wired or wireless means. In recent years, with the rapid development of the tablet computer and smartphone industries, headphones have become more and more important to consumers as an external output device for these audio sources, and the demand for their appearance and sound quality has also increased.

With the development of wireless headphones and technologies such as Bluetooth, the quality and efficiency of wireless transmission has improved and the technology and applications continue to evolve and change. According to Grand View Research, global headphone shipments are expected to grow from 590 million units in 2021 to 1.3 billion units in 2027, representing a compound annual growth rate of 14.6%, while end-use production will grow from US\$42 billion to US\$127 billion, representing a compound annual growth rate of 20.3%. In particular, true wireless headsets (TWS) are expected to reach 500 million units worldwide in 2022, up 38% from 2021, according to market research firm Strategy Analytics.

2. Relationship between the upstream, midstream and downstream industries

In the industrial supply chain of the audio-visual electronic products manufacturing industry, upstream manufacturers of plastic injection, metal stamping, wire processing and electronic parts provide relevant components which are tested by electro-acoustic manufacturers in terms of assembly nature and then sold to the downstream industry for use through the electro-acoustic manufacturers' or their agents' distribution channels. The downstream and product end-use industries include the communications, information technology, automotive and home appliance industries.

The audio-visual electronics and headphones produced by the Company are mainly used in downstream end-use products such as home theaters, audio combinations, computers/tablets, game consoles, digital music players and smart phones.



Source: Taiwan Industry Economics Services

3. Development Trend and Competition of Products

(1) Development Trend of Products

① Speaker Systems and Audio/Video Systems

In recent years, the rapid evolvement of digitalization and networking, and the popularity of portable electronic consumer products namely LCD TV, notebook, tablet computer and smart phones have drastically changed the demand of consumer for audio and video entertainment. To cater for the consumers' demand for audio/video experience, the whole speaker industry is under considerable transformation. Different kinds of speaker systems are unveiled in line with the transformation of the downstream electronic consumer products. As such, the life cycle of product is diminished, the technologies of speaker products and electronic digital system integrate, and the industry is developing towards multi-functions, wireless and miniature in size.

Audio products have been supplied by Driver and Loader. Recently, however, it has been gradually shifted to the mode of supply by wireless transmission or by streaming mode. The size of main unit is thus greatly reduced. This trend has enabled the shift to product unification of main unit and speakers from the separate installation of main unit and speakers. The size of sound products is reduced and the popularity among customers is greatly enhanced. In addition, the smart speakers with voice as an interface and with connection to the Cloud become a household intelligent assistant or digital hub. As the use of AI music center increased and the expansion of the popularity of Smart homes, wireless streaming of audio content became popular. According to the statistics from GII Global Information, the global AI music center market is expected to grow

to US\$26.77 billion between 2022 and 2028, with an estimated compound annual growth rate of 10.34%. It is expected that these products will continue to grow.

Currently, loudspeakers have gradually become an essential consumer product in most places. In view of the rising standard of living around the world and the popularity of loudspeakers and its application products, manufacturers are committed to developing more advanced acoustic technology and creating high-quality audio and video experiences for home entertainment. TV equipped with single-unit surround sound and high-end Bluetooth speakers offers high resolution sound quality player, LDAC audio coding and smart wireless Multi-room streaming functions as well as advantages such as online music streaming services. The acoustic technology enables the sound quality and real sensation of music when it is created and recorded can be demonstrated. With the booming development of next-generation consumer electronics, the global production value and market scale of loudspeakers will show a steady growth trend in the coming years.

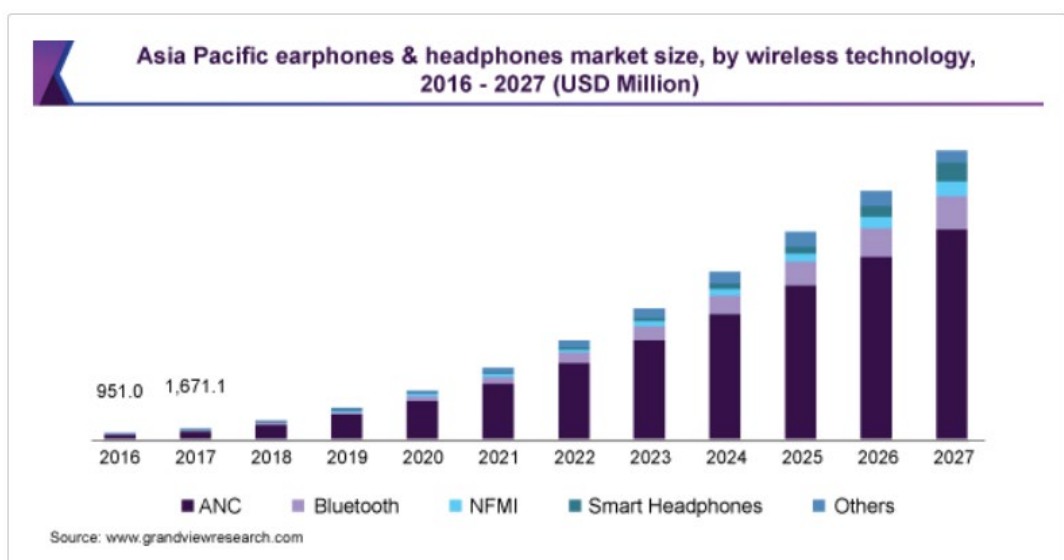
② Earphones

In the earphone market, the coronavirus epidemic in 2020 is a crucial point in its course of development. As affected by the epidemic, earphones have changed from a tool simply for music listening to an important peripheral accessory for online classes, video games, and video conferences, directly expanding the demand for earphone products. Consumers' preference for an enhanced portable audio experience, coupled with streaming music consumption habits created by mobile technology and broadband wireless network, are the main reasons for the growth of the earphone industry. TWS, the products that benefitted from the trend, are small in size, stored in a charging case for portable use, and free from wire connection between the left and right, making them popular among young people and sports enthusiasts.

The LE Audio proposed by Bluetooth SIG not only has better sound quality, more power saving, longer charging interval and effective distance, but also has the function of connecting multiple broadcasting stations at the same time, which has been recognized by a number of consumer electronics manufacturers, which are launching related peripherals one by one in the hope of opening up new markets in entertainment, healthcare, and public service, etc. According to a study by the Bluetooth SIG and market research firm ABI Research, although LE Audio will not be officially launched until 2022, the global market shipment of related audio devices in 2023 is estimated to reach 100 million units by 2027. According to the Bluetooth Technology Alliance and market research organization ABI Research, although LE Audio will not be officially launched until 2022, the global market shipments of related audio equipment in 2023 could reach 500 million units, and in 2027 it is estimated to reach 3 billion units, a six-fold increase in four years. For the average consumer, the advantage of LE Audio headset is that the use of time is greatly extended, the existing Bluetooth headset usually 3~4 hours to charge, LE Audio headset theoretically only need to be charged once every 100 hours, to the average user's sense of the body, which is less than 2 times a week charging, for the importance of continuity of the gaming players as an important breakthrough.

- (2) Although wearing headphones for a long period of time may damage hearing, hearing impaired people use hearing aid headphones to improve the quality of life of the hearing impaired. In terms of public application, public space broadcasting through the headset directly to the human ear, not only can reduce the noisy building broadcasters, there are dead corners, or environmental noise interference problems, but also simple multi-language broadcasting, do not have to worry about international airports, there are always people who cannot understand the broadcasting of the content of the problem; Similarly, when watching TV or movies, the LE Audio specification headset can respond to multi-language, the user can choose their own language they would like to listen to. Competition

The loudspeaker industry is labor- and capital-intensive, and has entered a mature stage after a long period of development. The industry chain



clustering effect is obvious, mainly OEM/ODM order taking with fierce price competition in the industry. Manufacturers need to achieve economy of scale in production through cheap labor, equipment expansion and technology standardization, and gain profits through strategies such as cost control or product differentiation.

The Company and its subsidiaries have been engaged in acoustic product manufacturing for many years, and have a professional engineering team in the fields of acoustics, electronics, hardware, software and systems. They have accumulated rich experience in the field of loudspeaker manufacturing and have mastered the core technology of loudspeaker manufacturing. With our superior product design and development capabilities and vertically integrated production supply chain, we have provided OEM services for audio/ video electronics and earphone systems for various international well-known brands and have established long-term sound partnership with our brand-name customers. In addition, the Company strive to explore new potential applications, new technologies and new customers, adopt differentiation in place of price competition to achieve better business performance, and provide customers with one-stop shopping and comprehensive acoustic solution services from OEM, ODM to JDM (Joint Design Manufacturer) with flexible business models, which will help the Company and its subsidiaries to maintain their market position and competitiveness.

(3) Technology, research and development (“R&D”)

1. Technical level and R&D of the business operated

In the manufacturing industry of audio-visual electronic products, R&D and product innovation capabilities are the key factors to success for the Company in competing with its peers in the world. The Company has cultivated its own R&D unit for many years, which has formed a complete work division flow and integration system, comprising functions of acoustic and electronic R&D, structural development, software/hardware engineering capabilities. In the meantime, the Company has developed the speaker unit development technology for more than 20 years. In the 2019 CES, the Company successfully launched the “PUNKTKILDE™”, which is a new brand of quality sensors. This product line is a series of sensors designed by Scan-Speak and produced by the Company, which introduces the Danish design, a functionalistic design style, to more customers around the world by providing superior sound quality and economies of scale. Coupled with its advanced wood carving technique of loudspeaker and plastic injection technology as well as the electronic technologies of sound devices, we can provide customers with high standards of R&D design with international standard audition studio and cutting-edge speaker development technology by using Klippel® and installing world-leading design tools such as COMSOL. Since being able to cater for the new product development of international manufacturers, the Company obtained ISO9001 and ISO14001 international quality assurance systems in 2006 and obtained TS16949 certification in 2016. In addition, the key components of the speaker systems are mainly made in its own factory to ensure the stability of product quality and delivery guarantee.

Technology of earphones are further enhanced together with electro-acoustic software and upgraded electro-acoustic equipment, which becomes a High Resolution technology and is applied in developing the touch Bluetooth® headphones and Voice enabled earphones equipped with Digital Signal Processing (DSP) and Clear Voice Capture (CVC) noise reduction technology. Hence, it ranks amongst the top R&D technologies.

2. R&D Personnel and their Qualification (and Experience)

Unit: No. of individual

No. of individual/Year		2022	2023	As at 31 March 2024
Education Background Distribution	Doctoral	0	0	0
	Postgraduate	4	6	6
	Degree/Professional	188	187	192
	Senior High School	28	30	29
	Below Senior High School	6	4	4

3. R&D expenses per year for the past two years

Unit: NT\$'000

Year	2022	2023
R&D Expenses (A)	257,564	293,731
Net Revenues (B)	12,810,382	10,640,520
The Proportion of R&D Expenses% = (A)/(B)	2.01	2.76

4. Results of Research and Development

The major results of research and development for the past two years and as at the end of the latest period:

Year	Results of Research and Development
2022	Glass diaphragm
	Front cooling magnetic system
	Patented ultra-thin full range transducer (23mm thickness)
2023	Auro 3D Audio Post-Processing System Design for BT and Wireless Speakers
	Gaming SB System Structure
	Professional audio system structure; compressed tweeters
	Voice Coil Speakers for Printed Circuit Board Applications
	"High Resolution" Super Tweeter
	Green" Speaker Units Using Recycled Materials
	Mems Speakers Advance TWS Development
	Dynamic VC + Planar (Tweeter) 2-Channel System for TWS
	Hearing aid system integration and its applications
	Gaming Headset, TWS System Structure

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

1. Short-term business development plan

(1) Research and development strategies and plan

- A. Enhance the R&D on connectivity of voice-controlled and various wireless transmission (e.g. Wi Fi, Bluetooth, 5G, Chromecast, Airplay 2, etc.) and audio products.
- B. Utilize the self-developed patent high-efficiency speakers, providing audio cavity modules and kit modules for international brands.
- C. Enhance the R&D of production process of the customized high-end (HI-FI) speakers and Pro Audio speakers.
- D. Increase the R&D of high-end earphones such as TWS, High Resolution (Hi-Res) drive unit and smart sports Bluetooth earphone.
- E. Collaborate with major customers in software technology to provide the latest technology solutions to customers of the brands and enhance competitiveness.

(2) Production strategies and plans

- A. Understand the market trend, and set the production direction accordingly and clarify the positioning of the factory.
- B. Actively reform and improve the production efficiency and processing technology.
- C. Invest in assembly automation and energy-saving equipment to reduce labor force and energy. Accelerate the automation equipment that enlarges the speaker unit.
- D. Keep improving the production to enhance productivity of the plant. Set up independent production lines according to different categories of customers to meet customer needs. Set annual cost indicators to reduce the costs of material and expenses.
- E. Gradually integrate upwards to increase the added value of the product. Establish a dust-free constant temperature and humidity production line for the production of high-end products.
- F. Establish more professional plants and carry out grading transformation of plant areas and plants.

(3) Operating and financial strategies and plans

- A. Establish a comprehensive human resources system, use industry-academia collaboration with the universities where Vietnam University Tatung Company to cultivate outstanding acoustic talents.
- B. Provide subsidized tuition and fees for Vietnamese students from Tatung University to train the R&D cadres of the Vietnamese factory and to develop local talents.
- C. Establish a comprehensive quality system and establish an internal knowledge management system in accordance with the requirements of major international clients.
- D. Strengthen the international business team, focus on high-end customers of advanced audio and the fast-growing Sound Bars market and smart audio market.
- E. In response to the increasing labor costs in Mainland China, the capital expenses in China are focused on the investment in automation equipment.

2. Long Term Development Strategies and Plans

(1) R&D Strategies and Plans

Developing light and portable speaker systems is a market trend and the new speakers are equipped with VUI AI Audio Systems while design of speaker driver needs to be improved by using new materials or changing structure in order to enhance audio quality. By making use of the technology of the world-class transducer brand Scan-Speak from its subsidiary in Denmark, PUNKTKILDE™, a high-quality and cost effective mid-priced loudspeaker in a wide range of audio products. This further procures the promotion of speakers in domestic and international markets and thus the speakers can be embedded in those new hardware devices. The Company provide total solution for all customers, providing latest and most appropriate solution for branding customer to enhance the differentiate completion.

Audio unit forms part of home entertainment systems and its outlook has to fit well with the overall furnishing and style of users' decoration. Therefore, we will allocate resources on reaching breakthroughs of sound box materials, so as to satisfy users with refreshing and harmonized designs.

(2) Production Strategies and Plans

- A. Establishing long-term partnership with customers by providing reliable quality products so that they can focus on market development.
- B. Transforming from high labor-intensive production to semi-automated production and from physical labor to AI collaborative labor by using automatic equipment and through product transformation.
- C. Strengthening the R&D centers in Taiwan, Shenzhen, Huiyang and Singapore so as to support the engineering development capabilities of the plants.
- D. The establishment of the Vietnamese factory can circumvent the punitive tariffs on Chinese products sold to the United States, which brings great advantages to us for striving to provide customers with low-end and high-volume products and appropriately dividing the quotations in Mainland China.

(3) Operational and Financial Strategies and Plans

- A. Promoting the idea of internationalization and strengthening the international management capability, while at the same time recruiting different talents from the world, so as to reach excellent standards in terms of R&D, production, marketing, sales and operation management.
- B. Reinforcing risk control to realize the operation vision of stability, high efficiency and adequate flexibility.
- C. Upholding its target of delivering exquisite audio experience to global consumers, continuing to pay effort on technology improvement and cost effectiveness, in order to provide products and services with maximum market value to branded customers. While expanding the traditional OEM speaker and earphones markets, it actively develops the markets of high-end speaker systems, car speaker systems and electronics speaker systems.

2. Market and sales overview

(1) Market analysis

1. Regions of Major Product Sales (Service Provision)

Unit: NT\$'000

Year \ Regions	2022		2023	
	Amount	Ratio (%)	Amount	Ratio (%)
South Korea	4,170,193	32.57	3,664,628	34.45
Japan	3,568,197	27.85	3,069,896	28.85
Sweden	1,680,075	13.11	1,714,195	16.11
China (Note)	1,725,490	13.47	1,167,174	10.97
Denmark	706,399	5.51	500,631	4.70
Other	960,028	7.49	523,996	4.92
Total	12,810,382	100.00	10,640,520	100.00

Note: Including indirect export

2. Market Share

The Company and its subsidiaries primarily engage in the R& D, manufacturing and sales of speaker systems, earphones and AV electronics products, in which, speakers and audio products with electronics and traditional speakers are the major items contributing to the operating income of the Company and its subsidiaries. It is easy to tap into the speaker manufacturing industry; however, it is hard to become a competitive manufacturer that has good performance in terms of technology, quality control, R&D trials and the ability to meet the delivery period as demand by clients, after-sales service and equipment investment. The Company and its subsidiaries have engaged in the manufacturing of acoustic products for years, accumulated considerable experience in every aspect in respect of manufacturing of speakers, and acquired the core technologies for manufacturing of speakers, and established long-term cooperating relationship with branded clients, and became the strategic partner of multiple well-known branded customers for years, which will help the Company to maintain its market position and share.

3. The future demand and supply and growth of the market

(1) Speaker Systems

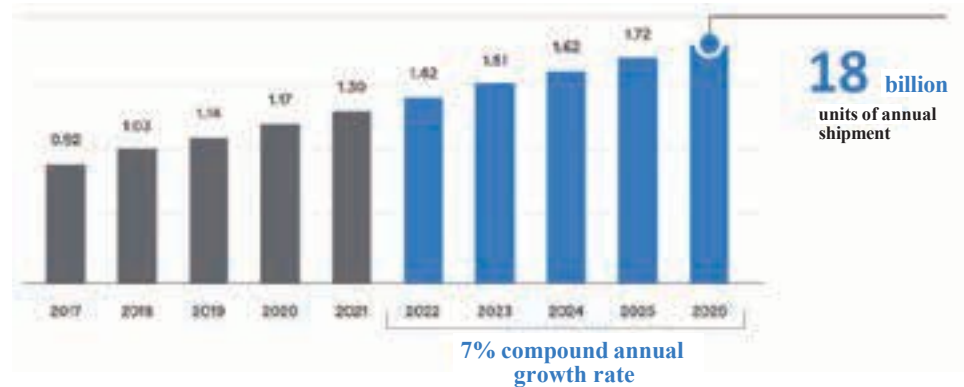
As the lifestyle of consumers have changed in recent years and with the advent of the Internet of Things era, application of wireless systems equipped with Bluetooth technology has brought much convenience to our everyday life and increased the demand for home entertainment, which is the key driver for the growing demand for speaker systems. In addition, the ability to connect to portable devices such as smartphones, tablets and laptops is also expanding the market scope. The demand for home theater products is also accelerated by the surging number of smart home applications in the global market. According to 《IMARC Group》 the 2021 Globe Newswire Report, the global home theater market is estimated to increase from US\$34 billion in 2021 to US\$56 billion in 2027, from 2022 to 2027 with a compound annual growth rate of 9.19%. In addition, the demand for Sound Bars will grow due to the advantages of reduced space consumption and easy installation, improved stability in the quality of wireless transmission and penetration of the Internet of Things technology, higher connectivity with smart homes, and increased utilization of the audio and video streaming market. .

