

**TAIWAN SURFACE MOUNTING  
TECHNOLOGY CORP.  
PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITORS'  
REPORT  
DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Taiwan Surface Mounting Technology Corp.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Taiwan Surface Mounting Technology Corp. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in 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 judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements of the current period are stated as follows:

#### **Existence of revenues of the newly top 10 significant customers**

##### Description

Please refer to Note 4(25) for accounting policy on recognition of revenue and Note 6(18) for details of sales revenue.

Considering that the customers' demand has changed, the Company adjusted its product type.

There were changes in sales customers resulting from changes in market demand and introduction of new products. As the sales revenue from the newly top 10 significant customers are significant to parent company only financial statements, we consider the existence of sales revenue from the newly top 10 significant customers a key audit matter.

##### How our audit addressed the matter:

We performed the following audit procedures on the above key audit matter:

- A. Obtained the evaluation data of the newly top 10 significant customers, completed an understanding of the Company's transaction counterparties, and assessed new transaction counterparties based on the internal controls.
- B. Obtained detailed listing of sales revenue, performed detailed tests for the newly top significant customers and verified relevant evidences including customer sales invoices, purchase orders and delivery documents.

- C. Inspected contents and relevant evidences of the newly top 10 significant customers in relation to sales returns and discounts occurring subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognised.

## **Valuation of allowance for inventory valuation losses**

### Description

For a description of the accounting policy on inventory valuation, please refer to Note 4(11); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for information on the allowance for inventory valuation losses, please refer to Note 6(6).

As of December 31, 2023, the Company's inventories and allowance for inventory valuation losses amounted to NT \$1,069,572 thousand and NT \$263,411 thousand, respectively. The Company is primarily engaged in design, processing, manufacturing and trading of TFT-LCD panels, general electronic information products and PCB surface mount packaging. In addition, the Company also manufactured made-to-order products. Taking into consideration that those products have short life spans and are affected by the fluctuating market price of TFT-LCD panels, there is a higher risk of inventory losses due to market value decline or obsolescence. Inventories are stated at the lower of cost and net realisable value. The net realisable value which was used in the individual identification and valuation of allowance for inventory valuation losses, involved subjective judgment and uncertainty of estimation. As the Company's inventory and allowance for inventory valuation losses are significant to financial statements, as well as being significant to the Company's subsidiaries, which are recognised as investments accounted for using equity method, we identified inventory valuation loss as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the Company's operations and the characteristics of its industry.
- B. Understood the Company's warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
- C. Verified whether the inventory aging report that were used to assess obsolete and slow-moving inventories was correct, including changes in inventories being classified according to inventory aging.
- D. Checked the appropriateness of the estimation basis adopted by the Company for the evaluation of net realisable value, verified accuracy of inventory selling and purchase prices and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

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

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

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

***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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.

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LIN, KUAN-HUNG

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Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 3,343,762	8	\$ 5,185,644	12
1136	Current financial assets at amortised cost	6(4)	3,224,550	8	1,904,020	4
1150	Notes receivable, net	6(5)	201	-	-	-
1170	Accounts receivable, net	6(5)	2,879,753	7	5,736,336	13
1180	Accounts receivable - related parties	7	50,742	-	126,441	-
1200	Other receivables		51,691	-	65,789	-
1210	Other receivables - related parties	7	2,710,315	6	4,198,400	10
130X	Inventories	6(6)	806,161	2	1,248,572	3
1410	Prepayments		49,734	-	88,204	-
11XX	<b>Current Assets</b>		<u>13,116,909</u>	<u>31</u>	<u>18,553,406</u>	<u>42</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	109,580	-	157,716	-
1550	Investments accounted for under equity method	6(7)	26,542,417	64	23,481,957	53
1600	Property, plant and equipment	6(8)	1,640,336	4	1,612,964	4
1755	Right-of-use assets	6(9)	16,528	-	12,257	-
1840	Deferred income tax assets	6(25)	74,773	-	120,644	-
1920	Guarantee deposits paid		1,630	-	1,630	-
1990	Other non-current assets, others		140,749	1	258,124	1
15XX	<b>Non-current assets</b>		<u>28,526,013</u>	<u>69</u>	<u>25,645,292</u>	<u>58</u>
1XXX	<b>Total assets</b>		<u>\$ 41,642,922</u>	<u>100</u>	<u>\$ 44,198,698</u>	<u>100</u>

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**TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(11)	\$ 4,370,000	10	\$ 3,721,928	8
2120	Financial liabilities at fair value through profit or loss - current	6(2)	5,129	-	8,606	-
2130	Current contract liabilities	6(18)	114,510	-	106,048	-
2150	Notes payable		6,671	-	13,994	-
2170	Accounts payable		2,675,525	6	4,726,722	11
2180	Accounts payable - related parties	7	6,897,501	17	7,480,805	17
2200	Other payables		1,111,086	3	1,087,704	3
2220	Other payables - related parties	7	6	-	317	-
2230	Current income tax liabilities	6(25)	327,749	1	281,284	1
2280	Current lease liabilities		7,311	-	9,481	-
2320	Long-term liabilities, current portion	6(13)	31,250	-	-	-
2399	Other current liabilities, others	6(12)	3,249,766	8	3,250,404	7
21XX	<b>Current Liabilities</b>		<u>18,796,504</u>	<u>45</u>	<u>20,687,293</u>	<u>47</u>
	<b>Non-current liabilities</b>					
2540	Long-term borrowings	6(13)	1,718,750	4	2,450,000	6
2570	Deferred income tax liabilities	6(25)	1,137,344	3	1,287,260	3
2580	Non-current lease liabilities		9,330	-	2,883	-
2640	Net defined benefit liability, non-current	6(14)	66,711	-	74,796	-
2645	Guarantee deposits received		30	-	30	-
2650	Credit balance of investments accounted for using equity method	6(7)	96,135	-	80,116	-
25XX	<b>Non-current liabilities</b>		<u>3,028,300</u>	<u>7</u>	<u>3,895,085</u>	<u>9</u>
2XXX	<b>Total Liabilities</b>		<u>21,824,804</u>	<u>52</u>	<u>24,582,378</u>	<u>56</u>
	<b>Equity</b>					
	Share capital	6(15)				
3110	Share capital - common stock		2,923,984	7	2,923,984	7
	Capital surplus	6(16)				
3200	Capital surplus		2,505,920	6	2,505,888	5
	Retained earnings	6(17)				
3310	Legal reserve		2,576,021	6	2,171,627	5
3320	Special reserve		443,085	1	1,919,512	4
3350	Unappropriated retained earnings		11,778,778	28	10,238,395	23
	Other equity interest					
3400	Other equity interest		(409,670)	-	(143,086)	-
3XXX	<b>Total equity</b>		<u>19,818,118</u>	<u>48</u>	<u>19,616,320</u>	<u>44</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 41,642,922</u>	<u>100</u>	<u>\$ 44,198,698</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(18) and 7	\$ 15,268,490	100	\$ 29,810,471	100
5000	Operating costs	6(6)(23)(24) and 7	( 13,919,753)	( 91)	( 27,831,276)	( 93)
5900	Net operating margin		<u>1,348,737</u>	<u>9</u>	<u>1,979,195</u>	<u>7</u>
	Operating expenses	6(23)(24)				
6100	Selling expenses		( 44,037)	-	( 46,361)	-
6200	General and administrative expenses		( 527,374)	( 4)	( 616,329)	( 2)
6300	Research and development expenses		( 82,028)	( 1)	( 82,929)	( 1)
6000	Total operating expenses		( 653,439)	( 5)	( 745,619)	( 3)
6900	Operating profit		<u>695,298</u>	<u>4</u>	<u>1,233,576</u>	<u>4</u>
	Non-operating income and expenses					
7100	Interest income	6(19)	224,308	2	55,491	-
7010	Other income	6(20) and 7	80,308	1	77,408	-
7020	Other gains and losses	6(21)	61,332	-	135,023	1
7050	Finance costs	6(22)	( 111,670)	( 1)	( 64,895)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)				
			<u>1,820,941</u>	<u>12</u>	<u>3,177,916</u>	<u>11</u>
7000	Total non-operating income and expenses		<u>2,075,219</u>	<u>14</u>	<u>3,380,943</u>	<u>12</u>
7900	<b>Profit before income tax</b>		<u>2,770,517</u>	<u>18</u>	<u>4,614,519</u>	<u>16</u>
7950	Income tax expense	6(25)	( 263,501)	( 1)	( 572,599)	( 2)
8000	<b>Profit for the year from continuing operations</b>		<u>2,507,016</u>	<u>17</u>	<u>4,041,920</u>	<u>14</u>
8200	<b>Profit for the year</b>		<u>\$ 2,507,016</u>	<u>17</u>	<u>\$ 4,041,920</u>	<u>14</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial gains on defined benefit plan	6(14)	\$ 8,122	-	\$ 2,018	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 48,136)	-	( 88,391)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)	( 3,123)	-	-	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 43,137)	-	( 86,373)	-
	<b>Components of other comprehensive loss that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(7)	( 215,325)	( 2)	1,564,818	5
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		( 215,325)	( 2)	1,564,818	5
8300	<b>Other comprehensive (loss) income for the year</b>		<u>( \$ 258,462)</u>	<u>( 2)</u>	<u>\$ 1,478,445</u>	<u>5</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 2,248,554</u>	<u>15</u>	<u>\$ 5,520,365</u>	<u>19</u>
	Basic earnings per share	6(26)				
9750	Total basic earnings per share		<u>\$ 8.57</u>		<u>\$ 13.82</u>	
	Diluted earnings per share	6(26)				
9850	Total diluted earnings per share		<u>\$ 8.50</u>		<u>\$ 13.65</u>	