Moreover, Bluetooth technology eliminates the hassle of physical cables in connecting earphones and speaker devices, and completely changes the audio transmission mode. Bluetooth audio transmission is mainly used in wireless earphones, wireless audio and in-car systems. Due to the convenience of Bluetooth wireless speakers and the maturity of wireless transmission technology for mobile devices, Bluetooth wireless speakers have gradually become the mainstream of audio equipment in recent years, contributing to the growth of audio speakers. According to the estimation in ABI Research's report on 2022 Bluetooth Market Trends, Bluetooth wireless audio shipments are expected to reach 374 million units in 2022 and increase to 425 million units by 2026. The annual shipment of Bluetooth audio transmission devices is expected to reach 1.42 billion units, an expansion of 1.4 times from 2022 to 2026 with compound annual growth rate reaching 7%. Along with the overall market development and increasing demand for highly flexible and mobile products, Bluetooth technology will continue to expand the scale of wireless audio applications and drive the growth of smart audio products.

Generally speaking, with the increasing demand for quality of life and entertainment, the popularization of digital audio and video equipment and smart home devices, and the increasing demand for stay-at-home economy, telecommuting or distance learning, the demand for professional speaker products in the consumer market will continue to grow steadily.

Annual shipment of Bluetooth audio transmission device

Unit: billion

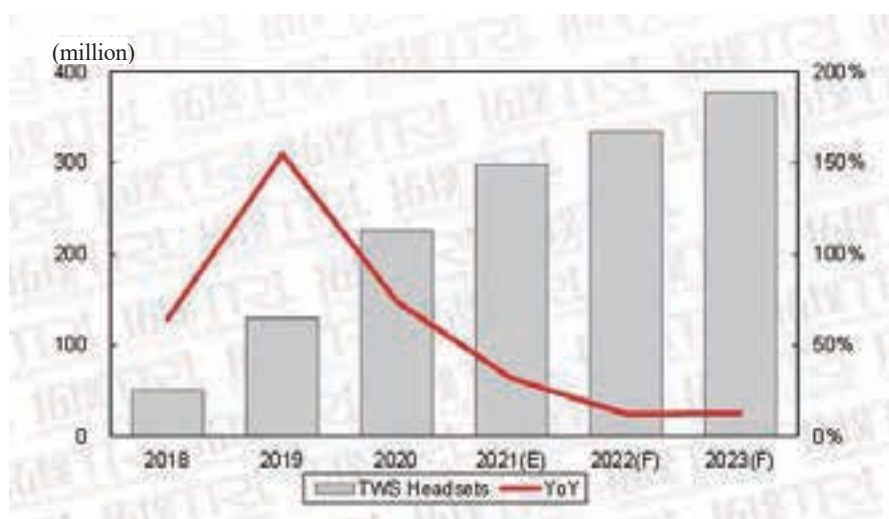


Sources: ABI Research, 2022

(2) Earphones

Since Apple's AirPods have created a new wave of purchasing frenzy in the market for TWS, the TWS issue has been popular since 2019, and many manufacturers have entered the TWS Bluetooth earphone market and launched new products in 2020 which driven the rapid expansion of this market. Hence acoustic performance and audio quality have become features of the products marketed by manufacturers, it also promoted the penetration of the active noise reduction function. In addition to listening to music, call applications and auditory assistance are also becoming the direction of TWS Bluetooth earphone development to meet more users' needs. Looking ahead, according to the TWS market and product development trend report published by Topology Research Institute, it is estimated that the global shipment of TWS Bluetooth earphones will continue to grow year by year from 2018 to 2023.

Estimated Global Shipment of TWS Bluetooth Earphones for the years from 2018 to 2023



Sources: Topology Research Institute, July 2021

4. Competition Niche

(1) Maintaining Friendly Cooperation Relationship with the World's Branded Enterprises

The Company and its subsidiaries participate in the early development of customers with its outstanding and professional design, from design, development to manufacturing. It has obtained recognition from the world's top five consumer electronics branded enterprises. Apart from the long-term relationship, the excellent customer services and product quality help the Company and its subsidiaries enhance the relationship with clients from purchase and sale to partnership in new product R&D. With strong relationship over the decades with the branded enterprises, the Company possesses competitive advantage in exploring new clients and competitors are hard to replace the market position of the Company and its subsidiaries.

(2) Strong R&D Capability

In the recent years, the Company and its subsidiaries actively participated in the R&D of different fields such as digitalization, network music, new broadcasting method and wireless application so as to cope with the market trend and technology. After many years of development, the Company's R&D department has a team with clear duty allocation and strong capability in the R&D of acoustic, electronic, structural devices and software/hardware, and has built up development foundation for digitalization and wireless broadcasting. Thus, it can swiftly commence design and development upon receipt of the clients' OEM/ODM proposals. The Company set up research and development centers in Taiwan, Shenzhen, Huiyang, Singapore to attract more professionals.

(3) Scale of Economy

Being a large enterprise specializing in the production of speaker systems, the Company and its subsidiaries have its own R&D, design and production capability, thereby it is able to maintain long-term and stable cooperation relationship with branded enterprises and meet their demand. The Company also enjoys scale of economy in terms of raw material procurement and product manufacturing, and can effectively control cost and maintain profitability amid soaring raw material prices.

(4) Development of Product Line in Conformity with Market Trend

Stereo products are becoming digitalized, multi-functional, networking, intelligent and light in size. To cope with this trend, the Company and its subsidiaries have the R&D capability of electronic system- integrated speaker systems and will continue to inject resources and explore new product lines so as to keep abreast of music digitalization and networking trend. Beside, in light of the growing concern of environmental protection, the Company and its subsidiaries have also complied with the environmental protection policies announced by EU and US to produce environmental friendly products, enabling the Company and its subsidiaries to become green partners with international enterprises.

(5) Vertical integration, high local content rate and professional core production technology

The key components of speaker systems are mainly self-made, to ensure the quality of the products and to meet the delivery period as demand by clients. The Company and its subsidiaries have experience of years in R&D of speaker units, along with the solid R&D of speaker woodwork and plastic injection technology, and the R&D of digital speaker systems and the manufacturing technology, together with the audition room with international standards and Klippel®, the top notch R&D technology of speakers, the Company can accommodate the demand of international branded clients for R&D of new products.

5. Favorable and unfavorable factors for long-term development and the responsive measures

(1) Favorable factors

- A. Leisure trend becomes more popular, which stimulates the demand of consumers for AV equipment

As streaming media, subscription and digital TV become more popular, the cost for consumer to acquire AV information decreased and it becomes more convenient. And since leisure trend becomes more popular, consumers' further demand for AV effects such as 4K high resolution, 3D stereo and three-dimensional sound effects, which create a right in the scene feeling, and they would like to create such AV effects at home. Where Sound Bars system is a leading trend and the demand in the market increased continuously, which is positive for the breakthrough of exploring multiple products of the Company and its subsidiaries.

- B. The innovation of functions of consumer electronics increases the desire of consumers to purchase

The improvement in technologies leads to the innovative and diverse development of the function of technology products. New electronic products are heading to the direction of integration that a single product could fulfill multiple needs and usage of consumers, which completely change the habit of consumer and consumers are stimulated to purchase new products for their convenience.

- C. The main sales customers are the pioneers of R&D of consumer electronic products

International branded manufacturers play the role of pioneers in respect of the innovation of AV products, and strive to lead the direction of the whole industry through innovation and R&D of AV products. The Company and its subsidiaries have maintained a long-term close cooperation relationship with branded customers in the world, not only fulfilling the demand of international manufacturers in terms of production technology, the R&D of products was also in line with the trend in the market, which gives the Company a better picture in the market, and is positive for the future development of the Company.

(2) Unfavorable factors and the responsive measures

A. Shortage of labor and increase in labor cost

The production process of the Company and its subsidiaries still relies on relatively large amount of manpower. Since Mainland China implemented the Labor Contract Law, the basic salary has increased every year, coupled with economic restructuring, the end of demographic dividend and the rise in awareness of labor rights, and the shortage of labor, which led to the increase in production cost. Although automation can replace labor for certain demands, it is difficult to realize fully automated production of components and parts such as electro-acoustic components and wire connectors. Besides, the demands for some highly customized niche products have also brought challenges to full automation.

Responsive measures:

The Company strived to improve the production procedure, developed into automatic production to increase the production efficiency and reduced the reliance on labor. Through the design of process and the education and training for personnel, the effective utilization of manpower was improved, mainland plants were consolidated to reduce fixed operating costs. Production of certain machines was transferred to the Vietnam plant for comparative benefits.

B. Competitors from different industries reduced the growth of the gross profit margin

In recent years, the development of companies extended as a result of the innovation of products in many traditional industries, for instance, the monitor/TV industry has extended to the AI speaker and consumer electronics assembly factories have also engaged in TWS earphones OEM. For traditional speaker industry, this increased a certain number of competitors. The intensified price reduction of competitors from different industries inhibited the growth of gross profit margin.

Responsive measures:

The Company continued to reinforce its advantages in producing good quality sound effect that it takes a relative long time for competitors to copy. Strengthening of R&D, improvement of production technology and effective cost control were all favorable foundation of the Company.

C. Swift changes in consumer electronic products

Following rapid development of the industry, there were keen competitions of product technology and price. MCSync technology, launched by Chinese company Airoha, brought various unbranded TWS headphones to the market. Bluetooth® BLE Audio standard introduced in 2020 has accelerate the elimination of enterprises lagged behind in technology. Mobile phone supply chain crosses borders to set up a new game of TWS earphones.

Responsive measures:

The sales representatives and R&D staff of the Company and its subsidiaries paid attention to the demand of the market at all time and cooperated closely with different branded manufacturers to provide the latest analysis for demand and trend of the market, so as to be the first to capture the opportunities, by researching and developing more innovative and advance product technologies and the technologies of appearance design, to lower the risk arising from the change in demand for consumer electronic products.

D. Impacts brought by the United States-China trade war and geopolitics

Affected by the United States-China trade agreement and geopolitics and under the trend of industrial fragmentation and de-globalization, the Company needs to have a second production base outside of China as this has become the baseline for taking orders, and an important issue for members of the supply chain no matter it is for the purpose of avoiding high tariffs or as a flexible measure taken for short-chain supply chains.

Responsive measures:

Plant in Hai Duong, a northern province in Vietnam, was completed and started its operation in December 2019. The procurement costs in Vietnam were higher than that of the PRC supply chain because of incomplete local supply chains. Although Vietnam has a lower manpower cost as compared with the PRC, its production efficiency is far not comparable with that of the PRC. By enhancing the value-added ratio of products made in Vietnam through improving self-production rate and routine work mode, the plant has been regarded as the second production base outside of China.

E. Impacts brought by the coronavirus epidemic

Other than the lifestyle of consumers, the epidemic has also essentially changed the previous cooperation model of the industry value chains and the assessment method of traditional core strengths.

Responsive measures:

In addition to the increasing urgent needs for digital transformation, Internet of Things, and AI-related technology introduction, mutual support between different factories/cooperative factories, alternative supply chain solutions, mechanisms for replacement of key technologies and employees, as well as dynamic inventory management and responsive measures adopted for emergency orders are also the most urgent tasks of the Company, which require the immediate establishment of a system for thorough examination and the improvement of responsive measures.

(2) Major purposes and production process of key products

1. Major purposes of key products

Key Products	Major Purposes
Home Audio	Home theater, Sound Bars
Personal Audio	Portable wireless speakers, AI music center and earphones
Transducer Speaker	Premium transducers, automotive transducers, acoustic kits
Others	Molds, CKD (speaker units, plastic parts, semi-finished products)

2. The production process of key products

- (1) The production process of speaker systems: paint black plastic on the edges of the horn and woofer → place the horn and woofer → fix the horn → fix the woofer → direct the cables of the horn and woofer → direct the wire → weld the wire → check the phase → stick the back label and staple the mini cable → inject plastic for panels at the four sides → initial assemble → pressure to seal the gap → chamfer → trim the edges → inject plastic to the hole of the column feet at the front panel → check and select plastic sticks → place the plastic sticks → check and place the cloth frame → pressure and fix the cloth frame and plastic sticks → leveling → carry out audio test → tear off the protective film → Q.C. inspection → packaging

- (2) The production procedure of AV electronics: getting the materials from the production lines → SMT solder paste printing → SMT Pasting → Reflow soldering → AOI inspection → visual inspection → horizontal parts assembling → vertical parts assembling → PCB board connectors → wave soldering → PCB board surface repair → PCB ICT → PCB Function Verification Test → assemble speakers on the top case → assemble the PCB board → cables installation/management → internal check → close the cover/lock the bottom case by screws → Function Verification Test for the semi-finished product → Install wire gauze/foot pad → install left and right cap → install PCB board → tighten the screws to lock the wire gauze → Hi-POT test → main unit decoration → Function Verification Test for the finished product → reposition/install left decoration cover → main unit cleansing/appearance inspection → apply protective film on the covers → put on stickers/scan the bar code → pack the main unit into plastic bag → pack the main unit/sticking of bar code → fold the corrugated box/seal the box → weigh the main unit → stack the AV electronics/place the AV electronics → delivery
- (3) Transducer speakers

The production procedure of transducer speakers: glue the pole piece → assemble the support with the pole piece by welding → connect the yoke with the magnet → insert the center fixture → support and pole piece input → drying → remove the center fixture → line up the boards → vacuuming → insert baffle and voice coil → coat glue on three points → fit the vibration board → coil washing → coat glue on the gasket → fix the gasket → appearance inspection → line up the boards → remove the voice coil fixture → direct and wrap the cables → eye soldering → remove the cable remains of the eye → cable adjustment → terminal board soldering → remove the cable remains of the terminal board → cable adjustment for the second time → appearance inspection → coat glue on the dust cap → coat glue on the eye → fit the dust cap → drying → magnetization → polarity inspection → Q.C. inspection → appearance inspection → packaging

- (4) Earphones

The production procedure of earphones: pull the cable through the back case → weld the speakers → inspection on the appearance of the welding point → check the phase → inject plastic to the front case (pug in the screws) → assemble the front and back cases → check the resistance → appearance inspection → audio test → electroacoustic test → insert silicon ear cushion → packaging

(3) Supply of major raw materials

The main raw materials for the products of the Company are IC, circuit boards, electronic components, modules, batteries, plastic particles, planks, drum paper, T-iron, holders, magnets and copper wires, etc. Based on the considerations such as quality, yield rate, stability of delivery as well as cost control, the Company chose to maintain long-term cooperation relationship with excellent manufacturers, and there were at least two or more suppliers to provide main raw materials to decentralize the source. The supply of raw materials was in good condition.

In addition, some components required for Sound Bars and earphones, such as ANC/Bluetooth chips, MCU, power IC, DSP, codec, are in shortage. The shortage of electronic components has relieved, while the increase of raw material prices and shipping fee are often occurred due to the geopolitical tension and the Company will strengthen the integration of electronics, software and acoustics, accelerate the supply resilience of key electronic components, strengthen the partnership with major international brands, and develop new markets, technologies and applications with brand customers to reduce the crisis of electronic component shortage in the future. Due to the Vietnam's supply chain is not as complete as China's, so the two factories in Chinese and Vietnamese need to combine purchases and decentralize acquisitions in order to achieve the best allocation and inventory.

(4) The name of customers accounting for more than 10% of the total purchase/sales volume in any year of the past two years, their transaction amount and proportion

1. The name of suppliers accounting for more than 10% of the total purchase volume in any year of the past two years, their sales amount and proportion, and the explanation for the movements: The Company has diverse suppliers, for the past two years and as at the end of the first quarter of 2023, the Company did not have purchases from a single supplier accounting for 10% or more of the total purchases.
2. The name of customers accounting for more than 10% of the total sales volume in any year of the past two years, their sales amount and proportion, and the explanation for the movements.

2022					2023			
Item	Company	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Company	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	Company A	4,166,388	32.52	Nil	Company A	3,662,876	34.42	Nil
2	Company B	3,296,898	25.74	Nil	Company B	2,883,308	27.10	Nil
3	Company C	1,677,494	13.09	Nil	Company C	1,711,377	16.08	Nil
4	Others	3,669,602	28.65	–	Others	2,382,959	22.40	–
5	Net sales	12,810,382	100.00	–	Net sales	10,640,520	100.00	–

Explanation for the movements:

- (1) The sales order of Company A decreased as a result customer adjusted their inventory.
- (2) The sales order of Company B decreased as a result customer adjusted their inventory.
- (3) The sales of specific products to customers by Company C were satisfactory, and the sales order increased as a result of the increased market demand from the customers.

(5) Table of production volume and value for the past two years

Unit: thousand pc/set; NT\$'000

Year Quantity and Value Key products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Home Audio	5,907	4,205	7,878,939	5,135	4,225	6,012,519
Personal Audio	5,198	4,481	2,281,127	3,627	3,150	2,052,236
Transducer Speaker	2,603	2,322	386,102	1,647	1,634	291,352
Others	5,830	5,222	681,891	5,565	4,730	436,992
Total	19,538	16,230	11,228,059	15,974	13,739	8,793,099

Explanation for the movements:

Revenue in 2023 was lower than that of 2022 due to a decrease in demand for sales orders as customers adjusted their global inventories, and the average production value in 2023 was also lower than that of 2022. However, the utilization rate of production capacity in 2023 will be higher than that in 2022 due to the consolidation of the production bases in Mainland China and Vietnam and the consolidation of the organizational structure.

(6) Table of sales volume and value for the past two years

Unit: thousand pc/set; NT\$'000

Year Sales quantity and Value Key Products	2022				2023			
	Domestic sales (Note)		Export sales		Domestic sales (Note)		Export sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Home Audio	57	147,781	4,091	8,525,736	1,564	293,298	3,199	6,796,035
Personal Audio	3,400	776,069	1,361	2,038,271	1,840	497,889	1,337	1,979,139
Transducer Speaker	1,167	83,774	1,431	332,339	1,398	110,767	325	223,964
Others	20,589	255,686	17,029	650,726	19,609	576,350	47,214	163,078
Total	25,213	1,263,310	23,912	11,547,072	24,411	1,478,304	52,075	9,162,216

Note: Domestic sales refer to the sales to the PRC.

Explanation for the movements:

Sales value in 2023 decreased as compared to 2022, mainly attributable to the decrease in revenue in 2023 as compared to 2022 due to a decrease in sales order requirements as a result of global inventory adjustments of the customers.

3. Number of employees for the past two years and as at the date of publication of annual report

Unit: Person; %

Person/Year		2022	2023	As at 31 March 2024
No. of employee	Management officers (Note)	33	34	34
	Production	1,251	1,217	1,309
	General	1,341	1,142	1,142
	Total	2,625	2,393	2,485
Average age		37.59	38.30	38.20
Average year of service		6.46	6.37	6.13
Academic qualification (%)	Doctoral	0	0	0
	Master	1.14	1.25	1.17
	University	23.89	25.32	24.75
	Senior high school	33.71	34.48	35.33
	Below senior high school	41.26	38.95	38.75

Note: Management officers refer to supervisors of associate level or above.

4. Environmental protection expenditure

Explanation on, for the past two years and as at the date of publication of the annual report, losses suffered due to pollution (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the provisions of law violated, and the content of the dispositions), and disclosure of an estimated amount that could be probably incurred currently and in the future and the responsive measures, and if such amount cannot be reasonably estimated, the reasons for which it cannot be reasonably estimated: Nil.

5. Labour relations

(1) Employees' benefits, continuous academic development, trainings, pension system and their implementation, and any agreement between employer and employee and measures to safeguard employees' rights:

1. Employee benefit, learning, training, retiring systems and their implementation, and Labor agreements and employee interest protection measures.

(1) Employees' Benefits

Human resources are the most valuable asset of the Company. In order to create a comfortable working environment to ensure concentration of work of the employees, the Company provides benefits according the requirements of local Labor law and set up Labor union which is responsible for the planning and execution of the benefits and facilitates positive development of the human resources of the Company. Currently, the benefits provided by the Company are as follows:

- ① The Company implements employee benefit initiatives regularly and maintains employee insurance in accordance with local laws.
- ② Human-oriented promotion and transfer policies as well as effective bonus incentive scheme.
- ③ Recreational activities are held.
- ④ School fee subsidies for children of factory employees studying in the Xiu De Chinese – Anglo Kindergarten.
- ⑤ Factory canteen provides nutritious and hygienic food for employees.

(2) Continuous Academic Development and Training

Talents are the key to maintain core competitiveness of the Company, and continuous academic development and trainings can help to inspire one's potential, enrich knowledge, lead to effective utilization of human resources, thereby improving the Company's operating results on the whole and achieving the goals of the Company. There are two ways in this regards:

① Orientation Training:

Orientation programme will be provided to new employees before reporting duty, which includes basic knowledge like brief introduction to the Company and the organization, employees' discipline, regulations of the Company, etc.

Introduction is made by personnel department to new employees on the first day of their reporting for duty, which includes employee regulations and benefits. Pre-employment training aims to help new employees to know the working environment and prepare them for their job.

② On-the-job Training:

The Company will formulate an open programme for the next year by the end of each year, which includes internal and external trainings. For internal trainings, the Company may appoint internal lecturers or external professionals to teach the relevant knowledge; while for the external trainings, the Company will appoint professional institutes like management Consultancy Company to design the training programme.

(3) Pension System and its Execution

For the subsidiary in Taiwan, With effective from 1 July 2005, pursuant to the implementation of “Labor Standards Act” in Taiwan (hereinafter referred to as “new system”), the years of services after selecting the new system for existing staff or newly employed staff will be shifted to defined contribution plan. The Company will contribute a statutory percentage of payroll costs as the retirement fund on monthly basis and deposit them to Personal Employee Retirement Fund Account. The employees may select to contribute 0~6% of their monthly payroll costs to their Personal Employee Retirement Fund Account. When the employees meet the statutory retirement age, they can apply to get monthly pension or one-time pension with the government.

The Group maintains a Mandatory Provident Fund Scheme (the “MPF Scheme”), according to the Mandatory Provident Fund Schemes Ordinance for its employees of the subsidiaries in Hong Kong. MPF is an employment-based retirement protection system, the Company and the employees are each required to make regular mandatory contributions with a specified percentage of payroll costs to the Personal Employee Retirement Fund Account. Employees are free to make voluntary contributions in addition to mandatory contributions.

To comply with the pension scheme requirements in the PRC, subsidiaries of the Group in PRC are required to contribute a specified percentage of payroll costs to the retirement plans operated by the relevant local authorities of the PRC.

To comply with the pension scheme requirements in Vietnam, the subsidiary of the Group in Vietnam is required to contribute a specified percentage of payroll costs to the retirement plan operated by the relevant local authority of Vietnam.

- (4) Agreement between employer and employee and measures to safeguard employees' rights

In addition to complying with relevant laws and regulations, the Company has prepared the "Employee Handbook" to govern the right and interest of the employee and the Company. Contravening issues or matters will be discussed in meeting convened by department heads. Employees may express their opinion directly through the suggestion box or other proper channels.

- (2) **Explanation on, for the latest year and as at the date of publication of the annual report, losses suffered due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the provisions of law violated, the substance of the legal violations, and the content of the dispositions), and disclosure of an estimated amount that could be probably incurred currently and in the future and the responsive measures, and if such amount cannot be reasonably estimated, the reasons for which it cannot be reasonably estimated:**

The Company is committed to maintaining the harmony between the Company and its employees, and resolve problems by carrying out two-way communication and cooperation. Until now, harmonious labor relations are maintained and no material labor disputes have occurred.

6. Management of information security

- (1) **Description of the information security risk management framework, information security policy, specific management plans and resources devoted to information security management:**

The Company has formulated an "Information Security Management Policy" and has proactively promoted information security management practices.

We upholding the spirit of being customer-oriented for every sections of the Company including order taking, production, material control, financial cash flows and information infrastructure, the Company has developed a diversified system framework, and has summarized the hierarchical information system structure.

In respect of these hierarchical information structure, a data backup mechanism has been established and the backup media is stored off-site. Meanwhile, a daily inspection system has been adopted for the server room and various simulation tests and emergency measures are conducted to ensure the normal operation of critical systems and data security, thereby reducing the risk of system outages caused by unpredictable natural disasters and human error.

The "Information Risk Management Framework" has been specially set up in order to realize the emergency measures for and control and management of disasters to be reported level by level. Such framework is an IT policy and standard and can ensure the continuous compliance and the satisfaction of the standards of the latest security measures.

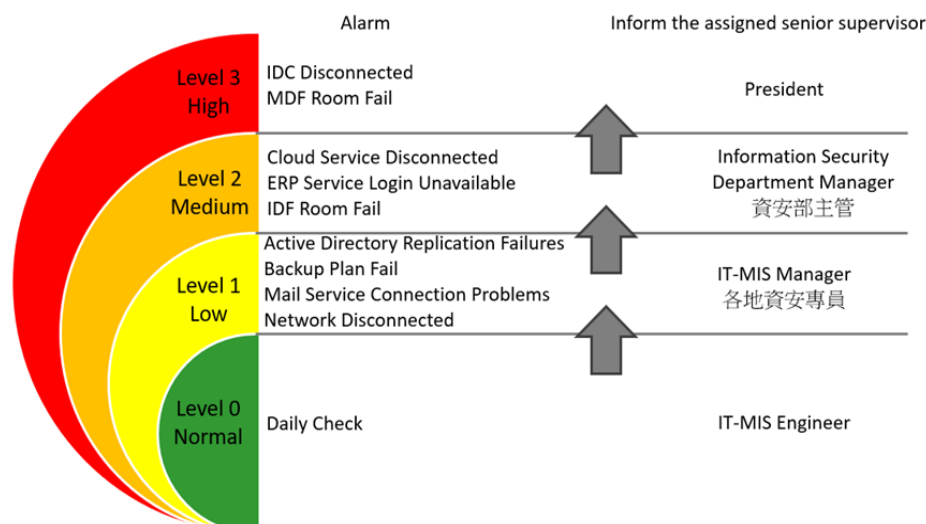
In 2023, we completed a comprehensive inventory of the Company's information and communications system, completed an information security risk assessment based on the system inventory, and revised the plan B backup plan. In the first quarter of 2023, we introduced Windows Defender for Office 365 to the Company's senior executives and high-risk foreign personnel to reduce SPAM mails and effectively prevent phishing attacks. At the same time, we completed a comprehensive update of the network firewalls in our Taiwan office and Vietnam factory.

To raise employees' awareness of information security, we launched a Company-wide information security awareness program. In addition, we conducted an email social engineering exercise for all employees, and the results showed good results, with no leakage of accounts or passwords of any colleagues.

The Information Security Department will carry out the following information security work in 2024 and regularly report to the Board on the effectiveness of the execution of the overall information security work based on the implementation results.

- Information security vulnerability scan (server)
- Email social engineering drills
- Check on the information communication system
- Conduct information security risk assessment
- Email social engineering drills

Information risk management framework:



(2) Description of, for the latest year and as at the date of publication of annual report, losses suffered as a result of significant information security incidents, their possible impact and the responsive measures, and, if they cannot be reasonably estimated, the reasons for which they cannot be reasonably estimated:

For the previous year and as at the date of publication of annual report, the Company had no significant cyber-attacks or information security incidents.

7. Material contracts: Nil.

VI. FINANCIAL INFORMATION

1. Condensed financial information for the last five years

(1) Condensed Balance Sheet and Consolidated Statement of Profit or Loss

1. Condensed Balance Sheet – International Financial Reporting Standards

Unit: NTS'000

Item	Year	Financial Information for the last five years				
		2019	2020	2021	2022	2023
Current Assets		4,031,248	4,793,305	5,157,376	4,573,425	4,856,909
Property, Plant and Equipment		751,071	1,052,738	948,845	943,147	797,354
Intangible Assets		245,175	275,206	38,565	22,887	15,272
Other Assets		277,989	281,525	193,891	199,046	337,922
Total Assets		5,305,483	6,402,774	6,338,677	5,738,505	6,007,457
Current Liabilities	Before allocation	3,080,018	4,742,352	4,380,290	3,087,459	2,860,475
	After allocation	3,160,018	4,773,695	4,380,290	3,124,303	3,056,872
Non-current Liabilities		273,050	447,298	296,040	367,361	104,522
Total Liabilities	Before allocation	3,353,068	5,189,650	4,676,330	3,454,820	2,964,997
	After allocation	3,433,068	5,220,993	4,676,330	3,491,664	3,161,394
Interests attributable to the owners of the parent company		1,872,415	1,181,781	1,662,347	2,246,841	2,846,063
Share Capital		615,040	614,550	614,060	631,390	716,934
Capital Reserve		759,962	779,951	749,535	829,969	1,027,588
Retained Earnings	Before allocation	761,200	(3,169)	426,590	654,987	1,259,818
	After allocation	681,200	(34,512)	426,590	618,143	1,063,421
Other Equity Interests		(159,768)	(154,189)	(103,819)	191,358	62,139
Treasury Shares		(24,019)	(24,019)	(24,019)	(24,019)	(24,019)
Non-controlling Interests		-	-	-	-	-
Total Equity	Before allocation	1,952,415	1,213,124	1,662,347	2,283,685	3,042,460
	After allocation	1,872,415	1,181,781	1,662,347	2,246,841	2,846,063

Sources: Consolidated financial reports for the years from 2019 to 2023 which were audited and certified by the accountant.

2. Consolidated Statement of Profit and Loss – International Financial Reporting Standards

Unit: NT\$'000

Item \ Year	Financial Information for the last five years				
	2019	2020	2021	2022	2023
Operating Revenue	10,530,374	8,941,255	9,412,311	12,810,382	10,640,520
Operating Gross Profit	1,490,451	516,223	766,260	1,482,836	1,653,250
Operating (Loss) Profit (Note 1)	357,885	(605,086)	(302,484)	332,437	571,801
Non-operating Income and Expenses	22,096	(75,972)	624,351	50,136	(24,043)
Net Profit (Loss) Before Tax	379,981	(681,058)	321,867	382,573	547,758
Net Profit (Loss) from Continuing Operations during the current period	308,155	(676,356)	367,486	369,795	533,310
Loss from Discontinued Operations	–	–	–	–	–
Net Profit (Loss) from during the current period	308,155	(676,356)	367,486	369,795	533,310
Other Comprehensive Profit (Loss) during the current period (Net amount after tax)	(64,482)	(8,745)	(15,598)	153,779	(20,854)
Total Comprehensive Profit (Loss) during the period	243,673	(685,101)	351,888	523,574	512,456
Net Profit (Loss) attributable to owners of the parent company	308,155	(676,356)	367,486	369,795	533,310
Net Profit attributable to non-controlling interests	–	–	–	–	–
Total Comprehensive Profit (Loss) attributable to owners of the parent company	243,673	(685,101)	351,888	523,574	512,456
Total Comprehensive Profit (Loss) attributable to non-controlling interests	–	–	–	–	–
Earnings (losses) per share (Note 2)	5.04	(11.09)	6.03	6.03	8.02

Sources: Consolidated financial reports for the years from 2019 to 2023 which were audited and certified by the accountant.

Note 1: Operating (loss) profit is calculated by operating gross profit – selling and distribution expenses – general and administrative expenses – expected credit impairment losses.

Note 2: The calculation of earnings per share for the year 2019 is based on the Company's weighted average number of 61,087 thousand shares. The calculation of losses per share for the year 2020 is based on the Company's weighted average number of 61,011 thousand shares. The calculation of earnings per share for the year 2021 is based on the Company's weighted average number of 60,970 thousand shares. The calculation of earnings per share for the year 2022 is based on the Company's weighted average number of 61,291 thousand shares. The calculation of earnings per share for the first quarter of 2023 is based on the Company's weighted average number of 66,483 thousand shares.

(2) **Important issues affecting the consistency comparison of the above condensed financial statements such as accounting changes, company mergers or suspension of operations of departments, etc. and their impact on the financial report for the year: Nil**

(3) **Names of accountants and the audit opinion thereof for the last five years**

1. Names of accountants and the audit opinion thereof for the last five years

Year	Accountant	Name of the Firm	Audit Opinion
2019	Shih Chin-Chuan, Liu Shu-Lin	Deloitte & Touche Taiwan	Unqualified opinion
2020	Shih Chin-Chuan, Liu Shu-Lin	Deloitte & Touche Taiwan	Unqualified opinion
2021	Shih Chin-Chuan, Chiu Yung-Ming	Deloitte & Touche Taiwan	Unqualified opinion
2022	Shih Chin-Chuan, Chiu Yung-Ming	Deloitte & Touche Taiwan	Unqualified opinion
2023	Liu Jung-Chin, Huang Tzu-Ping	Ernst & Young Taiwan	Unqualified opinion

2. In the last five years, if there was a change of accountants, explanation from the company, the original and succeeding accountants should be given:

- (1) The year 2021 is due to the internal rotation of the visa accounting firm and the replacement of accountants within the firm.
- (2) The year 2023 is due to the company's long-term strategic development and internal management needs.

2. Financial analysis for the last five years

(1) Comprehensive analysis of the financial information for the last five years – International Financial Reporting Standards

Analysis Item		Year	Financial analysis for the last five years				
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt to asset ratio	64.71	81.54	73.77	60.85	52.62	
	Long-term capital to property, plant and equipment ratio	285.65	154.75	206.40	277.18	370.05	
Debt repaying ability (%)	Current ratio	127.57	100.41	117.74	146.38	158.88	
	Quick ratio	101.73	66.85	80.21	103.44	120.49	
	Interest coverage ratio	11.58	(22.78)	9.92	11.18	37.84	
Operating ability	Receivables turnover ratio (times)	5.55	4.85	4.72	6.69	6.51	
	Average collection days	65.76	75.25	77.33	54.55	56.06	
	Inventory turnover ratio (times)	14.02	8.60	6.80	9.44	8.46	
	Payables turnover ratio (times)	4.77	3.32	3.20	4.79	4.04	
	Average sales days	26.03	42.44	53.67	38.66	43.14	
	Property, plant and equipment turnover ratio (times)	14.02	8.49	9.92	13.58	13.34	
	Total assets turnover ratio (times)	2.04	1.53	1.48	2.12	1.81	
Profitability	Return on assets (%)	6.57	(11.15)	6.31	6.63	9.30	
	Return on equity (%)	17.29	(44.29)	25.84	18.92	20.94	
	Return before tax to paid-in capital ratio (%)	61.78	(110.82)	52.42	60.59	76.40	
	Net profit margin	2.93	(7.56)	3.90	2.89	5.01	
	Earnings (losses) per share (NT\$) (Note 2)	5.04	(11.09)	6.03	6.03	8.02	
Cash Flows	Cash flow ratio (%)	45.73	(9.54)	(20.51)	28.00	38.43	
	Cash flow adequacy ratio (%)	188.92	88.58	12.42	67.09	108.88	
	Cash re-investment ratio (%)	43.01	(16.65)	(39.09)	27.05	27.68	
Leverage	Operating Leverage	1.72	0.57	0.19	1.56	1.33	
	Financial Leverage	1.11	0.95	0.89	1.13	1.03	

Note 1: The calculation of earnings per share for the year 2019 is based on the Company's weighted average number of 61,087 thousand shares. The calculation of losses per share for the year 2020 is based on the Company's weighted average number of 61,011 thousand shares. The calculation of earnings per share for the year 2021 is based on the Company's weighted average number of 60,970 thousand shares. The calculation of earnings per share for the year 2022 is based on the Company's weighted average number of 61,291 thousand shares. The calculation of earnings per share for the first quarter of 2023 is based on the Company's weighted average number of 66,483 thousand shares.

Note 2: The formulas of the financial analysis in this table are as follows:

1. Financial Structure
 - (1) Debt to asset ratio = total debts/total assets
 - (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities)/ property, plant and equipment
2. Debt repaying ability
 - (1) Current ratio = current assets/current liabilities
 - (2) Quick ratio = (current assets – inventory – prepaid expenses)/current liabilities
 - (3) Interest coverage ratio = profit before income tax and interest expenses/interest expenses for the current period
3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable arising from operation) turnover ratio = net sales amount/balance of average receivables for each period (including accounts receivable and notes receivable arising from operation).
 - (2) Average collection days = 365/receivables turnover ratio
 - (3) Inventory turnover ratio = Sales cost/average inventory amount
 - (4) Payables (including accounts payable and notes payable arising from operation) turnover ratio = sales cost/balance of average payables for each period (including accounts payable and notes payable arising from operation)
 - (5) Average sales days = 365/inventory turnover ratio
 - (6) Property, plant and equipment turnover ratio = net sales amount/average net amount of property, plant and equipment
 - (7) Total assets turnover ratio = net sales amount/average total assets
4. Profitability
 - (1) Return on assets = (profit or loss after tax + interest expenses × (1 – tax rate))/average total assets
 - (2) Return on equity = profit or loss after tax/average total equity
 - (3) Profit before tax to paid-in capital ratio = profit before tax/paid-in capital
 - (4) Net profit margin = profit or loss after tax/net sales amount
 - (5) Earnings per share = (profit or loss attributable to the owners of the parent company – dividends for preferred shares)/weighted average number of issued shares

5. Cash flows
 - (1) Cash flow ratio = net cash flows from operation/current liabilities
 - (2) Cash flow adequacy ratio = net cash flows from operation for the latest five years/latest five years (capital expenses + amount of increase in inventory + cash dividends)
 - (3) Cash re-investment ratio = (net cash flows from operation – cash dividends)/(gross amount of property, plant and equipment + long-term investments + other non-current assets + working capital)
6. Leverage
 - (1) Operating Leverage = (net operating income – costs and expenses from change in operation)/operating income
 - (2) Financial Leverage = operating income/(operating income – interest expenses)

Note 3: Special attention should be paid to the following matters when using the calculation formula for earnings per share in the preceding note:

1. Based on the weighted average number of ordinary shares, and not on the number of shares issued at the end of the year.
2. As for capital increase or treasury stock trading, the circulation period should be considered in the calculation of weighted average number of shares.
3. As for transfer of surplus or capital reserve to capital increase, adjustment shall be made according to the proportion of capital increase when calculating earnings per share of the previous year and half year, and there is no need to consider the issue period of the capital increase.
4. If the preferred shares are non-convertible accumulative preferred shares, their dividends for the year (whether paid or not) shall be deducted from the net profit after tax or added to the net loss after tax. If the preferred shares are non-cumulative in nature, when there is net profit after tax, the dividends of preferred shares shall be deducted from the net profit after tax; when it is a loss, no adjustment is needed.