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Year 2022</u>									
Balance at January 1, 2022		\$ 2,923,984	\$ 2,515,112	\$ 1,837,594	\$ 1,913,137	\$ 8,289,255	(\$ 1,567,225)	(\$ 52,288)	\$ 15,859,569
Profit for the year		-	-	-	-	4,041,920	-	-	4,041,920
Other comprehensive income (loss) for the year		-	-	-	-	2,018	1,564,818	( 88,391)	1,478,445
Total comprehensive income (loss)		-	-	-	-	4,043,938	1,564,818	( 88,391)	5,520,365
Appropriation and distribution of 2021 retained earnings:	6(17)								
Legal reserve		-	-	334,033	-	( 334,033)	-	-	-
Special reserve		-	-	-	6,375	( 6,375)	-	-	-
Cash dividends		-	-	-	-	( 1,754,390)	-	-	( 1,754,390)
Unclaimed dividends past due	6(16)	-	38	-	-	-	-	-	38
Changes in investees' capital not recognized by shareholding percentage under equity method	6(7)(16)	-	( 9,262)	-	-	-	-	-	( 9,262)
Balance at December 31, 2022		\$ 2,923,984	\$ 2,505,888	\$ 2,171,627	\$ 1,919,512	\$ 10,238,395	(\$ 2,407)	(\$ 140,679)	\$ 19,616,320
<u>Year 2023</u>									
Balance at January 1, 2023		\$ 2,923,984	\$ 2,505,888	\$ 2,171,627	\$ 1,919,512	\$ 10,238,395	(\$ 2,407)	(\$ 140,679)	\$ 19,616,320
Profit for the year		-	-	-	-	2,507,016	-	-	2,507,016
Other comprehensive income (loss) for the year		-	-	-	-	8,122	( 215,325)	( 51,259)	( 258,462)
Total comprehensive income (loss)		-	-	-	-	2,515,138	( 215,325)	( 51,259)	2,248,554
Appropriation and distribution of 2022 retained earnings:	6(17)								
Legal reserve		-	-	404,394	-	( 404,394)	-	-	-
Special reserve		-	-	-	( 1,476,427)	1,476,427	-	-	-
Cash dividends		-	-	-	-	( 2,046,788)	-	-	( 2,046,788)
Unclaimed dividends past due	6(16)	-	32	-	-	-	-	-	32
Balance at December 31, 2023		\$ 2,923,984	\$ 2,505,920	\$ 2,576,021	\$ 443,085	\$ 11,778,778	(\$ 217,732)	(\$ 191,938)	\$ 19,818,118

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,770,517	\$ 4,614,519
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(8)(9)(23)	202,814	177,857
Loss on valuation of financial liabilities at fair value through profit or loss	6(2)	5,129	8,606
Interest expense	6(22)	111,670	64,895
Interest income	6(19)	( 224,308 )	( 55,491 )
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)		
Gain on disposal of property, plant and equipment	6(21)	( 1,820,941 )	( 3,177,916 )
Gain on impairment on property, plant and equipment	6(10)(21)	( 2,466 )	( 3,647 )
		-	( 614 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 201 )	-
Accounts receivable, net		2,856,583	1,571,429
Accounts receivable - related parties		75,699	( 80,647 )
Other receivables		24,534	( 32,294 )
Other receivables - related parties		1,488,085	1,790,643
Inventories		442,411	( 249,134 )
Prepayments		38,470	( 24,498 )
Changes in operating liabilities			
Current contract liabilities		8,462	( 16,601 )
Notes payable		( 7,323 )	87
Accounts payable		( 2,051,197 )	324,937
Accounts payable - related parties		( 583,304 )	( 2,095,696 )
Other payables		22,604	308,310
Other payables - related parties		( 311 )	317
Other current liabilities, others		( 638 )	3,129,889
Net defined benefit liabilities - non-current		37	( 102 )
Cash inflow generated from operations		3,356,326	6,254,849
Interest received		213,872	45,156
Dividends received	6(7)	607,692	-
Interest paid		( 112,084 )	( 61,848 )
Income taxes paid		( 321,081 )	( 329,795 )
Net cash flows from operating activities		<u>3,744,725</u>	<u>5,908,362</u>

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in valuation of financial liabilities at fair value through profit or loss		(\$ 8,606 )	\$ -
Acquisition of financial assets at amortised cost		( 8,848,722 )	( 2,559,020 )
Proceeds from repayments of financial asset at amortised cost		7,528,192	655,000
Acquisition of investments accounted for using equity method	6(7)	( 2,049,640 )	( 408,800 )
Acquisition of property, plant and equipment	6(27)	( 93,397 )	( 155,899 )
Proceeds from disposal of property, plant and equipment	6(8)	19,382	10,528
Increase in other non-current assets		( 22,982 )	( 230,353 )
Net cash flows used in investing activities		( 3,475,773 )	( 2,688,544 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	11,597,232	12,327,008
Decrease in short-term borrowings	6(28)	( 10,949,160 )	( 13,144,740 )
Cash dividends paid	6(17)	( 2,046,788 )	( 1,754,390 )
Proceeds from long-term borrowings	6(28)	1,200,000	2,300,000
Repayments of long-term borrowings	6(28)	( 1,900,000 )	( 1,550,000 )
Unclaimed dividends past due	6(16)	32	38
Repayments of principal portion of lease liabilities	6(28)	( 12,150 )	( 11,968 )
Net cash flows used in financing activities		( 2,110,834 )	( 1,834,052 )
Net (decrease) increase in cash and cash equivalents		( 1,841,882 )	1,385,766
Cash and cash equivalents at beginning of year	6(1)	5,185,644	3,799,878
Cash and cash equivalents at end of year	6(1)	\$ 3,343,762	\$ 5,185,644

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- A. Taiwan Surface Mounting Technology Corp. (the “Company”) was incorporated as a company in March 1990. The Company is primarily engaged in design, processing, manufacturing and trading of TFT-LCD panels, general electronic information products and PCB surface mount packaging.
- B. On March 12, 2004, the Company’s common stock was officially listed on the Taipei Exchange approved by the Financial Supervisory Commission. In July 2010, the Company’s common stock was officially listed on the Taiwan Stock Exchange Corporation approved by the Financial Supervisory Commission. The Company has officially terminated trading on the Taipei Exchange, and was listed on the Taiwan Stock Exchange Corporation since August 24, 2010.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards that came into effect as endorsed by the FSC but not yet adopted by the Group

New standards interpretations and amendments that came into effect as endorsed by the FSC effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretation have no significant impact to the Company's financial condition and financial performance based on Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.



(1) Compliance statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former associate after losing significant influence over the former associate, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

## (4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the standard cost method. Variances are recorded to show the difference between the expected and actual costs, which will be allocated to operating cost and ending inventory at end of year. Allocated actual cost is approaching the actual cost assessed under weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method/subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- J. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- L. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Property, plant and equipment subsequently apply cost model. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be separately depreciated by using the straight-line to allocate their cost over their estimated useful lives.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20~50 years
Machinery and equipment	2~10 years
Other facilities	5~10 years

(14) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date;
  - (c) Any initial direct costs incurred by the lessee; and
  - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

Intangible assets are computer software is amortised using the straight-line method over 2 years.

(16) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.



(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
  - (a) Hybrid (combined) contracts; or
  - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
  - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' remuneration

Employees' and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

- A. The Company manufactures and sells products in relation to TFT-LCD panels and PCB surface mount packaging on general electronic information products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue is measured at the contract price taking into account of business tax, sales returns and discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the sales are made with a credit term of 30 days to 90 days when control of the products has been transferred, which is consistent with market practice.
- C. A receivable is recognised when control of the products has been transferred to the customer. As this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$806,161.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 294	\$ 405
Demand deposits	3,343,468	4,693,879
Time deposits	-	491,360
	<u>\$ 3,343,762</u>	<u>\$ 5,185,644</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

C. In accordance with IFRS Q&A amended by the Competent Authority on January 15, 2024, the Company reclassified the undrawn balance of deposits account for offshore funds which applies “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” as cash and cash equivalents, refer to Note 6(4) for details.