Note 4: Special attention should be paid to the following matters when making the cash flow analysis:

1. Net cash flows from operation refer to the net cash inflows from operating activities in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflows of capital investment per year.
3. The increase in inventory shall only be included when the closing balance is greater than the opening balance. If inventory is reduced at the end of the year, it shall be calculated as nil.
4. Cash dividends include cash dividends for ordinary shares and preferred shares.
5. Gross amount of property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses into fixed and variable items according to their nature. If there is any estimation or subjective judgment, attention shall be paid to the reasonableness and consistency shall be maintained.

Note 6: If the Company's shares are without par value or the par value is not NT\$10, the abovementioned calculation of the ratio of paid-up capital shall be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

(2) Comprehensive analysis of financial information for the last five years – Taiwanese Financial Accounting Standards: Not applicable.

3. Audit report of the audit committee on the financial report for the past year

Audit Report of the Audit Committee

The Board of Directors has prepared the Company's 2023 annual business report, consolidated financial statements and surplus distribution proposal. The consolidated financial statements have been audited by Ernst & Young Taiwan, which has issued its audit report. The above business report, consolidated financial statements and surplus distribution proposal have been reviewed and audited by the Audit Committee and it is considered that there is no disagreement on them. The report is hereby made in accordance with the relevant provisions of the Securities Exchange Act as above for review.

Eastech Holding Limited

Convener of the Audit Committee: Su Yi-Jen

26 February 2024

- 4. Consolidated financial report for the past year audited and certified by the accountant: Please refer to pages 161 to 229.**
- 5. The Company's individual financial report for the past year audited and certified by the accountant: Not applicable.**
- 6. The impact of financial difficulties (if any) of the Company and its affiliates during the past year and as at the date of publication of the annual report on the Company's financial position: Nil.**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Eastech Holding Limited

Opinion

We have audited the accompanying consolidated financial statements of Eastech Holding Limited (“Eastech”) and subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC).

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Group’s consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Revenue Recognition

The Group is the original equipment and design (OEM/ODM) manufacturer of speaker systems, and audio-visual electronics products. Major customers are internationally renowned audio-visual brand enterprises and not related to each other.

Based on the importance of revenue, it is presumed there is a significant risk in revenue recognition because of the pressure from management for achieving the planned results, and the main risk is whether revenue occurs.

Our audit procedures include (but are not limited to) assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal control, i.e. check if sales orders are approved by appropriate supervisors, delivery orders are approved by unit managers; performing test of details on samples selected from details of sale transactions, i.e. check relevant shipping supportive documents to confirm goods actually delivered to customers; analyzing the reasonableness of revenue fluctuations; performing subsequent trade receivable collection test to check the payer is consistent with sales customers to understand if there are any abnormal transaction; reviewing if there are any significant revenue allowance and discount in current and subsequent periods, if any, we will investigate further to confirm there are no significant misstatements associate with the revenue.

Please refer to Note 4 and Note 6. (13)A of the consolidated financial statements for the accounting policy and information about revenue.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2022, were audited by other auditors who expressed an unmodified conclusion on those statements on February 24, 2023.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRS, IAS, IFRIC, and SIC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Ernst & Young
Taipei, Taiwan
Republic of China

February 26, 2024

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS		December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY		December 31, 2023		December 31, 2022	
Accounts	Notes	Amount	%	Amount	%	Accounts	Notes	Amount	%	Amount	%
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	6.(1)	\$2,186,227	36.39	\$1,290,720	22.49	Short-term bank borrowings	6.(8)	\$-	-	\$5,019	0.09
Financial assets at fair value through profit or loss	6.(2)	463	0.01	104	-	Notes and accounts payable	6.(10)	2,110,446	35.13	2,340,361	40.79
Accounts receivable, net	6.(3),6.(13) and 8	1,400,071	23.31	1,786,229	31.13	Other payables	6.(10)	716,399	11.92	729,474	12.71
Inventories	6.(5) and 8	904,727	15.06	1,101,281	19.19	Current tax liabilities	6.(14)	18,344	0.31	5,877	0.10
Other receivables and prepayments	6.(4)	358,592	5.98	392,519	6.84	Lease liabilities - current	6.(7)	68,457	1.14	43,572	0.76
Current tax assets		6,829	0.11	2,572	0.05	Current portion of long-term liabilities	6.(9)	143,226	2.38	-	-
Total current assets		4,856,909	80.86	4,573,425	79.70	Total current liabilities		3,056,872	50.88	3,124,303	54.45
NON-CURRENT ASSETS						NON-CURRENT LIABILITIES					
Financial assets at fair value through profit or loss - non-current	6.(2)	131,205	2.18	120,787	2.10	Financial liabilities at fair value through profit or loss - non-current	6.(2)	-	-	595	0.01
Property, plant and equipment	6.(6) and 8	797,354	13.27	943,147	16.43	Convertible bonds	6.(9)	-	-	328,865	5.73
Right-of-use assets	6.(7)	186,613	3.11	71,499	1.25	Deferred tax liabilities	6.(14)	8,050	0.13	6,413	0.11
Intangible assets	8	15,272	0.25	22,887	0.40	Lease liabilities - non-current	6.(7)	96,472	1.61	31,488	0.55
Deferred tax assets	6.(14)	20,104	0.33	6,760	0.12	Total non-current liabilities		104,522	1.74	367,361	6.40
Total non-current assets		1,150,548	19.14	1,165,080	20.30	Total liabilities		3,161,394	52.62	3,491,664	60.85
						EQUITY ATTRIBUTABLE TO SHAREHOLDERS					
						OF THE PARENT					
						Share capital - common stock	6.(12)	716,934	11.93	631,390	11.00
						Capital surplus	6.(12)	1,027,588	17.11	829,969	14.46
						Retained earnings	6.(12)				
						Legal reserve		8,981	0.15	7,629	0.14
						Special reserve		-	-	109,717	1.91
						Unappropriated earnings		1,063,421	17.70	618,143	10.77
						Exchange differences on translating the financial		53,158	0.89	74,012	1.29
						Treasury shares		(24,019)	(0.40)	(24,019)	(0.42)
						Total equity		2,846,063	47.38	2,246,841	39.15
TOTAL ASSETS		\$6,007,457	100.00	\$5,738,505	100.00	TOTAL LIABILITIES AND EQUITY		\$6,007,457	100.00	\$5,738,505	100.00

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, except for earnings per share)

Accounts	Notes	For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
NET REVENUE	6.(13)	\$10,640,520	100.00	\$12,810,382	100.00
COST OF REVENUE	6.(5) and 6.(13)	8,987,270	84.46	11,327,546	88.42
GROSS PROFIT		1,653,250	15.54	1,482,836	11.58
OPERATING EXPENSES	6.(13)				
Selling and distribution		191,124	1.80	270,979	2.12
General and administrative		890,556	8.37	865,266	6.75
Expected credit (reversal gain) losses	6.(3)	(231)	-	14,154	0.11
Total operating expenses		1,081,449	10.17	1,150,399	8.98
INCOME FROM OPERATIONS		571,801	5.37	332,437	2.60
NON-OPERATING INCOME AND EXPENSES					
Other income	6.(13)	93,445	0.88	65,454	0.51
Foreign exchange (loss) gain, net		(2,378)	(0.02)	59,361	0.46
Other losses	6.(13)	(100,241)	(0.94)	(37,107)	(0.29)
Finance costs	6.(13)	(14,869)	(0.14)	(37,572)	(0.29)
Total non-operating income and expense		(24,043)	(0.22)	50,136	0.39
INCOME BEFORE INCOME TAX		547,758	5.15	382,573	2.99
INCOME TAX EXPENSE	6.(14)	(14,448)	(0.14)	(12,778)	(0.10)
NET INCOME FOR THE PERIOD		533,310	5.01	369,795	2.89
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		(20,854)	(0.20)	153,779	1.20
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$512,456	4.81	\$523,574	4.09
EARNINGS PER SHARE	6.(15)				
Basic earnings per share after income tax		\$8.02		\$6.03	
Diluted earnings per share after income tax		\$7.01		\$5.98	

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Accounts	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT									
	Share Capital - Common Stock	Capital Surplus	Retained Earnings			Other equity			Treasured Shares	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	-	-	-	109,717	(109,717)	-	-	-	-	
Appropriation of special reserve	-	-	-	-	-	-	-	-	-	
Cash dividend of common stock	-	-	-	-	(36,844)	-	-	-	(36,844)	
Legal reserve of subsidiaries	-	-	1,731	-	(1,731)	-	-	-	-	
Net income for the year ended December 31, 2022	-	-	-	-	369,795	-	-	-	369,795	
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	153,779	-	-	153,779	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	369,795	153,779	-	-	523,574	
Cash dividends distributed to the subsidiary which adjusted to capital surplus	-	272	-	-	-	-	-	-	272	
Compensation costs of employee stock options	-	14,398	-	-	-	-	-	-	14,398	
Issuance of common stock under employee share options	17,330	28,142	-	-	-	-	-	-	45,472	
Proceeds from issuance of convertible bonds	-	37,622	-	-	-	-	-	-	37,622	
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(29,950)	-	29,950	-	-	
BALANCE AT DECEMBER 31, 2022	\$631,390	\$829,969	\$7,629	\$109,717	\$618,143	\$74,012	\$-	\$(24,019)	\$2,246,841	
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	-	-	-	(109,717)	109,717	-	-	-	-	
Reversal of special reserve	-	-	-	-	-	-	-	-	-	
Cash dividend of common stock	-	-	-	-	(196,397)	-	-	-	(196,397)	
Legal reserve of subsidiaries	-	-	1,352	-	(1,352)	-	-	-	-	
Net income for the year ended December 31, 2023	-	-	-	-	533,310	-	-	-	533,310	
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	(20,854)	-	-	(20,854)	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	533,310	(20,854)	-	-	512,456	
Cash dividends distributed to the subsidiary which adjusted to capital surplus	-	1,379	-	-	-	-	-	-	1,379	
Compensation costs of employee stock options	-	7,082	-	-	-	-	-	-	7,082	
Issuance of common stock under employee share options	30,380	52,934	-	-	-	-	-	-	83,314	
Conversion of convertible bonds	55,164	136,224	-	-	-	-	-	-	191,388	
BALANCE AT DECEMBER 31, 2023	\$716,934	\$1,027,588	\$8,981	\$-	\$1,063,421	\$53,158	\$-	\$(24,019)	\$2,846,063	

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	For the years ended December 31,			For the years ended December 31,	
	2023	2022		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM INVESTING ACTIVITIES:		
Income before income tax from continuing operations	\$547,758	\$382,573	Proceeds from disposal of financial assets at fair value through profit or loss	97	-
Depreciation of property, plant and equipment	145,651	140,202	Payments for financial assets at fair value through profit or loss	(20)	-
Depreciation of right-of-use assets	30,705	25,821	Proceeds from disposal of subsidiaries	-	892,885
Amortization of intangible assets	13,245	18,955	Payments for acquiring property, plant and equipment	(61,737)	(113,392)
Allowance for inventories provision and inventories write-off	98,288	29,512	Proceeds from disposal of property, plant and equipment	28,005	1,603
(Reversal) provision for expected credit loss	(231)	14,154	Increase in intangible assets	(4,507)	(2,085)
Loss on financial instruments at fair value through profit or loss	60,227	-	Decrease in restricted assets	-	41,511
(Gain) loss on change in fair value of convertible bonds value through profit or loss	(1,058)	1,216	Net cash (used in) generated from investing activities	(38,162)	820,522
Interest expense	14,869	37,572			
Interest income	(31,224)	(5,000)	CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend income	(10,656)	(4,921)	Proceeds from issuance of convertible bonds	-	366,287
Compensation costs of employee stock options	7,082	14,398	Proceeds from bank borrowings	138,379	3,428,004
Loss on disposal of property, plant and equipment	14,560	21,073	Repayments of bank borrowings	(143,585)	(4,892,540)
Gain on modifications of lease	(4,639)	(140)	Repayments of the principal portion of lease liabilities	(52,251)	(50,730)
Operating cash flows before working capital changes			Cash dividends	(196,397)	(36,844)
Accounts receivable	386,389	177,975	Proceeds from exercise of employee share options	83,314	45,472
Other receivables and prepayments	33,928	49,158	Cash dividend received from treasury shares	1,379	272
Inventories	98,266	141,938	Net cash used in financing activities	(169,161)	(1,140,079)
Notes and accounts payable	(229,915)	(52,787)			
Other payables	(13,074)	(72,550)	EFFECT OF EXCHANGE RATE CHANGES	(71,839)	206,882
Cash generated from operating activities	1,160,171	919,149	NET INCREASE IN CASH AND CASH EQUIVALENTS	895,507	762,103
Interest received	31,224	5,000	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,290,720	528,617
Dividends received	10,656	4,921	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$2,186,227</u>	<u>\$1,290,720</u>
Interest paid	(9,121)	(36,917)			
Income tax paid	(18,261)	(17,375)			
Net cash generated from operating activities	<u>1,174,669</u>	<u>874,778</u>			

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General information

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 from Luster Green Limited in January 2015. The principal activities of ETT and its subsidiaries 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 fiscal year 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 Hong Kong and Huizhou, Guangdong Province, China and Hai Duong Province, Vietnam.

2. Approval of financial statements

The consolidated financial statements were approved by the Company’s board of directors on February 26, 2024.

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

(1) 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 year ended December 31, 2023.

(2) 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 fore mentioned new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) and Rule No. 10200546801 issued by the

Financial Supervisory Commission (the “FSC”). 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.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest		Descriptions
			December 31, 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
EAH	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.
EAH	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.
EAH	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.
EAH	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.
EAH	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.
EAH	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.

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest		Descriptions
			December 31, 2023	December 31, 2022	
EAH	Eastech Microacoustics (HK) Limited ("EMH")	Sales of headphones and AV products	100.00	100.00	EMH was established by EAH on August 30, 2019.
EAH	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.
EAH	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 resolved to merge ETT with ETW, and the base date was September 28, 2023. After the merger, the surviving company was ETW.

Note 2: 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.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Revenue recognition

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

ii. Revenue from sale of goods

Revenue from sale of goods comes from sales of audio system related products, include transducer speaker. Sales of audio system related products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables and recognized concurrently.

B. Revenue from rendering of services

Service revenue income is recognized when services are provided.

(8) Inventories

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

The main operation of the Group is a contract manufacturer for internationally renowned brand enterprises and it is similar to Taiwan common business model - ODM and OEM, which the manufacturer is contracted by buyers to engage in the detailed engineering and design work required for manufacturing the specific products that are eventually branded in the trademark by buyers for sale. In such business model, the Group will prepare and control production materials and components based on the budget purchase orders from internationally renowned brand enterprises. Therefore, the Group's risk of inventory impairment is arising from the decrease or

cancellation of customer orders and which specific materials and components are with no alternative use. The Group will recognize inventory obsolescence loss accordingly.

(9) Property, plant and equipment

Land and buildings held for use in production or supply of goods or services, or for administrative purposes, are carried in consolidated balance sheet at cost less accumulated depreciation and accumulated impairment. Major upgrade and improvement are accounted as capital expense, while repair and maintenance are accounted as expenses for the period.

Properties in the course of construction for production, supply or administrative purposes are measured at cost, less any recognized impairment loss.

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

Depreciation of these assets (excluded freehold land and properties in the course of construction) is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of the year, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Impairment of property, plant and equipment, right-of-use asset, contract cost and intangible assets (excluding goodwill)

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

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable. Then, impairment loss from the assets related to the contract costs is

recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

(11) Leasing

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

ii. The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

B. The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group premeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the premeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

If the transfer of an asset in a sale-and-leaseback transaction qualifies as a sale in IFRS 15, the Group recognizes the relevant profit or loss on sale only for the portion transferred to the purchaser and adjusts for terms which do not follow market quotation to measure the sale price at fair value. If the transfer of assets does not qualify as a sale under IFRS 15, the transaction is considered as financing.

(12) Retirement benefits

All employees of the Group adopt defined contribution retirement benefit plans. Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(13) Share-based payment arrangements

The fair value at the grant date of the employee stock options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus – employee stock options.

At the end of each reporting period, the Group revises its estimate of the number of employee stock options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a

corresponding adjustment to capital surplus – employee stock options.

(14) Taxation

Income tax expense represents the sum of the current income tax and deferred tax.

A. Current income tax

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

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

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

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary difference arising from initial recognition of goodwill.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current income tax assets and liabilities on a net basis.

C. Current and deferred tax for the year

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(15) Financial instruments

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

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

A. Financial assets

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

(a) Measurement categories

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

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on premeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 6(2).

(ii) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets are occurred when the issuer or the borrower has significant financial difficulty, a breach of contract, it is becoming probable that the borrower will enter bankruptcy or other financial reorganization or the disappearance of an active market for that financial asset because of financial difficulties.

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

(b) Impairment of financial assets and contract assets

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

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

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

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

- (i) Internal or external information shows that the debtor is unlikely to pay its creditors.
- (ii) Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

(c) Derecognition of financial assets

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

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

B. Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

C. Financial liabilities

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

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

D. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently premeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

(16) Climate Change

Items that may be impacted by climate-related risks, but which are not considered to be key areas of judgements or sources of estimation uncertainty in the current financial year are outlined below:

A. Property, plant and equipment

Climate change and decarbonization plans may require the Group to direct its expenditure in ways not previously expected, including purchasing new, ‘greener’ assets or making alterations to existing assets. In addition, the Group need to consider whether the useful economic life has changed as a result of legislation, advancing technology or even a commitment to reaching net zero carbon emissions. By the end of 2023, the management assessed that no adjustment was required to the useful economic lives.