(2) Financial assets/liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial liabilities held for trading		
Cross currency swap	<u>\$ 5,129</u>	<u>\$ 8,606</u>

A. Amounts recognised in profit or loss in relation to financial assets/liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss and financial assets/liabilities held for trading		
Cross currency swap—settled gain or loss	\$ 4,372	\$ 939
Forward foreign exchange contracts -settled gain or loss	453	-
Cross currency swap—valuation gain or loss	( 5,129)	( 8,606)
Total	<u>(\$ 304)</u>	<u>(\$ 7,667)</u>

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative financial instruments	December 31, 2023	
	Contract amount (notional principal)	Contract period
Current items:		
Cross currency swap	\$ 94,500	2023.11.21~2024.2.26
Cross currency swap	94,500	2023.11.21~2024.2.26
Cross currency swap	<u>63,200</u>	2023.11.24~2024.2.29
	<u>\$ 252,200</u>	
Derivative financial instruments	December 31, 2022	
	Contract amount (notional principal)	Contract period
Current items:		
Cross currency swap	\$ 96,270	2022.10.21~2023.01.31
Cross currency swap	64,320	2022.10.28~2023.01.03
Cross currency swap	<u>156,750</u>	2022.11.11~2023.02.15
	<u>\$ 317,340</u>	

The Company entered into cross currency swap contracts relating to derivative financial instruments to hedge exchange rate risk of foreign currency assets. However, these cross currency swap contracts derivative instruments are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	\$ 290,896	\$ 290,896
Unlisted stocks	7,500	7,500
Valuation adjustment	(188,816)	(140,680)
	\$ 109,580	\$ 157,716

- A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$109,850 and \$157,716 as at December 31, 2023 and 2022, respectively.
- B. For the years ended December 31, 2023 and 2022, the Company recognised financial assets at fair value through other comprehensive income in comprehensive income (loss) amounting to (\$48,136) and (\$88,391), respectively.
- C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$109,850 and \$157,716, respectively.
- D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over 3 months	\$ 3,224,550	\$ 1,904,020

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2023	2022
Interest income	\$ 134,561	\$ 12,924

- B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$3,224,550 and \$2,023,435, respectively.
- C. The Company has no financial assets at amortised cost pledged to others as collateral.

- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.
- E. In accordance with IFRS Q&A amended by the Competent Authority on January 15, 2024, the Company reclassified the undrawn balance of deposits account for offshore funds which applies "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" as cash and cash equivalents. As of December 31, 2022 and January 1, 2022, the Company decreased financial assets at amortised cost-current by \$414,863 and increased cash and cash equivalents by \$119,415.

(5) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 201	\$ -
Accounts receivable	\$ 2,882,690	\$ 5,739,273
Less: Allowance for bad debts	( 2,937)	( 2,937)
	<u>\$ 2,879,753</u>	<u>\$ 5,736,336</u>

- A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 2,871,850	\$ 201	\$ 5,560,500	\$ -
Up to 90 days	10,561	-	178,773	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
Over 1 year	279	-	-	-
	<u>\$ 2,882,690</u>	<u>\$ 201</u>	<u>\$ 5,739,273</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$7,310,702.
- C. The Company has no accounts receivable pledged to others as collateral.
- D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$201 and \$0 ; \$2,879,753 and \$5,736,336, respectively.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).



(6) Inventories

	December 31, 2023		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 1,018,241	(\$ 247,506)	\$ 770,735
Work in progress	6,781	-	6,781
Finished goods	44,550	( 15,905)	28,645
Total	<u>\$ 1,069,572</u>	<u>(\$ 263,411)</u>	<u>\$ 806,161</u>

	December 31, 2022		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 1,425,030	(\$ 224,184)	\$ 1,200,846
Work in progress	11,672	-	11,672
Finished goods	50,281	( 14,227)	36,054
Total	<u>\$ 1,486,983</u>	<u>(\$ 238,411)</u>	<u>\$ 1,248,572</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 13,894,792	\$ 27,640,573
Loss on decline in market value	25,000	176,968
Scrap loss	-	13,832
Gain on scrapping sales	( 39)	( 97)
	<u>\$ 13,919,753</u>	<u>\$ 27,831,276</u>

(7) Investment accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Taiwan Surface Mounting Technology (B.V.I.) Co. Limited	\$ 23,916,504	\$ 22,890,672
Taiwan Surface Mounting Technology Co., Ltd	3,977	3,931
High-Toned Opto Technology Corp	67,360	37,495
Bai Hung Investment Corp. Ltd.	112	( 3,035)
Fitivision Technology Inc.	( 96,135)	( 77,081)
TSMT Technology (Singapore) Pte. Ltd.	1,961,640	464,801
TSMT Vietnam Co., Ltd.	446,300	-
Tele System Communciations Pte Ltd.	146,524	85,058
	<u>26,446,282</u>	<u>23,401,841</u>
Transferred to “other non-current liabilities-credit balance of investments accounted for using equity method”	96,135	80,116
	<u>\$ 26,542,417</u>	<u>\$ 23,481,957</u>
	<u>2023</u>	<u>2022</u>
At January 1	\$ 23,401,841	\$ 18,259,569
Addition of investments accounted for using equity method	2,049,640	408,800
Share of profit of subsidiaries and associates accounted for using equity method	1,820,941	3,177,916
Earnings distribution of investments accounted for using equity method	( 607,692)	-
Changes in other equity-exchange differences on translation of foreign financial statements	( 215,325)	1,564,818
Changes in other equity-unrealised gains (losses) on financial assets at fair value through other comprehensive income	( 3,123)	-
Changes in investees' capital not recognized by shareholding percentage under equity method	-	( 9,262)
	<u>26,446,282</u>	<u>23,401,841</u>
Transferred to “other non-current liabilities-credit balance of investments accounted for using equity method”	96,135	80,116
At December 31	<u>\$ 26,542,417</u>	<u>\$ 23,481,957</u>

A. Details of the subsidiaries are provided in Note 4(3) in the Company’s consolidated financial statements as of and for the year ended December 31, 2023.

B. The Company did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary, TELE SYSTEM COMMUNICATIONS PTE LTD., of the Group increased its capital by issuing new shares on July 25, 2022. The Group did not acquire shares proportionally to its interest. As a result, the Group increased its share interest by 32.68%. This transaction resulted in an increase in the non-controlling interest by \$9,262 and a decrease in the equity attributable to owners of the parent by \$9,262.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
<u>January 1, 2023</u>						
Cost	\$ 248,841	\$ 426,168	\$ 1,486,389	\$ 134,870	\$ 905	\$ 2,297,173
Accumulated depreciation	-	( 125,728)	( 516,101)	( 42,380)	-	( 684,209)
	<u>\$ 248,841</u>	<u>\$ 300,440</u>	<u>\$ 970,288</u>	<u>\$ 92,490</u>	<u>\$ 905</u>	<u>\$ 1,612,964</u>
<u>2023</u>						
At January 1	\$ 248,841	\$ 300,440	\$ 970,288	\$ 92,490	\$ 905	\$ 1,612,964
Additions	-	980	51,920	39,600	2,089	94,589
Transfer	-	905	112,288	28,069	( 905)	140,357
Disposals	-	-	( 16,108)	( 808)	-	( 16,916)
Depreciation charge	-	( 16,265)	( 144,827)	( 29,566)	-	( 190,658)
At December 31	<u>\$ 248,841</u>	<u>\$ 286,060</u>	<u>\$ 973,561</u>	<u>\$ 129,785</u>	<u>\$ 2,089</u>	<u>\$ 1,640,336</u>
<u>December 31, 2023</u>						
Cost	\$ 248,841	\$ 427,484	\$ 1,559,644	\$ 199,489	\$ 2,089	\$ 2,437,547
Accumulated depreciation and impairment	-	( 141,424)	( 586,083)	( 69,704)	-	( 797,211)
	<u>\$ 248,841</u>	<u>\$ 286,060</u>	<u>\$ 973,561</u>	<u>\$ 129,785</u>	<u>\$ 2,089</u>	<u>\$ 1,640,336</u>