B. Inventory valuation

The Carbon Border Adjustment Mechanism (CBAM) will enter into application in its transitional phase since October 1, 2023. In its transitional phase, CBAM will only apply to imports of cement, iron and steel, aluminum, fertilizers, electricity and hydrogen. EU importers of those goods will have to report on the volume of their imports and the greenhouse gas (GHG) emissions embedded during their production, but without paying any financial adjustment at this stage. CBAM enters into force on 1 January 2026 °

As the Group does not belong to the above-mentioned specific industries, by the end of 2023, the management assessed CBAM had no significant impact on the Group. However, the Group must begin to consider how to confirm the carbon emissions of products which will export to the EU and how to allocate the carbon cost into the unit cost to ensure calculation of embedded emissions and pay CBAM correctly prior to 2026.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Critical Accounting Judgments

None.

(2) Estimates and assumptions

Trade receivables–estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6. (3) for more details.

Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgements and estimate to determine the net realizable value of inventory at the end of each reporting period.

The Group estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon. Please refer to note 6(5).

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$568	\$2,261
Cash at bank	2,112,832	1,224,073
Fixed deposits	72,827	64,386
Total	<u>\$2,186,227</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.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets - current</u>		
Designation as at FVTPL		
Derivative financial assets		
Convertible bond options (Note 6.(9))	\$463	\$-
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign-listed stocks	-	104
Total	<u>\$463</u>	<u>\$104</u>

Financial assets - non-current

Mandatorily classified as at FVTPL

Non-derivative financial assets

 Domestic unlisted stocks

\$131,205	\$120,787
-----------	-----------

<u>December 31, 2023</u>	<u>December 31, 2022</u>
--------------------------	--------------------------

Financial liabilities - non-current

Designation as at FVTPL

Derivative financial liabilities

 Convertible bond options (Note 6.(9))

\$-	\$595
-----	-------

(3) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$1,440,402	\$1,826,783
Less: Allowance for impairment loss	(40,331)	(40,554)
Total	<u>\$1,400,071</u>	<u>\$1,786,229</u>

The Group's average credit period of sales of goods was 56 days (55 days in 2022). No interest was charged on 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 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 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:

December 31, 2023

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over One Year</u>	<u>Total</u>
Gross carrying amount	\$1,371,485	\$28,586	\$7	\$40,324	\$1,440,402
Loss allowance (Lifetime ECLs)	-	-	(7)	(40,324)	(40,331)
Amortized cost	<u>\$1,371,485</u>	<u>\$28,586</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,400,071</u>

December 31, 2022

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over One Year</u>	<u>Total</u>
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 accounts receivable were as follows:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Balance at the beginning of the period	\$40,554	\$23,487
Add (Less): (Reversal) Impairment losses recognized	(231)	14,154
Effect of foreign currency exchange differences	8	2,913
Balance at the end of the period	<u>\$40,331</u>	<u>\$40,554</u>

(4) Other receivables and prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables, net	\$66,866	\$39,712
Prepayments for purchases	55,795	76,927
Prepayments	7,089	7,285
Prepayments for purchases of equipment and mold	16,760	3,784
Value-added tax recoverable and refundable	194,116	247,796
Guarantee deposits	17,966	17,015
Total	<u>\$358,592</u>	<u>\$392,519</u>

As of December 31, 2023 and 2022, the amounts of temporary payments as described in Note 6. (10) were \$28,825 thousand and \$26,372 thousand, respectively.

(5) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$530,781	\$610,558
Work-in-process	199,207	251,657
Finished goods	100,122	228,369
Goods in transit	74,617	10,697
Total	<u>\$904,727</u>	<u>\$1,101,281</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$8,987,270 thousand and \$11,327,546 thousand, respectively, which included \$98,288 thousand and \$29,512 thousand, allowance for inventories provision and inventories write-off, 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:

	December 31, 2023	December 31, 2022
Cost	\$1,380,533	\$1,426,429
Accumulated depreciation and impairment	(583,179)	(483,282)
Carrying amount	<u>\$797,354</u>	<u>\$943,147</u>
Land and buildings	\$296,728	\$312,791
Machinery and office equipment	488,170	619,124
Construction in progress	12,456	11,232
Carrying amount	<u>\$797,354</u>	<u>\$943,147</u>

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

	Land and Buildings	Machinery and Office Equipment	Construction in progress	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	-	52,269	9,468	61,737
Disposals	(641)	(79,572)	(992)	(81,205)
Reclassification	-	7,577	(7,577)	-
Effect of exchange rate change	(8,251)	(18,502)	325	(26,428)
Balance at December 31, 2023	<u>\$320,185</u>	<u>\$1,047,892</u>	<u>\$12,456</u>	<u>\$1,380,533</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 change	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	7,918	137,733	-	145,651
Disposals	(75)	(38,565)	-	(38,640)
Effect of exchange rate change	(672)	(6,442)	-	(7,114)
Balance at December 31, 2023	<u>\$23,457</u>	<u>\$559,722</u>	<u>\$</u>	<u>\$583,179</u>

Management assesses no indication of impairment, therefore, no impairment loss is recognized as of December 31, 2023 and 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Carrying amount</u>		
Land and buildings	\$169,197	\$66,178
Machinery and office equipment	17,416	5,321
Total	<u>\$186,613</u>	<u>\$71,499</u>
	<u>For the Years</u>	
	<u>Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$158,063</u>	<u>\$19,483</u>
Depreciation charge for right-of-use assets		
Land and buildings	\$22,237	\$23,868
Machinery and office equipment	8,468	1,953
Total	<u>\$30,705</u>	<u>\$25,821</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 years ended December 31, 2023 and 2022.

B. Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Carrying amount</u>		
Current	\$68,457	\$43,572
Non-current	96,472	31,488
Total	<u>\$164,929</u>	<u>\$75,060</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land and buildings	2.42%~6.75%	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:

December 31, 2023 and 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 (the land use right is recognized under right- of-use assets)	Lease for a term of 40 years from January 2019 to April 2058

D. Other lease information

	<u>For the Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$7,960</u>	<u>\$12,900</u>
Total cash outflow for leases	<u>\$(63,358)</u>	<u>\$(66,063)</u>

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) Bank borrowings

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

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.

(9) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The first secured domestic convertible bonds	\$143,226	\$328,865
Less: Current portion	<u>(143,226)</u>	<u>-</u>
Total	<u>\$-</u>	<u>\$328,865</u>

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 December 31, 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. As of December 31, 2023, the convertible bonds no longer qualified for the right of deferred, therefore, the convertible bonds were converted to current portion of long-term liabilities.

The convertible bonds consist of liability and equity component. The equity component was presented in equity under capital surplus – convertible bonds. 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	<u>(455)</u>
Liability component at issuance date	328,210
Amortization of discount on bonds payable	<u>655</u>
Liability component at December 31, 2022	328,865
Exercise conversion right	(191,388)
Amortization of discount on bonds payable	<u>5,749</u>
Liability component at December 31, 2023	<u><u>\$143,226</u></u>

(10) 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries	\$266,297	\$223,721
Temporary receivables (Note)	28,026	17,348
Accrued employee’s severance pay	230,634	290,962
Other payables	<u>191,442</u>	<u>197,443</u>
Total	<u><u>\$716,399</u></u>	<u><u>\$729,474</u></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.

(11) 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.

(12) 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 December 31, 2023 and 2022 were \$716,934 thousand and \$631,390 thousand, respectively, divided into 71,693 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	5,516
Exercise of employee stock options	<u>3,038</u>
December 31, 2023	<u><u>71,693</u></u>

B. Treasury shares

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

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

December 31, 2023

<u>Subsidiary</u>	<u>Number of Shares Held (In Thousands of Shares)</u>	<u>Carrying Amount</u>	<u>Market Value</u>
ETW	453	<u>\$24,019</u>	<u>\$27,225</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 December 31, 2023 and 2022, the capital surplus of the Company are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash</u> <u>dividends, or transferred to share capital</u>		
Arising from issuance of common share	\$807,843	\$727,867
Arising from convertible bonds	157,807	-
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	17,090	38,071
Convertible bonds	16,038	37,622
Total	<u>\$1,027,588</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. (13)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 were 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

The following cash dividends were approved by the board of directors on February 26, 2024.

The dividends per share for 2023 were as follows:

	2023
Ordinary shares - cash dividends	NT\$6.61466011 per share, totaling NT\$494,275 thousand

The Company has issued convertible bonds and employee stock options which then lead to the total amount of the outstanding common shares may vary subsequently. Hence, the Company will adjust dividend distribution ratio before ex-dividend base date.

Legal reserve

Subsidiaries in China shall appropriate legal reserve fund (recognized under legal reserves) and provide other fund (recognized under liabilities items) from the profit after tax. Legal reserve fund subject to a proportion not less than 10% of the profit after tax after offsetting accumulated losses in prior years and no appropriation shall be made when the accumulated amount reaches 50% of the registered capital. The provision in respect of other fund shall be determined by the Company upon passing of directors' resolution; however, it has not yet been approved as of December 31, 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 has no deficit and its legal reserve has exceeded 25% of its 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 is 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:

Employee Stock Options	For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
	Number of Options	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)
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	(601)	22.92	(392)	20.21
Balance at the end of period	<u>3,319</u>	18.39	<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 options was as follows:

Grant Date	December 31, 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	0.38	\$24.60	1.38
2021.04.27	19.50	1.33	21.00	2.33
2021.08.20	17.50	1.67	18.90	2.67
2022.01.21	18.70	2.05	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 Years Ended December 31	
	2023	2022
Compensation costs of employee stock options	\$7,082	\$14,398

F. Other equity items

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.

(13) 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. (10)B.

(b) Contract balances

	December 31, 2023	December 31, 2022
Accounts receivable, net (Note 6.(3))	\$1,400,071	\$1,786,229

(c) Disaggregation of revenue from customer contracts

Product category	For the Years Ended December 31	
	2023	2022
Home audio	\$7,089,333	\$8,673,517
Personal audio	2,477,029	2,814,340
Transducer speaker	334,730	416,113
Others	739,428	906,412
Total	\$10,640,520	\$12,810,382

B. Depreciation and amortization expenses

	For the Years Ended December 31	
	2023	2022
Depreciation of property, plant and equipment	\$145,651	\$140,202
Amortization of intangible assets	13,245	18,955
Depreciation of right-of-use assets	30,705	25,821
Total	\$189,601	\$184,978

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

	For the Years Ended December 31	
	2023	2022
Remuneration of directors and key management		
Short-term benefits	\$152,304	\$112,929
Post-employment benefits	3,226	2,774
Share-based payments	2,423	7,769
Employee benefits		
Short-term benefits	1,375,102	1,637,708
Post-employment benefits	97,827	101,845
Share-based payments	4,659	6,629
Total	\$1,635,541	\$1,869,654

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 year ended December 31, 2023, the employees' compensation and directors' compensation and supervisors are as follows:

Accrual rate

	<u>For the Year Ended December 31, 2022</u>
Employees' compensation	6.1%
Directors' compensation	1.8%

Amount

	<u>For the Year Ended December 31, 2023</u>
Employees' compensation	<u>\$36,431</u>
Directors' compensation	<u>\$10,500</u>

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.

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:

Amount

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

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 Years Ended December 31	
	2023	2022
Government grants	\$619	\$8,505
Project service revenue	10,055	24,381
Dividend income	10,656	4,921
Interest income	31,224	5,000
Scrap income	1,752	3,144
Rental revenue	799	114
Gains on disposal of property, plant and equipment	910	267
Gains on evaluation and disposal financial instruments at fair value through profit or loss	12,711	-
Reversal of accrued employee's severance	11,917	13,577
Others	12,802	5,545
	<u>\$93,445</u>	<u>\$65,454</u>

F. Other losses

	For the Years Ended December 31	
	2023	2022
Losses on fair value change of financial instruments at FVTPL	\$71,880	\$1,216
Losses on disposal and scrap property, plant and equipment	15,470	21,340
Others	12,891	14,551
Total	<u>\$100,241</u>	<u>\$37,107</u>

G. Finance costs

	For the Years Ended December 31	
	2023	2022
Interest expense arising from bank borrowings	\$918	\$34,484
Guarantee interest on convertible bonds	5,056	-
Interest expense on bonds payable	5,748	655
Interest on lease liabilities	3,147	2,433
Total	<u>\$14,869</u>	<u>\$37,572</u>

(14) Income taxes

A. Income tax recognized in profit or loss

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

	For the Years Ended	
	December 31	
	2023	2022
Current tax		
In respect of the current year	\$16,382	\$13,815
Adjustments for prior years	10,249	75
Deferred tax		
In respect of the current year	(12,183)	(1,112)
Income tax expense recognized in profit or loss	<u>\$14,448</u>	<u>\$12,778</u>

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

	For the Years Ended December 31	
	2023	2022
Profit before tax	<u>\$547,758</u>	<u>\$382,573</u>
Income tax benefit calculated at the statutory rate (16.5%)	\$90,380	\$63,125
Tax-exempt income and non-deductible expenses in determining taxable income	(106,672)	(42,837)
Adjustments for prior years	10,249	75
Effect on deferred tax assets unrecognized in prior years	2,585	13,237
Effect on unrecognized loss carry forwards	5,031	359
Effect of different tax rate of foreign operations in other jurisdictions	<u>12,875</u>	<u>(21,181)</u>
Income tax expenses recognized in profit or loss	<u>\$14,448</u>	<u>\$12,778</u>

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 jointly issued by the local tax authority and the Departments of Ministry of Science and Technology and Ministry of Finance of the PRC 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. Deferred tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Allowance of inventories provision	\$14,258	\$914
Others	5,846	5,846
Total	<u>\$20,104</u>	<u>\$6,760</u>

The movements of deferred tax assets were as follows:

	<u>Allowance of Inventories Provision</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2022	\$921	\$5,923	\$6,844
Recognized in profit or loss	(20)	(77)	(97)
Effect of exchange rate changes	13	-	13
Balance at December 31, 2022	914	5,846	6,760
Recognized in profit or loss	13,590	-	13,590
Effect of exchange rate changes	(246)	-	(246)
Balance at December 31, 2023	<u>\$14,258</u>	<u>\$5,846</u>	<u>\$20,104</u>

C. Deferred tax liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Temporary differences on depreciation of property, plant and equipment and intangible assets	\$7,868	\$6,231
Unappropriated earnings of subsidiaries	182	182
Total	<u>\$8,050</u>	<u>\$6,413</u>

The movements of deferred tax liabilities were as follows:

	Temporary differences on depreciation of property, plant and equipment and intangible assets	Unappropriated earnings of subsidiaries	Total
Balance at January 1, 2022	\$7,109	\$182	\$7,291
Recognized in profit or loss	(1,209)	-	(1,209)
Effect of exchange rate changes	331	-	331
Balance at December 31, 2022	6,231	182	6,413
Recognized in profit or loss	1,407	-	1,407
Effect of exchange rate changes	230	-	230
Balance at December 31, 2023	<u>\$7,868</u>	<u>\$182</u>	<u>\$8,050</u>

D. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss carryforwards	<u>\$327,161</u>	<u>\$391,833</u>

E. 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.

(15) Earnings per share

	<u>For the Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$8.02</u>	<u>\$6.03</u>
Diluted earnings per share	<u>\$7.01</u>	<u>\$5.98</u>

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

	For the Years Ended December 31	
	2023	2022
Net income the period attributable to owners of the Company	\$533,310	\$369,795
Net income used in the computation of basic earnings per share	\$533,310	\$369,795
Effect of potentially dilutive net income:		
Convertible bonds (after tax)	4,690	-
Net income used in the computation of diluted earnings per share	\$538,000	\$369,795

No. of Share

(In Thousands of Shares)

	For the Years Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	66,483	61,291
Effect of potentially dilutive ordinary shares		
Employee stock options	2,459	530
Convertible bonds	7,788	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	76,730	61,821

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. (13)C. for details.

8. Assets pledged

The following assets were provided as collateral for bank borrowings.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Intangible assets	\$12,623	\$9,553
Machineries and office equipment	12,137	12,296
Inventories and other assets	75,712	76,903
Construction in progress	6,295	4,187
Total	<u>\$106,767</u>	<u>\$102,939</u>

9. Commitments and contingent liabilities

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) DISCLOSURE ON FINANCIAL INSTRUMENTS

A. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return through the optimization of the capital and debt structure balance. The Group's overall strategy remains unchanged in 2023.

The Group regularly review to the appropriate categories of capital structure. The Group manages based on the cost of capital and the risks associated with the various types of capital determine a reasonable proportion of the Group's capital structure.

As of December 31, 2023 and 2022, the cash and cash equivalents and debt were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Debt (bank borrowings and bonds payable)	\$(143,226)	\$(333,884)
Cash and cash equivalents (including pledged deposit)	<u>2,186,227</u>	<u>1,290,720</u>
Net cash (debt)	<u>\$2,043,001</u>	<u>\$956,836</u>
Equity	<u>\$2,846,063</u>	<u>\$2,246,841</u>
Cash (debt) - equity ratio	<u>72%</u>	<u>43%</u>

The Group's 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>December 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial liabilities</u>				
Convertible bonds	\$143,226	\$145,216	\$328,865	\$334,425

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

Fair value hierarchy

December 31, 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	-	-	463	463
Total	<u>\$-</u>	<u>\$-</u>	<u>\$131,668</u>	<u>\$131,668</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign - listed stocks	\$104	\$-	\$-	\$104
Domestic - unlisted stocks	-	-	120,787	120,787
Total	<u>\$104</u>	<u>\$-</u>	<u>\$120,787</u>	<u>\$120,891</u>
<u>Financial liabilities at FVTPL</u>				
Convertible bonds options	<u>\$-</u>	<u>\$-</u>	<u>\$595</u>	<u>\$595</u>

There were no measurement transfers between Level 1 and Level 2 of fair value during 2023 and 2022.

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

For the year ended December 31, 2023:

Financial Assets (Liabilities)	FVTPL		
	Derivatives	Equity Instruments	Total
Beginning balance	\$(595)	\$120,787	\$120,192
Additions	-	20	20
Recognized in profit or loss	1,058	10,410	11,468
Effect of foreign currency exchange differences	-	(12)	(12)
Ending balance	<u>\$463</u>	<u>\$131,205</u>	<u>\$131,668</u>
Recognized in other gains and losses - unrealized	<u>\$1,058</u>	<u>\$10,410</u>	<u>\$11,468</u>

For the year ended December 31, 2022:

Financial Assets (Liabilities)	FVTPL		
	Derivatives	Equity Instruments	Total
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

None.

- (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 December 31, 2023 and 2022, was 41.79% and 47.76%, respectively.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$131,205	\$120,891
Designated as at FVTPL	463	-
Financial assets at amortized cost (Note 1)	<u>3,675,957</u>	<u>3,229,091</u>
Total	<u><u>\$3,807,625</u></u>	<u><u>\$3,349,982</u></u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$-	\$595
Financial assets at amortized cost (Note 2)	<u>2,970,071</u>	<u>3,403,719</u>
Total	<u><u>\$2,970,071</u></u>	<u><u>\$3,404,314</u></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 balance includes financial assets at amortized cost, which comprise cash and bank deposit, accounts receivable, other receivables and guarantee deposits, 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	
	December 31, 2023	December 31, 2022
USD	\$2,986,344	\$2,546,163

	Liabilities	
	December 31, 2023	December 31, 2022
USD	\$591,670	\$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.

	<u>Currency USD Impact</u>	
	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Profit or loss	\$119,734	\$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 years ended December 31, 2023 and 2022 would have been increased by \$10,928 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.

	December 31, 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	-	\$2,110,446	\$-	\$-	\$2,110,446
Other payables	-	716,399	-	-	716,399
Convertible bonds	-	143,226	-	-	143,226
<u>Interest bearing liabilities</u>					
Lease liabilities	2.42%~6.75%	70,504	103,766	-	174,270

December 31, 2022					
	Effective Interest Rate	On Demand			Total
		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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured borrowings		
Amount unused	<u>\$815,183</u>	<u>\$1,818,390</u>

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:

December 31, 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	\$91,921	HKD	30.72	\$2,823,826
USD	3,315	NTD	30.72	101,841
USD	85	RMB	30.72	2,608
USD	525	DKK	30.72	16,132
USD	1,365	VND	30.72	41,937
	<u>\$97,211</u>			<u>\$2,986,344</u>

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT\$)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$9,879	HKD	30.72	303,472
USD	6,429	RMB	30.72	197,501
USD	84	DKK	30.72	2,592
USD	2,868	VND	30.72	88,105
	<u>\$19,260</u>			<u>\$591,670</u>
 <u>December 31, 2022</u>				
	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 Years Ended December 31	
	2023	2022
Realized foreign exchange gains	\$(4,955)	\$102,406
Unrealized foreign exchange gains	2,577	(43,045)
	<u>\$(2,378)</u>	<u>\$59,361</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.

(2) Reconciliation of liabilities arising from financing activities

For the year ended of 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	(5,206)	-	(55,398)	(60,604)
Non-cash changes (Note)	-	(185,639)	148,037	(37,602)
Exchange rate fluctuations	187	-	(2,770)	(2,583)
2023.12.31	<u>\$-</u>	<u>\$143,226</u>	<u>\$164,929</u>	<u>\$308,155</u>

For the year ended of 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	(1,464,536)	366,287	(53,163)	(1,151,412)
Non-cash changes (Note)	-	(37,422)	17,448	(19,974)
Exchange rate fluctuations	110,918	-	2,227	113,145
2022.12.31	<u>\$5,019</u>	<u>\$328,865</u>	<u>\$75,060</u>	<u>\$408,944</u>

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

A. 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, under the model that the Hong Kong subsidiaries outsources production orders to the subsidiaries in PRC and Vietnam, 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 years ended December 31, 2023 and 2022, the revenue and operating results of the operating segment can be found in the consolidated income statement for the years ended December 31, 2023 and 2022. The product revenue of the Group please refer to Note 6. (13)A.

B. Geographic information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets were detailed below.

	Revenue from External Customers	
	For the Years Ended December 31	
	2023	2022
South Korea	\$3,664,628	\$4,170,193
Japan	3,069,896	3,568,197
Sweden	1,714,195	1,680,075
China	1,167,174	1,725,490
Denmark	500,631	706,399
Others	523,996	960,028
Total	\$10,640,520	\$12,810,382

	Non-current Assets	
	December 31,	December 31,
	2023	2022
Vietnam	\$546,363	\$596,718
China	378,143	367,627
Denmark	42,851	46,076
Taiwan	20,171	17,734
Hong Kong	11,055	7,747
Singapore	656	1,631
Total	\$999,239	\$1,037,533

C. Information of key customers

Customers representing more than 10% of the Group's total income as shown in the consolidated statements of comprehensive income were as follows:

	For the Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Company A	\$3,662,876	34	\$4,166,388	33
Company B	2,883,308	27	3,296,898	26
Company C	1,711,377	16	1,677,494	13

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 YEAR ENDED DECEMBER 31, 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	\$215,040	\$215,040	-	The need for short-term financing	\$-	Operating capital	\$-	-	\$-	\$1,138,425	\$1,138,425	-
1	EAH	EAVN	Other receivables from related parties	Yes	379,560	368,640	368,640	-	The need for short-term financing	-	Operating capital	-	-	-	1,735,746	1,735,746	-
2	ETH	EAH	Other receivables from related parties	Yes	323,100	307,200	-	-	The need for short-term financing	-	Operating capital	-	-	-	2,523,882	2,523,882	-

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 in December 2023 is different from the amounts listed above, the reason is that the financial statements of EAH and ETH for the year ended December 31, 2023 have not been reviewed by CPA at the announcement moment, thus the Company announced the information based on the financial statement for the nine months ended September 30, 2023.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE YEAR ENDED DECEMBER 31, 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)	\$11,384,252	\$493,964	\$261,120	\$-	\$-	9.17%	\$11,384,252	Y	N	N	
0	The Company	ETH	(2)	11,384,252	1,327,941	709,632	-	-	24.93%	11,384,252	Y	N	N	
0	The Company	EAVN	(2)	11,384,252	321,176	184,320	-	-	6.48%	11,384,252	Y	N	N	
0	The Company	EAHZ	(2)	11,384,252	221,275	215,750	-	-	7.58%	11,384,252	Y	N	Y	
1	EAH	The Company	(3)	1,735,746	350,000	199,800	149,200	-	11.51%	1,735,746	N	Y	N	
1	EAH	EAHZ	(2)	1,735,746	87,242	30,720	-	-	1.77%	1,735,746	Y	N	Y	
2	ETH	The Company	(3)	841,294	35,000	19,980	-	-	2.37%	841,294	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 in December 2023 is different from the amounts listed above, the reason is that the financial statements for the year ended December 31 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 nine months ended September 30, 2023.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 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	December 31, 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 - non-current	453,000	\$27,225	1%	\$27,225	Note 1
ETW	Taiwan 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 YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 4

Buyer	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	EAHZ	Parent and subsidiary	Purchase	\$124,180	3%	90 days	\$-	-	\$(25,576)	(6%)	Note 1
EAH	EAVN	Parent and subsidiary	Purchase	3,432,456	74%	90 days	-	-	(147,927)	(35%)	Note 1
ETH	EAHZ	Fellow subsidiary	Purchase	4,009,229	78%	90 days	-	-	(960,285)	(73%)	Note 1
ETH	EAVN	Fellow subsidiary	Purchase	1,085,918	21%	90 days	-	-	(313,893)	(24%)	Note 1
EAVN	EAH	Parent and subsidiary	Purchase	1,007,309	24%	90 days	-	-	147,927	32%	Note 1
EAVN	ESZ	Fellow subsidiary	Purchase	981,393	24%	90 days	-	-	(323,663)	(53%)	Note 1
EAHZ	EAH	Parent and subsidiary	Sale	(124,180)	(2%)	90 days	-	-	25,576	2%	Note 1
EAHZ	ETH	Fellow subsidiary	Sale	(4,009,229)	(78%)	90 days	-	-	960,285	84%	Note 1
EAH	EAVN	Parent and subsidiary	Sale	(1,007,309)	(21%)	90 days	-	-	(147,927)	(35%)	Note 1
ESZ	EAVN	Fellow subsidiary	Sale	(981,393)	(99%)	90 days	-	-	323,663	100%	Note 1
EAVN	EAH	Parent and subsidiary	Sale	(3,432,456)	(76%)	90 days	-	-	147,927	32%	Note 1
EAVN	ETH	Fellow subsidiary	Sale	(1,085,918)	(24%)	90 days	-	-	313,893	68%	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
FOR THE YEAR ENDED DECEMBER 31, 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	\$960,285	4.25	\$-	-	\$489,619	\$-
ESZ	EAVN	Fellow subsidiary	323,663	3.97	-	-	147,760	-
EAVN	ETH	Fellow subsidiary	313,893	5.70	-	-	120,683	-
EAVN	EAH	Parent and subsidiary	147,927	23.20	-	-	147,927	-

EASTECH HOLDING LIMITED AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 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	\$228,660	Short-term financing and collection and payment	4%
1	EAH	ETH	1、2	Dividend income	137,131	Dividend	1%
1	EAH	EAVN	1、2	Other receivables from and other payables to related parties	368,640	Short-term financing, 1 year loan	6%
1	EAH	EAVN	1、2	Net revenue from sale of goods and purchase	1,007,309	Credit on transfer pricing policy	9%
2	ESHY	EAHZ	3	Net revenue from sale of goods and purchase	42,208	Credit on transfer pricing policy	0%
3	EAVN	EAH	1、2	Net revenue from sale of goods and purchase	3,432,456	Credit on transfer pricing policy	32%
3	EAVN	ETH	3	Net revenue from sale of goods and purchase	1,085,918	Credit on transfer pricing policy	10%
3	EAVN	ETH	3	Receivables from and payables to related parties	313,893	90 days	5%
3	EAVN	EAH	1、2	Receivables from and payables to related parties	147,927	90 days	2%
4	EAHZ	EAH	1、2	Net revenue from sale of goods and purchase	124,180	Credit on transfer pricing policy	1%
4	EAHZ	ETH	3	Net revenue from sale of goods and purchase	4,009,229	Credit on transfer pricing policy	38%
4	EAHZ	ETH	3	Receivables from and payables to related parties	960,285	90 days	16%
5	ESZ	EAVN	3	Net revenue from sale of goods and purchase	981,393	Credit on transfer pricing policy	9%
5	ESZ	EAVN	3	Receivables from and payables to related parties	323,663	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 YEAR ENDED DECEMBER 31, 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 December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 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	\$202,220	\$-	
EAH	ScS	Denmark	Research, development, production and sales of high-end transducers	225,530	225,530	1,320,045	100.00%	106,652	7,298	-	
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	1,066	-	
EAH	EAVN	Vietnam	Production, assembly and sales of transducer speakers, bluetooth speakers and headphones	238,206	238,206	-	100.00%	238,206	312,918	-	
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	48,479	-	
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	79,069	-	
EAH	ETV	Vietnam	Sales of speaker systems and headphones	5,599	5,599	-	100.00%	5,599	344	-	
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.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
ESHY (Note 4)	Production and sales of speaker systems	-	(3)	\$-	\$-	\$-	\$-	\$4,552	-	\$-	\$-	\$-
EAHZ	Production, assembly and sales of speaker systems, accessories, headphones, smart speakers and AV electronics home entertainment systems	US\$19,303	(3)	-	-	-	-	50,904	100.00%	-	560,860	-
ESZ	Import and export trading of audio accessories, machinery and equipment, etc.	RMB2,000	(2)	-	-	-	-	12,892	100.00%	-	-	-

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

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 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
AS OF DECEMBER 31, 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	38.99%

(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.

VII. REVIEW AND ANALYSIS OF FINANCIAL POSITION, OPERATING RESULTS AND RISK MANAGEMENT

1. Financial position

(I) The main reasons for and the impact of the significant changes in assets, liabilities and shareholders' equity in the last two years

Unit: NT\$'000; %

Account Items \ Year	2022	2023	Differences	
			Amount	%
Current assets	4,573,425	4,856,909	283,484	6.20%
Fixed assets	943,147	797,354	(145,793)	-15.46%
Other assets	221,933	353,194	131,261	59.14%
Total assets	5,738,505	6,007,457	268,952	4.69%
Current liabilities	3,124,303	3,056,872	(67,431)	-2.16%
Long-term liabilities	360,948	96,472	(264,476)	-73.27%
Other liabilities	6,413	8,050	1,637	25.53%
Total liabilities	3,491,664	3,161,394	(330,270)	-9.46%
Share capitals	631,390	716,934	85,544	13.55%
Capital reserves	829,969	1,027,588	197,619	23.81%
Treasury shares	(24,019)	(24,019)	0	0.00%
Retained earnings (including common stock dividend)	735,489	1,072,402	336,913	45.81%
Exchange differences on translation of foreign operations	74,012	53,158	(20,854)	-28.18%
Total shareholders' equity	2,246,841	2,846,063	599,222	26.67%

Description of significant changes: (amount changed over 10% and reached 1% of the total assets of the year)

1. Decrease in fixed assets: mainly due to the excess of routine depreciation expense and foreign currency exchange differences over net acquisitions in 2023.
2. Decrease in other liabilities: mainly due to increase in net assets for right-to-use assets and deferred income tax assets in 2023.
3. Decrease in long-term liabilities: mainly due to the conversion of convertible bonds issued in the fourth Quarter of 2022 exercised in 2023 and reclassification to current liabilities at the end of the period.
4. Increase in share capital: mainly due to the exercise of convertible bonds of the Company issued in the fourth Quarter of 2022 and share options exercised by the employees in 2023.
5. Increase in capital reserve: mainly due to the exercise of convertible bonds of the Company issued in the fourth Quarter of 2022 and share options exercised by the employees in 2023.
6. Increase in retained earnings: mainly due to the net income after tax of NT\$533,310 thousand in 2023 was greater than the cash dividends of NT\$196,397 thousand in 2023, which resulted in a significant increase in retained earnings as compared to the same period in last year.
7. Increase in total shareholders' equity: the increase in total shareholders' equity as compared with the corresponding period in last year was mainly due to the significant increase in “share capital”, “capital reserve” and “retained earnings”.

(II) Future plan addressing significant impacts: there is no significant impact on the Company's finance and business.

2. Operating results

1. The main reasons for and the impact of the significant changes in operating income, operating net profit and profit before tax in the last two years.

Unit: NT\$'000; %

Account Items \ Year	2022	2023	Differences	
			Amount	%
Operating income	12,885,567	10,647,000	(2,238,567)	-17.37%
Less: Sales returns and allowance	75,185	6,480	(68,705)	-91.38%
Net operating income	12,810,382	10,640,520	(2,169,862)	-16.94%
Operating costs	11,327,546	8,987,270	(2,340,276)	-20.66%
Operating gross profit	1,482,836	1,653,250	170,414	11.49%
Operating expenses	1,150,399	1,081,449	(68,950)	-5.99%
Operating profit	332,437	571,801	239,364	72.00%
Non-operating income	124,815	91,067	(33,748)	-27.04%
Non-operating expenses and losses	74,679	115,110	40,431	54.14%
Profit before tax	382,573	547,758	165,185	43.18%
Less: income tax expenses (profits)	12,778	14,448	1,670	13.07%
Net profit after tax	369,795	533,310	163,515	44.22%

Description of significant changes: (amount changed over 10% and reached 1% of the total assets of the year)

1. Decrease in net operating income and operating costs: due to the inventory adjustments from customers which affected the demand for orders, resulting in a decrease of NT\$2,169,862 thousand and \$2,340,276 thousand in sales revenue and cost of sales respectively as compared to last year.
2. Increase in operating gross profit: benefiting from favorable factors such as the supply of raw materials, stable prices, and an increase in the proportion of high-margin products under the optimization of production efficiency, the gross profit margin for 2023 was 15.5%, higher than the 11.6% for the same period in last year. Gross profit increased by NT\$170,414 thousand.
3. Increase in operating profit: the change was mainly due to improved gross operating profit margin, resulting an increase in operating gross profit by NT\$170,414 thousand whereas the effective control of operating expenses, resulting a decrease in operating expenses by NT\$68,950 thousand in 2023.
4. Decrease in non-operating income: mainly due to the exchange gains were lower than the last year.
5. Increase in non-operating expenses and losses: mainly due to the increase in net loss on valuation of financial instruments at fair value through profit or loss.
6. Increase in profit before tax: mainly due to the significant increase in operating profit in 2023, which was more than the increase in non-operating expenses.
7. Increase in net profit after tax: mainly due to the significant increase in profit before tax in 2023, which was more than the increase in income tax expense.

2. Expected sales volume and its basis, and its possible future financial impact on the Company and response plan

The Company mainly sets the annual output target based on the customer's estimated demand, capacity plan and historical operating performance. The Company will pay attention to the changes in market demand from time to time in order to expand the market share, and enhance the profit of the Company. The Company's future business should be sustainable and it will maintain a good financial position.

3. Cash flow

(1) Analysis of changes in cash flow for the recent years

1. Analysis of changes in cash flow for the recent year

Unit: NT\$'000; %

Items \ Year	2022	2023	Increase (decrease) amount	Percentage of increase (decrease) (%)
Operating activities	874,778	1,174,669	299,891	34.28%
Investing activities	820,522	(38,162)	(858,684)	N/A
Financing activities	(1,140,079)	(169,161)	(970,918)	-85.16%

Analysis of changes:

- Operating activities: mainly due to the significant increase in profit before tax in 2023 as compared to last year, resulting in a net cash inflow from operating activities of NT\$299,891 thousand.
- Investing activities: mainly due to the net cash inflow of NT\$892,885 thousand from the disposal of subsidiaries in 2022, there was a net cash inflow of NT\$820,522 thousand from investing activities. Excluding the aforementioned one-time transaction, there was a net cash outflow from investing activities of NT\$72,363 thousand in 2022, which was still higher than that of the same period in 2023, when there was a net cash outflow from investing activities of NT\$38,162 thousand, primarily due to the fact that NT\$113,392 thousand of machinery and equipment was acquired in 2022, which was more than the amount acquired in 2023, which was NT\$61,737 thousand.
- Financing activities: mainly due to the issuance of convertible bonds in 2022 which generated a cash inflow of NT\$366,287 thousand, which, coupled with the operating profit and the cash inflow from the disposal of subsidiaries in 2022, could be used for the net repayment of bank borrowings of NT\$1,464,536 thousand (due to the increase in interest rates of bank borrowings as the U.S. Federal Reserve raised interest rates consecutively, which increased the cost of financing significantly), resulting in a significant decrease in the balance of bank borrowings to NT\$5,019 thousand at the end of 2022 and the full repayment of bank borrowings in 2023. As a result, the balance of bank loans at the end of 2022 decreased significantly to NT\$5,019 thousand and was fully repaid in 2023, resulting in a significant decrease in net repayment of bank loans by NT\$1,459,330 thousand in 2023 compared to the same period in last year. The cash dividends paid in 2023 amounted to NT\$196,397 thousand, an increase of NT\$159,553 thousand compared to the same period in last year, which resulted in a decrease in net cash outflow from financing activities by NT\$970,918 thousand.

2. **Improvement plan for insufficient liquidity**

The Company and its subsidiaries have close relationship with their bankers and have established good financing and credit standing to enrich their working capital. The Company has increased the amount of medium-term bank loan facility to avoid funding long-term investment with short-term loans. Under the growth of revenue and stable profits, the Company has no threat of lacking liquidity or short of funds under reasonable liquidity requirement.