	Land	Buildings and structures	Machinery and equipment	Other facilities	Construction in progress	Total
<u>January 1, 2022</u>						
Cost	\$ 248,841	\$ 447,229	\$ 1,417,460	\$ 71,060	\$ 1,717	\$ 2,186,307
Accumulated depreciation	-	( 143,647)	( 391,571)	( 38,046)	-	( 573,264)
	<u>\$ 248,841</u>	<u>\$ 303,582</u>	<u>\$ 1,025,889</u>	<u>\$ 33,014</u>	<u>\$ 1,717</u>	<u>\$ 1,613,043</u>
<u>2022</u>						
At January 1	\$ 248,841	\$ 303,582	\$ 1,025,889	\$ 33,014	\$ 1,717	\$ 1,613,043
Additions	-	12,763	69,037	74,067	905	156,772
Transfer	-	1,717	14,825	488	( 1,717)	15,313
Disposals	-	-	( 6,881)	-	-	( 6,881)
Impairment loss	-	-	614	-	-	614
Depreciation charge	-	( 17,622)	( 133,196)	( 15,079)	-	( 165,897)
At December 31	<u>\$ 248,841</u>	<u>\$ 300,440</u>	<u>\$ 970,288</u>	<u>\$ 92,490</u>	<u>\$ 905</u>	<u>\$ 1,612,964</u>
<u>December 31, 2022</u>						
Cost	\$ 248,841	\$ 426,168	\$ 1,486,389	\$ 134,870	\$ 905	\$ 2,297,173
Accumulated depreciation and impairment	-	( 125,728)	( 516,101)	( 42,380)	-	( 684,209)
	<u>\$ 248,841</u>	<u>\$ 300,440</u>	<u>\$ 970,288</u>	<u>\$ 92,490</u>	<u>\$ 905</u>	<u>\$ 1,612,964</u>

A. Impairment of property, plant and equipment is described in Note 6(10).

B. The Company has no property, plant and equipment pledged to others as collateral.

(9) Leasing arrangements – lessee

A. The Company leases various assets including buildings, business vehicles and other equipment. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Carrying amount	Carrying amount
Buildings	\$ 13,689	\$ 2,656
Transportation equipment (Business vehicles)	2,675	9,321
Other equipment	164	280
	<u>\$ 16,528</u>	<u>\$ 12,257</u>

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 5,393	\$ 5,311
Transportation equipment (Business vehicles)	6,647	6,581
Other equipment	116	68
	<u>\$ 12,156</u>	<u>\$ 11,960</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$16,427 and \$6,799, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 319	\$ 207
Expense on short-term lease contracts	192	192

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$12,661 and \$12,367, respectively.

(10) Impairment of non-financial assets

A. The Company recognised impairment (loss)/gain on reversal of impairment loss for the years ended December 31, 2023 and 2022 was \$0 and \$614, respectively. Details of such loss are as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	<u>Recognised in</u>	<u>Recognised in other</u>	<u>Recognised in</u>	<u>Recognised in other</u>
	<u>profit or loss</u>	<u>comprehensive</u>	<u>profit or loss</u>	<u>comprehensive</u>
		<u>income</u>		<u>income</u>
Impairment gain/(loss) on reversal of impairment loss: Property, plant and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614</u>	<u>\$ -</u>

B. For the year ended December 31, 2022, the Company recognised gains on reversal of impairment loss which was accounted as other gains and losses as the Company sold some machinery and equipment whereby the prior years' impairment loss of assets was written-off \$614.

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ <u>4,370,000</u>	1.60%~1.74%	None

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ <u>3,721,928</u>	1.40%~2.46%	None

(12) Other current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fund collected for purchase of equipment on be half of others	\$ 3,237,357	\$ 3,237,357
Others	12,409	13,047
	<u>\$ 3,249,766</u>	<u>\$ 3,250,404</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Installment-repayment borrowings				
Bank unsecured borrowings	Principal is repayable from February 24, 2023 to February 24, 2026 at maturity.	1.88%	None	\$ 500,000
Bank unsecured borrowings	Principal is repayable from May 16, 2022 to December 31, 2024 at maturity.	1.95%	None	500,000
Bank unsecured borrowings	Principal is repayable from December 29, 2022 to December 29, 2025 at maturity.	1.65%	None	500,000
Bank unsecured borrowings	Borrowing period is from November 21, 2022 to November 21, 2025; principal is repayable in 3 installments from	2.05%	None	250,000
Less: Current portion (show as "Other current liabilities")				( 31,250)
				<u>\$ 1,718,750</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>	
Installment-repayment borrowings					
Bank unsecured borrowings	Principal is repayable from December 12, 2022 to December 12, 2025 at maturity.	1.91%	None	\$	700,000
Bank unsecured borrowings	Principal is repayable from June 30, 2021 to June 30, 2024 at maturity.	1.88%	None		500,000
Bank unsecured borrowings	Principal is repayable from May 16, 2022 to December 31, 2024 at maturity.	1.63%	None		500,000
Bank unsecured borrowings	Principal is repayable from December 29, 2022 to December 29, 2025 at maturity.	1.94%	None		500,000
Bank unsecured borrowings	Borrowing period is from November 21, 2022 to November 21, 2025; principal is repayable in 3 installments from	1.75%	None		250,000
				\$	<u>2,450,000</u>

(14) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 102,166	\$ 110,839
Fair value of plan assets	( 35,455)	( 36,043)
Net defined benefit liability	<u>\$ 66,711</u>	<u>\$ 74,796</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2023</u>			
Balance at January 1	\$ 110,839	(\$ 36,043)	\$ 74,796
Current service cost	157	-	157
Interest (expense) income	<u>1,441</u>	<u>( 469)</u>	<u>972</u>
	<u>112,437</u>	<u>( 36,512)</u>	<u>75,925</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	( 141)	( 141)
Change in financial assumptions	968	-	968
Experience adjustments	<u>( 8,949)</u>	<u>-</u>	<u>( 8,949)</u>
	<u>( 7,981)</u>	<u>( 141)</u>	<u>( 8,122)</u>
Pension fund contribution	-	( 1,092)	( 1,092)
Paid pension	<u>( 2,290)</u>	<u>2,290</u>	<u>-</u>
Balance at December 31	<u>\$ 102,166</u>	<u>(\$ 35,455)</u>	<u>\$ 66,711</u>



	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2022</u>			
Balance at January 1	\$ 110,680	(\$ 33,764)	\$ 76,916
Current service cost	145	-	145
Interest (expense) income	775	( 237)	538
	<u>111,600</u>	<u>( 34,001)</u>	<u>77,599</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	( 2,671)	( 2,671)
Change in financial assumptions	( 1,741)	-	( 1,741)
Experience adjustments	2,394	-	2,394
	<u>653</u>	<u>( 2,671)</u>	<u>( 2,018)</u>
Pension fund contribution	-	( 785)	( 785)
Paid pension	( 1,414)	1,414	-
Balance at December 31	<u>\$ 110,839</u>	<u>(\$ 36,043)</u>	<u>\$ 74,796</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	4.00%	4.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 2,395)	\$ 2,483	\$ 2,160	(\$ 2,097)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,573)	\$ 2,671	\$ 2,323	(\$ 2,253)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. Many assumptions in practice is likely linked. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$1,129.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	18,746
1-2 year(s)		3,321
3-5 years		13,227
6-10 years		18,981
	\$	<u>54,275</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$24,090 and \$24,623, respectively.

(15) Share capital

As of December 31, 2023, the Company's authorised capital was \$5,000,000, consisting of 500,000 thousand shares of ordinary stock, and the paid-in capital was \$2,923,984 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. For the years ended December 31, 2023 and 2022, the number of the Company's ordinary shares outstanding at beginning and end of the year did not change.

(16) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Changes in capital surplus are provided as follows:

	2023					
	Share premium	Treasury share transactions	Employee restricted shares	Changes in investees' capital not recognized by shareholding percentage under equity method	Others	Total
At January 1	\$ 2,353,508	\$ 13,360	\$ 147,951	(\$ 9,262)	\$ 331	\$ 2,505,888
Unclaimed dividends that were past due	-	-	-	-	32	32
At December 31	<u>\$ 2,353,508</u>	<u>\$ 13,360</u>	<u>\$ 147,951</u>	<u>(\$ 9,262)</u>	<u>\$ 363</u>	<u>\$ 2,505,920</u>
	2022					
	Share premium	Treasury share transactions	Employee restricted shares	Changes in investees' capital not recognized by shareholding percentage under equity method	Others	Total
At January 1	\$ 2,353,508	\$ 13,360	\$ 147,951	\$ -	\$ 293	\$ 2,515,112
Unclaimed dividends that were past due	-	-	-	-	38	38
Changes in non-controlling interests	-	-	-	( 9,262)	-	( 9,262)
At December 31	<u>\$ 2,353,508</u>	<u>\$ 13,360</u>	<u>\$ 147,951</u>	<u>(\$ 9,262)</u>	<u>\$ 331</u>	<u>\$ 2,505,888</u>

(17) Retained earnings

A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount shall be set aside as legal reserve. After setting aside or reversing a special reserve in accordance with related laws and competent authority, the appropriation of the remaining earnings, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

The Company's dividend policy is residual dividend policy. Taking into consideration the Company's future operation plan, business development, budget of capital expenditure and capital requirement, the Board of Directors proposed the appropriation of unappropriated retained earnings at the shareholders' meeting for approval based on the Company's actual profit and capital conditions. Dividends can be distributed by cash or stocks, however, cash dividend shall be more than 20% of total dividends.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of earnings of years 2022 and 2021 as resolved by the shareholders at their meetings on June 16, 2023 and June 17, 2022 respectively, are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 404,394		\$ 334,033	
Provision for special reserve	( 1,476,427)		6,375	
Cash dividend	2,046,788	\$ 7.0	1,754,390	\$ 6.0