(2) Cash liquidity analysis for the coming year

The Company anticipates that with the carrying amount of cash in 2024 and by utilizing banking facilities, the overall cash requirement for capital expenditures and operation needs could be met, and its cash liquidity will be good in the coming year.

4. **The impact of material capital expenditures on financial position for the latest year**

The Company's acquisition of fixed assets in 2023 amounted to NT\$61,737 thousand which was regular capital expenditures, mainly for the acquisition of automated machinery and equipment and replacement of existing production equipment. The source of funds was partly funded by self-owned funds and partly by bank borrowings, and the aforesaid capital investment is expected to bring about production efficiency improvements and lower production costs in the future, so it will not have a significant impact on the financial position of the Company.

5. **The equity investment policy for the latest year, the major reasons for its gain or loss, improvement plan and investment plan for the next year**

(1) Equity investment policy of the Company

The Company's current investment policy is to invest primarily in horizontal distribution, upstream and downstream vertical integration and organizational streamlining related to the production industry, and does not engage in investments outside the industry in which it operates. The investment policy was implemented by the relevant implementation departments in accordance with internal control regulations including the methods of "Investment Cycle" and "Management Procedures for Acquisition and Disposal of Assets". These method or procedures have been considered and approved by the Board or/and shareholders.

(2) The major reasons for the gain or loss of the investment and its improvement plan

Unit: NT\$'000

Investment business \ Item	Gain or (loss) recognized in 2023	Major reasons for the gain or loss	Improvement plan
Eastern Asia Technology (HK) Limited (“EAH”)	202,220	In good position with both holding and physical operations.	N/A
Eastech Systems (Huiyang) Co., Ltd. (“ESHY”)	4,552	Such subsidiary has merged into EAHZ in March 2023	N/A
Eastech (Huizhou) Co., Ltd. (“EAHZ”)	50,904	In good operating conditions.	N/A
Eastech (SZ) Co., Ltd. (“ESZ”)	12,892	In good operating conditions.	N/A
Scan-Speak A/S (“ScS”)	7,298	Designing the Group’s high-end products and shaping the image of the Group’s acoustic flagship products. The Group is self-sustaining and does not rely on profit-making as an aspiration to maintain good-operating conditions.	N/A
Eastech Electronics (Taiwan) Inc. (“ETT”)	20,840	Such subsidiary has merged into ETW in September 2023	N/A
Eastech Electronics (HK) Limited (“ETH”)	79,069	In good operating conditions.	N/A
Eastech (SG) Pte. Ltd. (“ESG”)	1,066	In good operating conditions.	N/A
Eastech (VN) Company Limited (“EAVN”)	312,918	In good operating conditions.	N/A
Eastech Microacoustics (HK) Limited (“EMH”)	6	In good operating conditions.	N/A
Eastech Innovations (TW) Inc. (“ETW”)	48,479	In good operating conditions.	N/A
Eastech Trading (VN) Company Limited (“ETV”)	344	In good operating conditions.	N/A

(3) Investment Plan for the Next Year:

The following projects are under our potential investment plan for the next year:

- (1) The Group's production bases are in the Mainland and Vietnam. Continuous optimization of production resources allocation and professional division of labor. The Huizhou factory in Mainland China continued to integrate and optimize and upgrade its hardware; the Vietnam factory optimized its logistics and invested in injection molding and SMT equipment to promote vertical integration.
- (2) Continuously promote intelligent and AI production, increase the proportion of production automation, and replace older equipment and instruments to improve production efficiency. Introducing professional talents and integrating information technology to increase efficiency.
- (3) Enhance the core value of the R&D industry by hiring industry professionals, continuing to invest in acoustic software and electronic R&D equipment, investing in innovative new technologies, and striving to develop new brand name customers and expand into emerging industries.
- (4) Planning ESG sustainable development, advocating carbon neutral and green production, adopting new and environmentally friendly materials into production, adjusting product lines to meet future requirements for environmental protection and carbon neutrality, and strengthening management of greenhouse gas emissions, energy, water resources, and waste. Continuously promote the renewal of energy-saving projects, and implement solar power supply in our production bases.
- (5) Strengthen information security and risk management by investing in information security management systems and equipment, increasing network protection, and promoting employee awareness of information security risks.

6. Analysis and assessment of risks for the latest year and as of the date of issue of annual report

(1) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss and future response measures

1. The impact of interest rates on the Company's profit and loss and future countermeasures

The Company's interest expense in 2023 was NT\$14,869 thousand, representing a low ratio of approximately 0.14% of net operating income. With the Federal Reserve's successive interest rate hikes since 2022, the Company has disposed of its subsidiaries and issued convertible bonds to obtain cash and repay bank borrowings respectively, therefore, the balance of the Company's bank borrowings will be zero at the end of 2023. In addition, the Company's cash position at the end of 2023 is quite high, accounting for approximately 36% of its total assets, therefore, the increase in interest rate will be a positive benefit to the Company's profit or loss, as the interest income from bank deposits will increase. In addition, in light of the future operational risks and changes, the Company still maintains a revolving credit line with the banks. In the future, if the cost of bank financing decreases, the Company can adjust the utilization of funds in a timely manner if needed.

2. The impact of changes in foreign exchange rates on the Company's profit and loss and future countermeasures

The Company's sales and purchases are mostly settled in USD and RMB. The exchange loss in 2023 was NT\$2,378 thousand, accounting for about 0.02% of its net operating income; the ratio was minor and the changes in foreign exchange rates has no material impact on the Company.

Countermeasures:

Participate in financial institution forecast, adherence to the principle of holding the same currency as the transaction currency for payment and take the net position to avoid risks, maintain foreign exchange.

- ① positions according to the future trend of foreign exchange rates to support the needs of the operations of subsidiaries of the Group and reduce the impact of changes in foreign exchange rates to profit or loss of the Company.
- ② Monitor changes in the foreign exchange market, understand the trend of changes in foreign exchange rates, and adjust according to the accidental changes in types of currency of receivables and payables in a timely manner. Under the regulative measures such as the Company's "Handling Procedures for Engaging in Derivative Products Transaction", leverage the ways of forward exchange contract and borrowing debts in foreign currency in a timely manner to reduce the impact of changes in foreign exchange rates to the profit and loss of Company.
- ③ Due to the significant increase in the proportion of RMB procurement by factories in mainland China, in order to increase the development of sales in the domestic market of the PRC, enhance the proportion of RMB income to reduce the RMB needs of working capital of sub- subsidiaries in Mainland China and reduce the needs of exchanging USD and HKD to RMB and reduce its foreign exchange risks.

3. The impact of inflation on the Company's profit and loss and future countermeasures

The world is currently in the aftermath of the COVID-19, yet geopolitical tensions have led to higher energy prices and transportation costs. Geopolitical risks and monetary policies of major central banks have brought about the impact of high inflation, and enterprises may face an increase in the cost of raw materials and labor costs. In line with our original intention, the Company will continue to adjust its operating structure, transform and introduce products in line with the market trend to enhance the quality and quantity of the Company's products, and strive to increase profitability. At the same time, we will adjust our sales strategy, cost structure and trading conditions to cope with the impact of inflationary changes in accordance with the market situation and the international situation. Under the fast-changing overall economic environment, the Company has not yet experienced any immediate and significant impact due to the inflationary trend.

- (2) **The major reasons for the policies, profit or loss of high-risk, high-leverage investment, capital loan to others, endorsement guarantee and derivative commodity trading, and future response measures.**

The Company has formulated “Management Procedures for Acquisition and Disposal of Assets”, “Operating Measures for Capital Loan to Others”, “Administrative Measures for Endorsement Guarantees”, and “Processes for Trading Commodity Derivatives”, etc. to act as the basis of compliance for the Company and its subsidiaries to engage in relevant activities.

- (1) As of 31 December 2023, the Company did not engage in high-risk, high-leverage investments.
- (2) In addition, based on the operation of each operating entity’s subsidiaries and the Group’s financial scheduling flexibility, the Company and its subsidiaries provide capital loans and endorsement guarantees to the 100% of the reinvested subsidiaries (or sub-subsidiaries) to reduce the Group’s uneven capital allocation and reduce capital borrowing or idle cost. As of 31 December 2023, the actual capital loan of EAH amounted to US\$7 million (approximately NT\$215,040 thousand), the actual capital loan of EAH and EAVN amounted to US\$12 million (approximately NT\$368,640 thousand), the aforesaid loans and all are dealt in accordance with the relevant operating procedures regulations.

- (3) Saved as the financing endorsement guarantees for bank borrowings provided by the Company to the Company's subsidiaries, namely EAH, ETH, EAHZ and EAVN, the Company has not given any other endorsement or guarantee for others, and EAH and ETH, subsidiaries of the Company, issued guaranteed convertible bonds for the Company and appointed banks to provide medium-term performance guarantees, and EAH and ETH provided endorsement guarantees for the medium-term performance guarantees in accordance with the terms and conditions approved by the banks. The above endorsement guarantees are all carried out in accordance with the relevant operating procedures. Overall, the loans of subsidiaries and the guarantees of the parent company are the same loan while the risk is not doubled, and there is no adverse impact on the consolidated loss.
- (4) EAH and ETH, the subsidiaries of the Company, engage in derivative transactions in response to hedging needs and pre-sells RMB to USD forward transactions to hedge the exchange rate risk of a significant appreciation of RMB, dealt in accordance with the relevant operating procedures regulations.

(3) Future research and development plan and expected research and development expenses

1. The research and development of products is the driving force for the development of the Company, and the focuses of research and development of the Company focus in 2024 are as follows:
 - (1) Cooperate with partners on the joint research and development of wireless speakers system, main focus of which is on LE Audio solutions and product development, with horizontal expansion in systems (Sound Bars, BT wireless Speakers, Headphones).
 - (2) Development and further expansion of SoCs of the TV Sound Bars embedded standard to provide multiple choices of turn-key solution; we are also developing new product categories such as "UWB" and "FlexConnect" to expand the application of audio Home-Cinema products.
 - (3) In-depth research and development on Pro Audio acoustic applications and solutions for the audio enhancement for products in Pro Audio categories.
 - (4) Enhancement and development of new products under our own brand, the PUNKTKILDE™ series sensors. Focusing on small size and large sound pressure models, we are exploring new technical capabilities, exploring toward headphone driver design and providing new ideas for new species of products.
 - (5) Continue to establish long-term goals with suppliers on environmental protection, energy saving and carbon reduction, recycling or natural decomposition of raw materials and packaging materials, etc., make better use of environmentally friendly materials in the production of various types of products, which will help in fulfilling our green commitment and CSR practice.

- (6) In response to the supply chain's supply of master chips, the Company will develop a strategy of multi-sourcing, multi-sharing and reuse in design to reduce the risks faced by products in this area. We are also working with our main suppliers to develop new product applications to increase our competitive value in advance.
 - (7) Begin planning for 2024 of the Company's new product category strategy in terms of manpower, resources, planning and new technology.
2. Research and development plan, intellectual property rights acquisition plan and estimated investment costs

The research and development expenses of the Company in 2023 was NT\$293,731 thousand, representing approximately 2.76% of the operating income, which increased NT\$36,167 when compared with the research and development expenses in 2022 of NT\$257,564 thousand. In 2024, the research and development expenses required to invest continuously for the sustainable development of the Company and expected to account for 2%-4% of the revenue amount.

- Intellectual property strategy:

The Group continues to pursue innovation in acoustic products through a strategic development model of intellectual property development that combines the Company's operational objectives with its research and development capabilities, in order to integrate the Group's innovation capability and transform it into intellectual property with competitive strength. Its intellectual property covers patent, trademark, business secret and copyright.

[Management measures]

● Patent

The intellectual property management strategy of the Group has gradually optimized the Group's patent proposal management and incentive system from 2019 onwards to encourage R&D innovation within the Group, focusing on segments such as speaker unit, TWS earphone, automatic manufacturing equipment and through the BPM online patent proposal system, we are able to search and analyse the technical features of the proposals or create alert for patent risks to effectively strengthen our technological capabilities in the field of acoustic products.

● Trademark

The Group's trademark EASTECH and the speaker units brand trademark PUNKTKILDE™ have been properly positioned for the regional markets to strengthen the Group's brand image and deepen the marketing efforts of the brand.

● Business secret

The Group will continue to build and improve our business secrets registration and management system to promote the effectiveness of management tracking. At present, it has implemented the business secrets protection project for the unit production automation lines in Huiyang factory.

● Copyright

In accordance with the Group's intellectual property rights policy on copyright, we continue to visit our Huiyang factory, Vietnam factory and Shenzhen R&D office on a regular basis to promote the software legalization and other copyright respect management and organize handling teams to effectively implement the use of compliant software. Also, in response to external parties, we will tighten horizontal inter-departmental liaison and coordination, establish and dynamically adjust the mechanism for handling copyrights and other intellectual properties, so that they can be more properly and promptly investigated and dealt with.

[Implementation]

In recent years, the Company has continued to actively promote its intellectual property management program, and implementation is mainly as follows:

- In 2022, the Group visited the Huiyang factory, Vietnam factory and Shenzhen R&D office to promote the implementation of software legalization management and related contingency handling.
- In 2023, the Group will continue to plan the patent exploration and application layout, in order to build up the Group's competitiveness and continue to be certified as a high-tech enterprise. In 2023, the Group has applied for a total of 10 PRC utility model patents in the core research and development areas of loudspeakers, speaker systems and headphones, and has been granted a total of 2 PRC utility model patents.

[List of intellectual property currently obtained]

- **Patents:**

As of 2023, the layout of the patent applications of the Group has covered China, the United States, Japan, Taiwan and Vietnam and other regions. In which, a total of approximately 10 patent applications were filed and 2 valid patents have been granted.

- **Trademark:**

As of 2023, more than 90 trademarks were registered effectively.

- **Business secrets:**

As of 2023, the Group implemented the business secrets protection project for the unit automation lines in Huiyang factory.

- **Copyright:**

As of 2023, the Group established management of software legalization, toured the Huiyang and Vietnam factories and the Shenzhen R&D office to promote the promotion and as well as the cross-unit immediate relief mechanism for external copyright warning letters.

(4) The impact of important domestic and foreign policies and legal changes on the financial position of the Company and future countermeasures

The company was registered in the Cayman Islands, and its main operating places are Hong Kong and Mainland China. The products are eventually sold all over the world. The major economic activity of Cayman Islands is financial services. Hong Kong, the United States, Japan, Europe and Mainland China are major economies in the world, which have relatively stable economic development and political environment. The speaker systems and earphones developed and sold by the company are consumer goods, which is not a licensed or restricted industry. The implementation of the Company's various businesses are handled in accordance with important domestic and international policies and laws, and we pay attention to the important domestic and international policy development trends and legal changes, and respond to changes in the market environment and take appropriate countermeasures. Therefore, the Company has no significant matters affecting its financial position due to the changes in important policies and laws in the Cayman Islands or Mainland China.

(5) The impact of changes in technologies (including information security risks) and industry on the financial position of the Company and future countermeasures

The business of the Company is electronic audio / audio-visual products. While hearing is one of the five senses of humans, the biological demands for sound analogy are irreplaceable. Although the sizes of traditional large speakers and wireless transmission were affected by the smaller speakers as the modern people strive for “efficiency” and “simplicity”, and wired earphones were gradually replaced by wireless Bluetooth earphones. However, both of the large and small speakers are included in the scope of business of the Company. Technologies emerged because of humanity. The Company always follows the trend and keeps abreast with the times to go forward together with our clients by introducing products with new forms, new technologies and new applications, including artificial intelligence smart audio. Therefore, there are no material adverse impact of changes in technologies and industry on the financial position of the Company.

As our business is audio-visual peripheral products, not main unit or computer/mobile phone products, there is no risk of hacking and even if there is a security problem, we are not directly dealing with consumers. As for information security risks on the production side and the Company's operations, the data side is outsourced to Chunghwa Telecom's server room and cloud and is backed up on a regular basis. The software used is regularly backed up with legal copyrighted products and regular preventive measures are in place. Therefore, we can ensure that the information security risk is not a concern.

(6) The impact of changes in corporate image on the risk management of the Company and future countermeasures

The Company is an OEM/ODM/JDM manufacturer of speaker system. Since its establishment, it focused on the operation of its main business and providing one-stop full-service acoustic solutions. The Company has the most comprehensive team in audio, structure and speaker development and engineering, and establishes good and long-term relationship with the clients of the brand. The operating results and reputation of the Company are good. Therefore, the Company should have no issue of corporate risk brought by the changes in corporate image.

(7) The expected resultant benefits, potential risks and countermeasures of implementation of mergers and acquisitions

The sale of the two companies in the Huiyang area, Eastech Electronics (Huiyang) and Eastech Electronics, to non-related parties outside the Group was completed in December 2021, and all of their businesses and customers were transferred to Eastech. The consolidation of the Group's internal organization has been completed, and the dual bases of the North Vietnam plant and the regionalized short chain of supply chains have been developed in response to the geopolitical situation. The sale of the Group's shares is part of the Group's industrial layout. In addition to asset-light R&D, smart manufacturing and strengthening of the Company's core competencies, the Group has been able to diversify its customers and businesses, and to replace its price-competitive corporate transformation with differentiated products and niche markets.

(8) The expected benefits and potential risks of plant expansion and countermeasures

In response to the US-China trade war and geopolitical influences, we have set up a factory in Hai Duong Province in northern Vietnam for optimal allocation of production resources. Phase I of the Vietnam plant has been completed and is planned to be an outsourced processing plant for the mainland plant. Phase II of the plant is a one-stop, all-in-one operation, which is independent of the mainland plant and operates on a dual track. In addition to optimizing the allocation of production resources, we can also provide a wide range of options for our customers by collaborating on production and sales support.

(9) Risks and countermeasures for purchasing or sales concentration

1. The risks and countermeasures of concentration of purchasing:

In 2023, there are no companies which account for over 5% of the purchasing of the Company. The speakers industry has become mature with various upstream supplying plants and sufficient resources, and thus the risk of supply interruption is minor. Overall, there is no risk of over-concentration on purchasing.

2. The risks and countermeasures of concentration of sales of goods:

The Company is a specialist loudspeaker system manufacturer and ships to international brand name customers or their appointed OEMs. In addition to our

close working relationship with our branded customers, over 90% of our operating income is generated from the production of products specified by our international branded customers. However, as the Company's customers are all international brands of audio-visual electronics and the Company is an important supplier of speakers/acoustic products to the aforementioned major brands of audio-visual electronics, the international manufacturers have a considerable degree of reliance on the Company. The Company is not exposed to the risk of concentration of sales, as the Company has been a strategic partnership for decades based on quality, delivery and cooperation, and international majors are less likely to change their supply chains.