The abovementioned distribution of earnings for the year of 2022 was in agreement with those amounts proposed by the Board of Directors on March 10, 2023. Information about appropriations of earnings will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Operating revenue

A. The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers:		
TFT-LCD panels	\$ 9,938,547	\$ 22,180,403
Automotive module	2,706,978	2,055,299
Memory module	1,777,947	4,367,876
General electronic information products	845,018	1,206,893
Total	<u>\$ 15,268,490</u>	<u>\$ 29,810,471</u>

B. The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	<u>\$ 114,510</u>	<u>\$ 106,048</u>	<u>\$ 122,649</u>

(a) Significant changes in contract assets and liabilities

None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Years ended December 31,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 12,138</u>	<u>\$ 20,671</u>

(19) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 89,747	\$ 42,567
Interest income from financial assets measured at amortised cost	134,561	12,924
	<u>\$ 224,308</u>	<u>\$ 55,491</u>

(20) Other income

	Years ended December 31,	
	2023	2022
Rent income	\$ 1,296	\$ 1,296
Patent royalties	12,068	13,892
Administration services	21,634	11,883
Other income	45,310	50,337
Total	<u>\$ 80,308</u>	<u>\$ 77,408</u>

(21) Other gains and losses

	Years ended December 31,	
	2023	2022
Net currency exchange gain	\$ 58,665	\$ 138,018
Gain on disposal of property, plant and equipment	2,466	3,647
Gain impairment on property, plant and equipment	-	614
Gains on financial assets at fair value through profit or loss	( 304)	( 7,667)
Miscellaneous disbursements	505	411
Total	<u>\$ 61,332</u>	<u>\$ 135,023</u>

(22) Finance costs

	Years ended December 31,	
	2023	2022
Interest expenses:		
Bank borrowings	\$ 111,351	\$ 64,688
Interest expense on lease liabilities	319	207
	<u>\$ 111,670</u>	<u>\$ 64,895</u>

(23) Expenses by nature

	Years ended December 31,	
	2023	2022
Change in inventory of finished goods	\$ 5,731	(\$ 19,791)
Raw materials and supplies used	3,677,866	5,655,573
Employee benefit expense	772,563	1,013,103
Depreciation charges on property, plant and equipment	190,658	165,897
Other expenses	9,926,374	21,762,113
Operating cost and operating expenses	<u>\$ 14,573,192</u>	<u>\$ 28,576,895</u>

(24) Employee benefit expense

	Years ended December 31,	
	2023	2022
Salary expenses	\$ 660,228	\$ 891,446
Labour and health insurance fees	58,031	57,690
Pension costs	25,219	25,306
Other personnel expenses	29,085	38,661
	<u>\$ 772,563</u>	<u>\$ 1,013,103</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of profit before tax without deducting employees' remuneration and directors' remuneration of the current year, after covering accumulated losses, shall be distributed as employees' remuneration and directors' remuneration. The ratio shall not be lower than 5% for employees' remuneration and shall not be higher than 1% for directors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$183,000 and \$282,000, respectively; while directors' remuneration was accrued at \$24,000 and \$30,000, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on the ratio specified in the Company's Articles of Incorporation for the year ended December 31, 2023. Employees' compensation and directors' remuneration as resolved by the Board of Directors in March 12, 2024 were \$183,000 and \$24,000, respectively. The employees' remuneration will be distributed in the form of cash.

Employees' remuneration and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2022.

Information about employees' remuneration and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 215,258	\$ 349,714
Tax on undistributed surplus earnings	153,459	62,276
Prior year income tax (over) under estimation	( 1,171)	17,937
Total current tax	367,546	429,927
Deferred tax:		
Origination and reversal of temporary differences	( 104,045)	142,672
Income tax expense	\$ 263,501	\$ 572,599

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Income tax calculated by applying statutory rate to profit before tax	\$ 554,103	\$ 922,904
Effect of amount not allowed to recognise under regulations	( 442,890)	( 552,414)
Tax on undistributed surplus earnings	153,459	62,276
Change in assessment of realisation of deferred tax assets	-	121,896
Prior year income tax (over) under estimation	( 1,171)	17,937
Income tax expense	<u>\$ 263,501</u>	<u>\$ 572,599</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets			
-Temporary differences:			
Unrealised loss for market value decline and obsolete and slow-moving inventories	\$ 47,682	\$ 5,000	\$ 52,682
Allowance for bad debts	588	-	588
Unrealised foreign exchange loss	50,255	( 50,255)	-
Employees' unused compensated absences	3,274	-	3,274
Impairment of assets	1,735	170	1,905
Others	<u>17,110</u>	<u>( 786)</u>	<u>16,324</u>
Subtotal	<u>120,644</u>	<u>( 45,871)</u>	<u>74,773</u>
-Deferred tax liabilities:			
Unrealised gain on investments	( 1,287,260)	181,301	( 1,105,959)
Unrealised foreign exchange gain	-	( 31,385)	( 31,385)
Subtotal	<u>( 1,287,260)</u>	<u>149,916</u>	<u>( 1,137,344)</u>
Total	<u>(\$ 1,166,616)</u>	<u>\$ 104,045</u>	<u>(\$ 1,062,571)</u>



	2022		
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>December 31</u>
Deferred income tax assets			
-Temporary differences:			
Unrealised loss for market value decline and obsolete and slow-moving inventories	\$ 12,288	\$ 35,394	\$ 47,682
Allowance for bad debts	588	-	588
Unrealised foreign exchange loss	1,049	49,206	50,255
Employees' unused compensated absences	3,274	-	3,274
Impairment of assets	2,028	( 293)	1,735
Others	<u>15,389</u>	<u>1,721</u>	<u>17,110</u>
Subtotal	<u>\$ 34,616</u>	<u>\$ 86,028</u>	<u>\$ 120,644</u>
-Deferred tax liabilities:			
Unrealised gain on investments	( 1,058,560)	( 228,700)	(\$ 1,287,260)
Subtotal	<u>(\$ 1,058,560)</u>	<u>(\$ 228,700)</u>	<u>(\$ 1,287,260)</u>
Total	<u>(\$ 1,023,944)</u>	<u>(\$ 142,672)</u>	<u>(\$ 1,166,616)</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 217,732</u>	<u>\$ 2,407</u>

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,507,016	292,398	\$ 8.57
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	2,507,016	292,398	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,676	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,507,016	295,074	\$ 8.50
	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,041,920	292,398	\$ 13.82
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	4,041,920	292,398	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	3,750	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 4,041,920	296,148	\$ 13.65

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 94,589	\$ 156,772
Add: Opening balance of payable on equipment	904	31
Less: Ending balance of payable on equipment	( 2,096)	( 904)
Cash paid during the year	<u>\$ 93,397</u>	<u>\$ 155,899</u>

B. Financing activities with no cash flow effects

	Years ended December 31,	
	2023	2022
Prepayments for business facilities and prepayments transferred to property, plant and equipment	<u>\$ 140,357</u>	<u>\$ 15,313</u>

(28) Changes in liabilities from financing activities

	2023			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 3,721,928	\$ 2,450,000	\$ 12,364	\$ 6,184,292
Changes in cash flow from financing activities	648,072	( 700,000)	( 12,150)	( 64,078)
Interest expense paid (Note)	-	-	319	319
Interest expense (Note)	-	-	( 319)	( 319)
Changes in other non-cash items	-	-	16,427	16,427
At December 31	<u>\$ 4,370,000</u>	<u>\$ 1,750,000</u>	<u>\$ 16,641</u>	<u>\$ 6,136,641</u>

Note: Shown as operating cash flows.

	2022			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 4,539,660	\$ 1,700,000	\$ 17,533	\$ 6,257,193
Changes in cash flow from financing activities	( 817,732)	750,000	( 11,968)	( 79,700)
Interest expense paid (Note)	-	-	207	207
Interest expense (Note)	-	-	( 207)	( 207)
Changes in other non-cash items	-	-	6,799	6,799
At December 31	<u>\$ 3,721,928</u>	<u>\$ 2,450,000</u>	<u>\$ 12,364</u>	<u>\$ 6,184,292</u>

Note: Shown as operating cash flows.