- (10) The impacts, risks and countermeasures of a large number of shares transferred or replaced by directors, supervisors or shareholders holding more than 10% of the Shares of the Company: Nil.**
- (11) The impacts, risks and countermeasures of changes in operating rights of the Company: Nil.**
- (12) Litigation or non-litigation events - major litigation, non-litigation or administrative arbitration event which involves the Company and its directors, supervisors, presidents, actual responsible person, major shareholders holding more than 10% of the shares and its subsidiaries with judgment confirmed or still in litigation, and its consequences may have material impact on the interests of shareholders or security prices:**

Eastech Electronics (Taiwan) Inc. (“ETT”), a subsidiary of the Company, received a consumer lawsuit from the U.S. in September 2022, in which ETT was listed as one of the co-defendants, along with thrift stores and brand owner. As the Court lacks specific jurisdiction over ETT, the plaintiffs have agreed to remove ETT from the list of defendants. The insurance company that underwrites ETT’s product liability insurance is in the process of defending the lawsuit and handling the litigation, and as of 31 December 2023, there is not yet any specific amount to be claimed. With ETT’s extinction since the merger of ETT and Eastech Innovations (TW) Inc. (“ETW”) that took place on 28 September 2023, the final outcome of the lawsuit is still being dealt with by the surviving company, ETW, and therefore, it has no significant impact on the financial and business operations of the Group at this time.

Eastech (Huizhou) Co., Ltd. (“EAHZ”), a subsidiary of the Company, had purchased defective chips from Sunplus Technology Co., Ltd. (“Sunplus Technology”) of which were defective, causing the products manufactured by EAHZ to malfunction. In order to protect its rights, EAHZ has authorised the Group's subsidiary in Taiwan, ETW, to file a civil lawsuit for compensation against Sunplus Technology. As at the end of the fourth quarter of 2023, the Group has provided full provision for losses in respect of the aforesaid related products and therefore does not expect the litigation to have a material impact on the Group's financial.

- (13) Other important risks and countermeasures: Nil.**

7. Other significant matters: Nil.

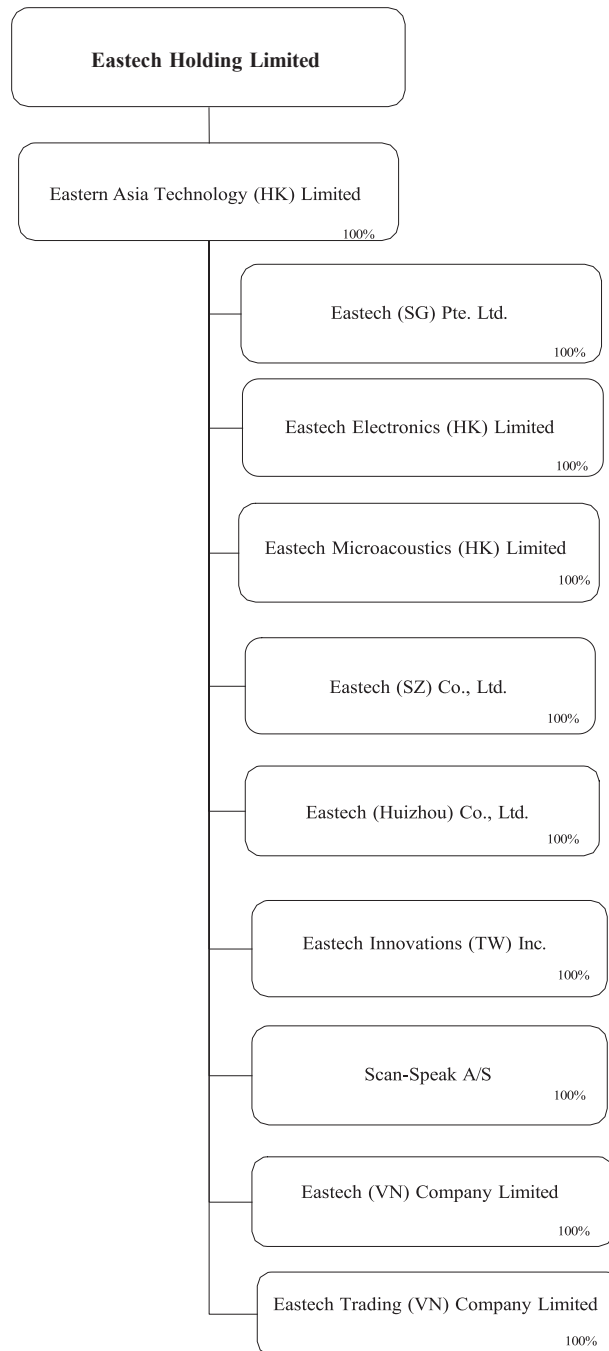
VIII. SPECIAL DISCLOSURE

1. Information on affiliates for the latest year

(a) Consolidated business reports of affiliated enterprises

1. Affiliated enterprises diagram

31 December 2023



2. Basic information of each affiliated enterprises

31 December 2023 Unit: dollar

Company	Date of Establishment	Contact Address	Paid-in capital	Principal Business or Products
EAH	12 January 1988	Unit 906, 9/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong	HKD 80,000,000	Sale of speaker systems and headphones
EAHZ	07 November 2002	Dong Fong District, Xinxu, Hui Yang, Huizhou City, Guangdong, China	USD 19,302,896	Manufacture, assembly and sale of speaker systems and accessories, headphones, smart speakers and audio/video electronic home entertainment systems
ESZ	13 November 2013	801-802, International Science & Technology Building, No. 3007 Shennan Middle Road, Futian Street Funan Community, Shenzhen, Guangdong, China	RMB 2,000,000	Import and export trading of audio accessories, machinery and equipment, etc.
ScS	30 August 1983	N.C. Madsensvej 1, 6920 Videbaek, Denmark	DKK 1,320,045	Research and development, production and sale of high-end unit transducers
ETH	14 March 1996	Unit 906, 9/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong	HKD 80,000,000	Sale of smart speakers and audio/video electronic home entertainment systems and headphones
ESG	04 October 2017	1 Pemimpin Drive, #08-06 One Pemimpin, Singapore	SGD 50,000	Research and development of system frameworks/new product concepts/state-of-the-art products and sound and acoustic advanced technology
EAVN	25 January 2019	Lot B2-4, Cong Hoa Industrial Park, Cong Hoa Ward, Chi Linh City, Hai Duong Province, Vietnam	USD 8,000,000	Production, assembly and sale of unit speakers/ Bluetooth speakers and headphones
EMH	30 August 2019	Unit 906, 9/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong	HKD 100,000	Sale of headphones and AV products
ETW	2 July 2020	8/F.-1 No. 188, Baoqiao Road, Xindian District, New Taipei City, Taiwan R.O.C.	NTD 215,000,000	New technology development and product design development
ETV	10 July 2021	Lot B2-4, Cong Hoa Industrial Park, Cong Hoa Ward, Chi Linh City, Hai Duong Province, Vietnam	USD 200,000	Sale of speaker systems and headphones

3. Presumption of relationship of control or subordination, information of the shareholders in common: Nil.
4. The industries covered by the business of the overall affiliated company
 - (1) The business operations of the Company and its affiliates include: manufacture and sale of speaker systems and headphones products; design, manufacture and sale of high-end/ smart speakers and audio/video electronic home entertainment systems; research and development of system architecture/new product concept/state-of-the-art products and sound and acoustic advanced technology.
 - (2) Details of segregation of functions:

Company Name	Principal business or production items	Details of segregation of functions
EAH	Investment holding, trading	Holding company, trading of audio products
EAHZ	Production of audio products, electronic products and earphone products	Production of audio products and earphone products as well as domestic sale in China and sales to affiliated companies
ESZ	Import and export of audio products and materials	Audio products, materials and mechanical equipment import and export business
ScS	Transducer manufacture and processing, sale of self-brand products	Transducer speakers manufacture and processing, sale of Danish self-brand products
ETH	Trading of electronic products	Receiving trade orders and sale of audio products
ESG	Development and design of electronic products	Singapore R&D center
EAVN	Production of various audio and electronic products	Production of audio products and its domestic and export sale
EMH	Sale of earphone products	Sale and trading of earphone products
ETW	Research, development and design on acoustic technology	Taiwan R&D Centre
ETV	Sale of audio and electronic products	Domestic sale of audio and electronic products in Vietnam

5. Operational results of each affiliate enterprise

31 December 2023; Unit: except the amount of capital is denominated in foreign currency, the rest are denominated in NTD thousands

Company	Amount of capital	Total Assets	Total Liabilities	Net Assets	Operating revenue	Operating profit (loss)	Current profit and loss	Earnings (loss) per share (dollar)
EAH	HKD80,000,000	2,426,555	690,809	1,735,746	4,909,053	60,121	202,220	2.53
EAHZ	USD19,302,896	2,230,103	1,695,768	534,335	5,171,778	21,691	50,904	N/A
ESHY	N/A	-	-	-	50,932	6,973	4,552	N/A
ESZ	RMB 2,000,000	432,006	391,644	40,362	991,903	9,034	12,892	N/A
ScS	DKK1,320,045	158,912	38,909	120,003	196,976	10,186	7,298	5.53
ETT	N/A	-	-	-	-	(31,845)	20,840	N/A
ETH	HKD 80,000,000	2,263,482	1,422,189	841,293	5,526,522	134,103	79,069	0.69
ESG	SGD50,000	8,545	3,847	4,698	-	(18,956)	1,066	21.32
EAVN	USD8,000,000	1,902,084	1,255,829	646,255	4,531,162	313,024	312,918	N/A
EMH	HKD100,000	1,935	28	1,907	-	(1)	6	0.06
ETW	NTD215,000,000	259,183	23,458	235,725	-	(36,236)	48,479	2.25
ETV	USD200,000	5,883	42	5,841	-	(75)	344	N/A

Note: Limited company without shares.

6. Information of directors, supervisors and general managers of each affiliate enterprise

Company	Position	Name or representative	Shareholding	
			No. of shares (shares)	Percentage of Shareholding (%)
Eastern Asia Technology (HK) Limited	Director	Pai Chin Chang	0	0
	Director	Wong Kar Sue	0	0
Eastech (Huizhou) Co., Ltd.	Director	Liou Jenq Lin	0	0
	Director	Hui Man Wai	0	0
	Director	Lin Ji Xiong	0	0
	Supervisor	Lam Pui Man	0	0
Eastech (SZ) Co., Ltd.	Director	Lam Pui Man	0	0
	Director	Hui Man Wai	0	0
	Director	Lin Ji Xiong	0	0
	Supervisor	Teng Chiou Shiang	0	0
Scan-Speak A/S	Director	Liou Jenq Lin	0	0
	Director	Chang Tung I	0	0
	Director	Teng Chiou Shiang	0	0
	Director	Jennifer Liou Emmert	0	0
Eastech Electronics (HK) Limited	Director	Liou Jenq Lin	0	0
	Director	Lam Pui Man	0	0
Eastech (SG) Pte. Ltd.	Director	Lee Kheng Wee	0	0
Eastech Microacoustics (HK) Limited	Director	Lam Pui Man	0	0
	Director	Teng Chiou Shiang	0	0
Eastech Innovations (TW) Inc.	Director	Representative of Eastern Asia Technology (HK) Limited: Chang Tung I	0	0
	Director	Representative of Eastern Asia Technology (HK) Limited: Teng Chiou Shiang	0	0
	Director	Representative of Eastern Asia Technology (HK) Limited: Chang Po Chao	0	0
	Supervisor	Representative of Eastern Asia Technology (HK) Limited: Lam Pui Man	0	0

(b) **Consolidated financial statements of affiliated enterprises:** same with the consolidated financial statements, please refer to pages (161 to 229).

(c) **Declaration on consolidated statement:** not applicable.

2. **Private placement of securities during the latest year and as of the date of issue of annual report: nil.**

3. **The Company's shares held or disposed of by subsidiaries during the latest year and as of the date of issue of annual report**

Unit: NTD thousands; shares; %

Subsidiary (note 1)	Paid-in capital	Source of funds	Shareholding percentage of the Company	Date of acquisition or disposal	Number of shares acquired and amount	Number of shares disposed of and amount	Investment gains or losses	Number of shares held and amount as at the publication date of the annual report (note 2)	Creation of pledge	Endorsement and guarantee amount for subsidiaries by the Company	Loans to subsidiaries by the Company
Eastech Innovations (Taiwan) Inc.	215,000	Self-owned funds	100%	Acquired in September 2023	453,000 shares and \$26,772	0	0	Number of shares: 453,000 shares Amount: 54,360	0 share	0	0

Note 1: Note 1: The merger of two 100%-owned sub-subsidiaries, ETW and ETT, causing ETT as the extinguished company and ETW as the surviving company on the merger date of 28 September 2023, with ETW taking over the shares of the Company previously held by ETT.

Note 2: Based on the closing price of NT\$120 on 29 March 2024.

4. **Other required supplementary notes: nil.**

5. **Matters which have a significant impact on shareholders' equity or securities prices as stipulated in Article 36(3)(ii) of the Securities and Exchange Act during the latest year and as of the date of issue of annual report: Nil.**

6. Explanation for significant discrepancy with national regulations on shareholders' rights protection:

Important matters for shareholders' rights protection	Provisions under the Articles of Association and explanation for discrepancy
<ol style="list-style-type: none"> 1. A general meeting shall be convened at least once per year; it shall be held within six months after the end of each accounting year. The shareholders' meeting shall be convened by the Board. 2. The Articles of Association may specify that meetings of shareholders shall be held via video conference or other means announced by the competent authority under the Company Law of the ROC. However, for reason of natural disasters, accidents or other force majeure, the competent authority under the Company Law of the ROC may announce that the Company may hold meeting via video conference or other means as announced which is not provided for in the Articles of Association within a specified period of time. 3. If a general meeting is held via video conference, shareholders who participate in the meeting by video communication are deemed to be present in person. 4. The conditions, procedures and other matters to be complied with by the Company in connection with the holding of a shareholders' meeting via video conference shall be in accordance with the Securities and Exchange Act of the ROC. 5. The Company shall hold a physical general meeting in the ROC. If a physical general meeting is held outside of the ROC, it should be reported to the stock exchange for consent within two days after the Board has resolved or the shareholders have obtained permission from the competent authority to convene the meeting. 	<p>The Board of the Company has proposed an amendment to the 2022 Annual General Meeting for the shareholders' rights protection as amended in March 2022.</p>

Important matters for shareholders' rights protection	Provisions under the Articles of Association and explanation for discrepancy
<p>6. A shareholder holding at least one percent of the total number of issued shares may submit a resolution to the Company for an ordinary general meeting in writing or by electronic means. The Board shall include the resolution as a resolution, except when the resolution is not a resolution of the general meeting, when the proposing shareholder holds less than one percent of the shares, when the resolution is submitted outside of the announcement for submission period, when the resolution exceeds 300 words, or when more than one resolution is proposed. The Board may also include a resolution from shareholder to urge the Company to promote the public interest or to fulfill its social responsibility.</p> <p>7. A shareholder who has held at least three percent of the total number of issued shares for at least one year may request the Board to convene an extraordinary meeting of shareholders in writing and stating the matters and reasons for proposing the resolution. If the Board does not give notice of convening the meeting within 15 days after the requisition is made, the shareholder may report to the competent authority for permission to convene the meeting on his or her own.</p> <p>8. Shareholders who hold more than half of the total number of issued shares for more than three months may convene an extraordinary general meeting on their own. The period and number of shares held by such shareholders shall be calculated based on the shares held at the time of closure of share transfer.</p>	

Important matters for shareholders' rights protection	Provisions under the Articles of Association and explanation for discrepancy
<p>9. The major contents of the following matters shall be set out in the notice of the reasons for convening the general meeting, and shall not be raised by provisional motion (the major contents of which shall be published on the websites designated by the competent authorities or the company, and the website link shall be set out in the notice):</p> <ol style="list-style-type: none"> (1) Election or dismissal of directors and supervisors; (2) Alteration of the Articles of Association; (3) Reduction of capital; (4) Application for the ceasing of public issue; (5) Dissolution, merger, conversion of shares and demerger of the company; (6) Enter into, amend, or terminate any contract for lease of the company's entire business, or for entrusted business, or for regular joint operation with others; (7) Assignment of the whole or any essential part of its business or assets; (8) Taking up of the whole business or assets of other parties which has great significance on the business operation of the company; (9) Private placement of quoted equity securities; (10) Approval of engagement in competing activities with the company by directors; (11) Distribution of whole or part of the dividends and bonuses by way of issuing new shares; (12) Distribution of statutory surplus reserve and capital reserve arising from share issue at a premium or gift or donation to the original shareholders by way of issuing new shares or cash. 	

Important matters for shareholders' rights protection	Provisions under the Articles of Association and explanation for discrepancy
<ol style="list-style-type: none"> 1. When the Company convenes a general meeting, written and electronic means shall be included as one of the means of exercising the right to vote. 2. When the Company exercises its voting rights in writing or by electronic means, the method of exercise shall be set out in the notice of convening the general meeting. A shareholder who exercises his voting rights in writing or by electronic means shall be deemed to be present in person at the general meeting. However, a shareholder shall be deemed to have abstained from voting on extempore motion and an amendment to an original resolution at that meeting. 	<p>The Board of the Company has proposed an amendment to the 2022 Annual General Meeting for the shareholders' rights protection as amended in March 2022.</p>
<ol style="list-style-type: none"> 1. A shareholder who votes against or abstains from voting at a general meeting may request the Company to purchase all of his or her shares for the reasons set forth in item 1 in paragraph 1. If no agreement is reached between the shareholder and the Company on the purchase price within 60 days from the date of the resolution at the general meeting, the Company shall, within 30 days of the expiration of this period, apply to the court, with all shareholders who have not reached an agreement as opponents, for a determination of the price, and the Taipei District Court of Taiwan shall be the court of first instance. 2. The number of shares in respect of which voting rights have been abstained from as aforesaid shall not be counted towards the votes of the members present. 	<p>The Board of the Company has proposed an amendment to the 2023 Annual General Meeting for the shareholders' rights protection as amended in January 2023.</p>
<p>Where a director of the Company has personal interest in a matter at the Board meeting, he/she shall state the materiality of his/her personal interest at that Board meeting. In the event of a merger or acquisition, the directors of the Company shall explain to the Board and the general meeting the materiality of their interest in the merger or acquisition and the reasons for or against the resolution of the merger or acquisition, and the Company shall state the materiality of the directors' interest and the reasons for or against the resolution of the merger or acquisition in the grounds for convening the general meeting, which may be placed on the website designated by the securities authority of the ROC or the Company, and the website address shall be included in the notice.</p>	<p>The Board of the Company has proposed an amendment to the 2023 Annual General Meeting for the shareholders' rights protection as amended in January 2023.</p>

Eastech Holding Limited

Chairman Representative of Eastech
 Innovations (Taiwan) Inc.:
 Liou Jenq Lin