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Taiwan Surface Mounting Technology Co., Ltd	Subsidiary
Taiwan Surface Mounting Technology (B.V.I.) Co. Limited	"
High-Toned Opto Technology Corp	"
Bai Hung Investment Corp. Ltd. (Note 2)	"
Fitivision Technology Inc.	"
Taiwan Surface Mounting Technology (Singapore) Pte. Ltd.	"
TSMT Vietnam Co., Ltd. (Note 6)	"
Tele System Communciations Pte Ltd. (Note 2)	"
Regent Manner International Holdings Limited	Second-tier subsidiary
TAIWAN SURFACE MOUNTING TECHNOLOGY (U.S.A) CO.,LTD.	"
TAIWAN SURFACE MOUNTING TECHNOLOGY (India) Pvt. Ltd.	Second-tier subsidiary
RMIH TECHNOLOGY (India) Pvt. Ltd (Note 3)	"
TSMT MEXICO, S.A. DE C.V. (Note 4)	"
Regent Manner (B.V.I.) Limited	Third-tier subsidiary
Regent Manner Limited	Subsidiary of Regent Manner (B.V.I.)
Regent Electron (Suzhou) Co., Ltd	Subsidiary of Regent Manner Limited
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd	"
Regent Electron (Ningbo) Co., Ltd	"
Regent Electron (Xiamen) Co., Ltd.	"
Regent Electron (Chengdu) Co., Ltd	"
Regent Electron (Dongguan) Co., Ltd	"
Ningbo Yongfu Trade Co., Ltd.	"
Regent Electron (He Fei) Co.,Ltd.	"
Regent Electron (Chong Qing) Co., Ltd	"
High-Toned Technology (Hong Kong) Limited (Note 5)	Subsidiary of High-Toned Opto Technology Corp.
Tai Ming Green Power Co., Ltd.	Subsidiary of Bai Hung Investment Corp. Ltd.
Dongguan Zuefu Electron Co., Ltd.	Subsidiary of Ningbo Yongfu Trade Co., Ltd.
Regent Electron (Xianyang) Co., Ltd.	Subsidiary of Regent Electron (Suzhou) Co., Ltd
TELE SYSTEM COMMUNICATIONS DE MEXICO, S.A. DE C.V (Note 1)	Subsidiary of Tele System Communciations Pte Ltd.
TSC ELECTRONIC PTE. LTD.	"
Directors, general managers and key management	Key management personnel of the Company

Note 1: In June 2022, TELE SYSTEM COMMUNICATIONS DE MEXICO, S.A. DE C.V. resolved to liquidate, and the liquidation is currently in process.

Note 2: TELE SYSTEM COMMUNICATIONS PTE LTD. reduced its capital and increased its cash capital in July 2022. The Company participated in the cash capital increase of TELE SYSTEM COMMUNICATIONS PTE LTD., and the Company's shareholding ratio increased to 94.85%. The Company's subsidiary, BAI HUNG INVESTMENT CORP. LTD., originally held a 33.34% equity interest of TELE SYSTEM COMMUNICATIONS PTE LTD. As the subsidiary did not participate in the cash capital increase proportionally to its interest, its shareholding ratio decreased to 2.5%. After the capital increase, the Group's consolidated shareholding ratio increased from 64.67% to 97.35%.

Note 3: In August 2022, RMIH Technology (India) Pvt. Ltd. was invested and established by TSMT Technology (Singapore) Pte. Ltd. and was included in consolidated subsidiaries.

Note 4: In November 2022, TSMT MEXICO, S.A. DE C.V. was invested and established by TSMT Technology (Singapore) Pte. Ltd. and was included in consolidated subsidiaries.

Note 5: High-Toned Technology (Hong Kong) Limited was liquidated and deregistered in December 2022.

Note 6: In February 2023, TSMT Vietnam Co., Ltd was invested and established by TSMT and was included in consolidated subsidiaries.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sales of goods:		
Subsidiaries	\$ 46,021	\$ 88,918

Aforementioned sales revenue arises from the Company's entrusted manufacturing and processing business by related parties, and the price is determined by the pricing model in mutual agreement. In 2023 and 2022, the collection terms are 90 days to 120 days after monthly billing that would be available to third parties.

## B. Purchases

	Years ended December 31,	
	2023	2022
Purchases of goods:		
Regent Electron (Suzhou) Co., Ltd	\$ 8,731,742	\$ 20,418,325
Subsidiaries	<u>308,722</u>	<u>35,189</u>
	<u>\$ 9,040,464</u>	<u>\$ 20,453,514</u>

Raw materials and finished goods are purchased from subsidiaries and associates. Purchases are negotiated with related parties, and the payment terms are 90 days to 120 days after monthly billing that would be available to third parties.

## C. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fitivision Technology Inc.	\$ 32,408	\$ 30,222
Tele System Communications Pte Ltd.	8,742	9,946
Regent Electron (Suzhou) Co., Ltd	5,487	86,083
Subsidiaries	4,105	-
Associates	<u>-</u>	<u>190</u>
	<u>\$ 50,742</u>	<u>\$ 126,441</u>

The receivables from related parties arise mainly from sales of goods. The receivables are unsecured in nature and bear no interest.

## D. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Regent Electron (Suzhou) Co., Ltd	\$ 2,625,143	\$ 4,140,756
Subsidiaries	<u>85,172</u>	<u>57,644</u>
	<u>\$ 2,710,315</u>	<u>\$ 4,198,400</u>

Other receivables comprise of purchasing raw materials and equipment based on the purchase contracts and patent royalties receivables. Please refer to Notes 7(2) H and 13(1) for more information.

## E. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Regent Electron (Suzhou) Co., Ltd	\$ 6,715,355	\$ 7,477,405
Subsidiaries	<u>182,146</u>	<u>3,400</u>
	<u>\$ 6,897,501</u>	<u>\$ 7,480,805</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

F. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables - others:		
Subsidiaries	\$ <u>6</u>	\$ <u>317</u>

Other payables arise from purchased equipment from subsidiaries.

G. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ <u>9,596</u>	\$ <u>2,771</u>

(b) Disposal of property, plant and equipment

	<u>Years ended December 31,</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Subsidiaries	\$ <u>2,608</u>	\$ <u>-</u>	\$ <u>2,537</u>	\$ <u>(111)</u>

H. Raw materials purchased on behalf of others /Other income

- (a) For the years ended December 31, 2023 and 2022, the Company purchased raw material on behalf of Regent Manner Limited and Regent Electron (Suzhou) Co., Ltd. amounting to \$3,184,488 and \$7,539,353, respectively, based on the purchase contracts under Taiwanese suppliers' requirement. For the years ended December 31, 2023 and 2022, revenue from raw material purchased on behalf of others amounted to \$13,374 and \$2,365, respectively, which was recognised in miscellaneous income. The transactions of raw materials purchased on behalf of others are not included in the Company's sales revenue and purchases. The payment terms are 90 days to 120 days after monthly billing, and they were recognised in "other receivables - related parties" and "accounts payable".
- (b) For the years ended December 31, 2023 and 2022, the Company received patent royalties from Regent Manner Limited amounting to \$12,068 and \$13,892, respectively, and those amounts were recognised in "other income". The collection terms are 90 days to 120 days after monthly billing. As of December 31, 2023 and 2022, receivables amounted to \$12,671 and \$14,587, respectively, and were recognised in "other receivables - related parties".
- (c) For the years ended December 31, 2023 and 2022, the Company's revenue from providing Regent Manner Limited with management service was \$21,634 and \$11,883, respectively, which was shown as 'other income'. The collection term was 90 to 120 days after monthly billings. As of December 31, 2023 and 2022, the Company's receivables amounted to \$0 and \$12,477, respectively, which were shown as 'other receivables due from related parties'.

I. Endorsements and guarantees provided to related parties:

Details of endorsements and guarantees provided to related parties are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Party being endorsed/guaranteed</u>		
Subsidiaries	\$ 921,300	\$ 614,200

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 69,925	\$ 78,892

8. PLEGGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ -	\$ 712

B. Information on endorsements and guarantees provided to subsidiaries is provided in Note 7(2) I.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 12, 2024, the Board of Directors proposed that cash dividends for the distribution of earnings for the year 2023 was \$1,461,992 at \$5 (in dollars) per share. As of March 12, 2024, the distribution of earnings for the year 2023 has not been approved by the shareholders

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet). Total capital is calculated as 'equity' as shown in the balance sheet.



The gearing ratios at December 31, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total borrowings	\$ 6,120,000	\$ 6,171,928
Total equity	\$ 19,818,118	\$ 19,616,320
Gearing ratio	31%	31%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 3,343,762	\$ 5,066,229
Financial assets at amortised cost	3,224,550	2,023,435
Notes receivable	201	-
Accounts receivable	2,930,495	5,862,777
Other receivables	2,762,006	4,264,189
Guarantee deposits paid	1,630	1,630
	<u>\$ 12,262,644</u>	<u>\$ 17,218,260</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 5,129	\$ 8,606
Financial liabilities at amortised cost		
Short-term notes and bills payable	4,370,000	3,721,928
Notes payable	6,671	13,994
Accounts payable	9,573,026	12,207,527
Other payables	1,111,092	1,088,021
Long-term borrowings (including current portion)	1,750,000	2,450,000
Guarantee deposits received	30	30
	<u>\$ 16,815,948</u>	<u>\$ 19,490,106</u>
Lease liability	<u>\$ 16,641</u>	<u>\$ 12,364</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
  - (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
    - Foreign exchange risk
      - i. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
      - ii. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
      - iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
      - iv. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 386,259	30.71	\$ 11,862,014
JPY:NTD	16,413	0.217	3,562
EUR:NTD	651	33.98	22,121
RMB:NTD	160	4.336	694
<u>Non-monetary items</u>			
USD:NTD	814,689	30.71	25,019,099
HKD:NTD	1,032	3.929	4,055
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 301,611	30.71	\$ 9,262,474

December 31, 2022			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 598,374	30.71	\$ 18,376,066
JPY:NTD	16,413	0.232	3,808
RMB:NTD	2,829	4.409	12,473
<u>Non-monetary items</u>			
USD:NTD	748,029	30.71	22,971,971
HKD:NTD	1,021	3.938	4,021
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 387,409	30.71	\$ 11,897,330
RMB:NTD	134,242	4.409	591,873

- v. The total exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to \$58,665 and \$138,018, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 118,620	\$ -
JPY:NTD	1%	36	-
EUR:NTD	1%	221	-
RMB:NTD	1%	7	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 92,625	\$ -

Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 183,761	\$ -
JPY:NTD	1%	38	-
RMB:NTD	1%	125	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 118,973	\$ -
RMB:NTD	1%	5,919	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, is the held financial assets at fair value through other comprehensive income to manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,096 and \$1,577, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk mainly arising from long-term borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% with all other variables held constant, profit before tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$17,500 and \$24,500, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income, and the contract cash flows of investments reclassified as debt instruments at fair value through other comprehensive income.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

- v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2023 and 2022, the loss rate methodology is as follows:

<u>December 31, 2023</u>	<u>Individual A</u>	<u>Group A</u>	<u>Total</u>
Expected loss rate	100%	0.03%	
Total book value	\$ 279	\$ 2,882,411	\$ 2,882,690
Loss allowance	279	2,658	2,937
<u>December 31, 2022</u>	<u>Individual A</u>	<u>Group A</u>	<u>Total</u>
Expected loss rate	100%	0.03%	
Total book value	\$ -	\$ 5,739,273	\$ 5,739,273
Loss allowance	-	2,937	2,937

Group A : Customers had no payments that were past due over 90 days.

- vii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>
At January 1	\$ 2,937
Provision for impairment	-
Write-offs	-
At December 31	<u>\$ 2,937</u>
	<u>2022</u>
At January 1	\$ 2,937
Provision for impairment	-
Write-offs	-
At December 31	<u>\$ 2,937</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration of the compliance with balance sheet ratio targets and external regulatory and legal requirements.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities</u>		Between 1		
December 31, 2023	<u>Within 1 year</u>	<u>and 5 years</u>	<u>Over 5 years</u>	
Short-term borrowings	\$ 4,439,920	\$ -	\$ -	
Notes payable	6,671	-	-	
Accounts payable	9,573,026	-	-	
Other payables	1,111,092	-	-	
Lease liability	7,704	9,541	-	
Long-term borrowings (including current portion)	63,737	1,741,471	-	
<u>Non-derivative financial liabilities</u>		Between 1		
December 31, 2022	<u>Within 1 year</u>	<u>and 5 years</u>	<u>Over 5 years</u>	
Short-term borrowings	\$ 3,774,035	\$ -	\$ -	
Notes payable	13,994	-	-	
Accounts payable	12,207,527	-	-	
Other payables	1,088,021	-	-	
Lease liability	9,607	2,935	-	
Long-term borrowings (including current portion)	44,973	2,561,537	-	

- iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain derivative instruments and equity investment without active market is included in Level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 109,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,580</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Cross currency swap	<u>\$ -</u>	<u>\$ 5,129</u>	<u>\$ -</u>	<u>\$ 5,129</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 157,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,716</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Cross currency swap	<u>\$ -</u>	<u>\$ 8,606</u>	<u>\$ -</u>	<u>\$ 8,606</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	<u>Listed shares</u> Closing price
---------------------	---------------------------------------

- ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iii. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

C. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.



### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative financial instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).
- J. Significant inter-company transactions during the reporting periods (individual transactions not exceeding \$10,000 are not disclosed; corresponding transactions from the other side are not disclosed): Please refer to table 6.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China, and price, payment terms, unreleased income/loss and other related information relating to investments in Mainland China:
  - (a) Purchase amount and percentage and ending balance and percentage of payables: Please refer to table 4.
  - (b) Sales amount and percentage and ending balance and percentage of receivables: Please refer to table 4.
  - (c) Property transaction amounts and gains and loss arising from them: None.
  - (d) Balance and purpose of provision of endorsements/guarantees or collaterals: Please refer to table 2.
  - (e) Maximum balance, ending balance and interest rate range: Please refer to table 1.
  - (f) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:

- i. In 2023, processing fee arising from the electronic information products circuit board manufactured by Regent Electron (Suzhou) Co., Ltd appointed by the Company's indirectly held subsidiary, Regent Manner Limited, amounted to HKD 321,039 thousand. The prices are made under mutual agreement, and the payment terms are 90 days to 120 days after monthly billings.
- ii. For the year ended December 31, 2023, raw materials purchased on behalf of indirectly held subsidiaries, Regent Manner Limited and Regent Electron (Suzhou) Co., Ltd. amounted to \$3,184,488, and the received processing income amounted to \$13,374.
- iii. For the year ended December 31, 2023, the Company's indirectly held subsidiaries, received the processing income as follows:

Counterparties	Raw material purchased on behalf of others		Received processing income	
Taiwan Surface Mounting Technology Corp.	HKD	283 thousand		-
Regent Electron (Chong Qing)Co., Ltd	HKD	190,416 thousand		-
Regent Electron (He Fei) Co.,Ltd.	HKD	44,252 thousand		-
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	HKD	36,667 thousand		-
Regent Electron (Xiamen) Co., Ltd.	HKD	32,023 thousand	HKD	1 thousand
Dongguan Zuefu Electron Co., Ltd	HKD	2,683 thousand		-
Regent Electron (Suzhou) Co., Ltd	HKD	554 thousand		-

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

## Taiwan Surface Mounting Technology Corp. and subsidiaries

## Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at		Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single part	Ceiling on total loans granted	Footnote
					balance during the year ended December 31, 2023	December 31, 2023	Actual amount drawn down						Item	Value			
1	Regent Electron (Ningbo) Co., LTD.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	\$ 225,900	\$ -	\$ -	People's Bank of China's rate on 1-year time deposits	2	-	Additional operating capital	-	None	-	\$ 420,603	\$ 420,603	
2	Regent Electron (Xiamen) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	180,720	173,436	173,436	People's Bank of China's rate on 1-year time deposits	2	-	Additional operating capital	-	None	-	1,113,183	1,113,183	
3	Regent Electron (Xiamen) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	180,720	173,436	173,436	People's Bank of China's rate on 1-year time deposits	2	-	Additional operating capital	-	None	-	1,113,183	1,113,183	
4	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	311,045	-	-	People's Bank of China's rate on 1-year time deposits	2	-	Additional operating capital	-	None	-	2,876,586	2,876,586	
5	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	225,900	216,795	216,795	People's Bank of China's rate on 1-year time deposits	2	-	Additional operating capital	-	None	-	2,876,586	2,876,586	
6	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	180,720	173,436	173,436	People's Bank of China's rate on 1-year time deposits	2	-	Additional operating capital	-	None	-	2,876,586	2,876,586	
7	Regent Electron (Xian Yang) Co.,Ltd.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	180,720	173,436	173,436	People's Bank of China's rate on 1-year time deposits	2	-	Additional operating capital	-	None	-	1,652,734	1,652,734	
8	TSM Technology (Singapore) Pte. Ltd.	TSM Technology (India) Pvt. Ltd.	Other receivables	Y	194,580	184,260	141,266	6.65149% (Based on the contract terms)	2	-	Additional operating capital	-	None	-	1,961,640	1,961,460	
9	Regent Manner Limited	Fitivision Technology Inc.	Other receivables	Y	70,000	-	-	1.20	2	-	Additional operating capital	-	None	-	5,963,955	9,542,328	

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Collateral		Limit on loans granted to a single part	Ceiling on total loans granted	Footnote
					balance during the year ended December 31, 2023	December 31, 2023						Item	Value					
10	Regent Manner Limited	Fitivision Technology Inc.	Other receivables	Y	\$ 70,000	\$ 70,000	\$ 70,000	2.00	2	-	Additional operating capital	-	None	-	\$ 5,963,955	\$ 9,542,328		
11	Regent Electron (He Fei) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd	Other receivables	Y	316,260	303,513	303,513	People's Bank of China's rate on 1-year time deposits	2	-	Additional operating capital	-	None	-	2,625,558	2,625,558		

Note 1: The numbers filled in for the nature of loans are as follows:

Business association is labeled as "1"

Short-term financing is labeled as "2".

Note 2: Limit on the Company's and subsidiaries' loans granted to others as prescribed in "Procedures for Provision of Loans" are as follows:

(1) Nature of the loan is related to business transactions: 25% of the Company's net worth or the amount of business transactions between the creditor and borrower.

(2) Nature of loan is for short-term financing: ceiling on loans granted to a single party is lower than 25% of the borrower's net worth.

(3) Limit on TSMC Technology (Singapore) Pte. Ltd. loans granted to others:

A. Nature of loan is for short-term financing: ceiling on loans granted to a single party is lower than 40% of the borrower's net worth.

The Company loan which the parent company holds directly and indirectly 100% voting share's foreign companies, if there is a loan classified as short-term financing, the limit of individual borrower shall be lower than 100% of the Company's net worth.

Note 3: The facility approved by the Board of Directors was consistent with the actual loaned facility.

## Taiwan Surface Mounting Technology Corp. and subsidiaries

## Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed											Footnote
			Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	
0	The Company	TSMT Technology (India) Pvt. Ltd	1	\$ 9,909,059	\$ 600,800	\$ -	\$ -	\$ -	-	\$ 19,818,118	Y	N	N	
0	The Company	TSMT Technology (Singapore) Pte. Ltd.	2	9,909,059	486,450	460,650	-	-	2.32	19,818,118	Y	N	N	
0	The Company	TSMT Technology (India) Pvt. Ltd	2	9,909,059	486,450	460,650	460,650	-	2.32	19,818,118	Y	N	N	

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 2: Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees are as follows:

- (1) Ceiling on total amount of endorsements/guarantees shall be lower than the Company's net worth.
- (2) Limit on endorsements/guarantees provided for a single party shall be lower than 10% of the Company's net worth.
- (3) Ceiling on total amount of endorsements/guarantees that the determination was authorised to chairman shall be lower than 10% of the Company's net worth.

Net worth was determined based on the financial statements that are audited or reviewed by CPA.

Taiwan Surface Mounting Technology Corp. and subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

		As of December 31, 2023						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	Footnote
Taiwan Surface Mounting Technology Corp.	Stocks-LED ONE Distribution, Inc.	None	Financial assets at fair value through other comprehensive income-non-current	180	\$ -	18.00	\$ -	None
Taiwan Surface Mounting Technology Corp.	Stocks-Uniflex Technology Inc.	None	Financial assets at fair value through other comprehensive income-non-current	7,454	109,581	11.10	109,581	None
Bai Hung Investment Corp. Ltd.	Yun yun AI Baby camera Co.,Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	250	-	0.16	-	None
Regent Electron (Suzhou) Co., Ltd	Chuzhou Bwin Techology Corp.	None	Financial assets at fair value through other comprehensive income-non-current		6,504	3.00	6,504	None
Regent Electron (Suzhou) Co., Ltd	E.SUN Bank (China) structured depositsF01A01202311014	None	Financial assets at fair value through profit or loss-current		151,758		151,758	None
Regent Electron (Suzhou) Co., Ltd	Fubon Bank (China) structured products-SDCNY20230398	None	Financial assets at fair value through profit or loss-current		86,719		86,719	None
Regent Electron (Suzhou) Co., Ltd	Fubon Bank (China) structured products-SDCNY20230397	None	Financial assets at fair value through profit or loss-current		86,719		86,719	None
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	CCB Suzhou Branch Unit RMB Customized Structured Deposits-32299760020231122002	None	Financial assets at fair value through profit or loss-current		173,437		173,437	None
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	CCB Suzhou Branch Unit RMB Customized Structured Deposits-32299760020231128001	None	Financial assets at fair value through profit or loss-current		173,437		173,437	None
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	China Everbright Bank 2023 Exchange Rate-linked Corporate Structured Deposit, Customized products Phase 10-292-2023101047844	None	Financial assets at fair value through profit or loss-current		130,078		130,078	None
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	China Everbright Bank 2023 Exchange Rate-linked Corporate Structured Deposit, Customized products Phase 12-119-2023101048489	None	Financial assets at fair value through profit or loss-current		130,078		130,078	None
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23080097	None	Financial assets at fair value through profit or loss-current		86,719		86,719	None
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Fubon Bank (China) structured products-SDCNY20230348	None	Financial assets at fair value through profit or loss-current		108,399		108,399	None
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Fubon Bank (China) structured products-SDCNY20230484	None	Financial assets at fair value through profit or loss-current		173,437		173,437	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured depositsF01A0213	None	Financial assets at fair value through profit or loss-current		173,437		173,437	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured EURUSD depositsF01A01202309002	None	Financial assets at fair value through profit or loss-current		130,078		130,078	None

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	Footnote
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured EURUSD depositsF01A01202309003	None	Financial assets at fair value through profit or loss-current		\$ 130,078		130,078	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured EURUSD depositsF01A01202309004	None	Financial assets at fair value through profit or loss-current		130,078		130,078	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured EURUSD depositsF01A01202310008	None	Financial assets at fair value through profit or loss-current		173,437		173,437	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured EURUSD depositsF01A01202310009	None	Financial assets at fair value through profit or loss-current		173,437		173,437	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	E.SUN Bank (China) structured EURUSD depositsF01A01202311012	None	Financial assets at fair value through profit or loss-current		130,078		130,078	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	Fubon Bank (China) structured products-NDRMBC23100245	None	Financial assets at fair value through profit or loss-current		30,352		30,352	None
DONGGUAN ZUEFU ELECTRON CO., LTD.	Fubon Bank (China) structured products-SDCNYC20230485	None	Financial assets at fair value through profit or loss-current		151,757		151,757	None
Regent Electron (Ningbo) Co., LTD.	Fubon Bank (China) structured products-NDRMBC23090183	None	Financial assets at fair value through profit or loss-current		26,015		26,015	None
Regent Electron (Ningbo) Co., LTD.	Fubon Bank (China) structured products-SDCNYC20230347	None	Financial assets at fair value through profit or loss-current		30,351		30,351	None
Regent Electron (Ningbo) Co., LTD.	Fubon Bank (China) structured products-SDCNYC20230346	None	Financial assets at fair value through profit or loss-current		30,351		30,351	None
Regent Electron (Ningbo) Co., LTD.	Fubon Bank (China) structured products-SDCNYC20230345	None	Financial assets at fair value through profit or loss-current		34,687		34,687	None
Regent Electron (Ningbo) Co., LTD.	Fubon Bank (China) structured products-SDCNYC20230429	None	Financial assets at fair value through profit or loss-current		147,421		147,421	None
Regent Electron (Ningbo) Co., LTD.	Fubon Bank (China) structured products-SDCNYC20230448	None	Financial assets at fair value through profit or loss-current		26,015		26,015	None
Regent Electron (Xiamen) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23090137	None	Financial assets at fair value through profit or loss-current		26,015		26,015	None
Regent Electron (Xiamen) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23100357	None	Financial assets at fair value through profit or loss-current		34,687		34,687	None
Regent Electron (Xiamen) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23100358	None	Financial assets at fair value through profit or loss-current		30,351		30,351	None
Regent Electron(Dongguan) Co.,Ltd	CCB Guangdong Branch Unit RMB Customized Structured Deposits	None	Financial assets at fair value through profit or loss-current		108,398		108,398	None

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	Footnote
Regent Electron(Dongguan) Co.,Ltd	Fubon Bank (China) structured products-SDCNYC20230039	None	Financial assets at fair value through profit or loss-current		\$ 21,680		21,680	None
Regent Electron(Dongguan) Co.,Ltd	Fubon Bank (China) structured products-SDCNYC20230422	None	Financial assets at fair value through profit or loss-current		52,031		52,031	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23080224	None	Financial assets at fair value through profit or loss-current		21,680		21,680	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23090192	None	Financial assets at fair value through profit or loss-current		34,687		34,687	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23090193	None	Financial assets at fair value through profit or loss-current		26,015		26,015	None
Ningbo Yongfu Trade Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23090215	None	Financial assets at fair value through profit or loss-current		26,015		26,015	None
Regent Electron (He Fei) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23080265	None	Financial assets at fair value through profit or loss-current		86,718		86,718	None
Regent Electron (He Fei) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23090108	None	Financial assets at fair value through profit or loss-current		86,718		86,718	None
Regent Electron (He Fei) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23090139	None	Financial assets at fair value through profit or loss-current		216,795		216,795	None
Regent Electron (He Fei) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23100332	None	Financial assets at fair value through profit or loss-current		65,039		65,039	None
Regent Electron (He Fei) Co., Ltd.	Fubon Bank (China) structured products-NDRMBC23110147	None	Financial assets at fair value through profit or loss-current		130,077		130,077	None
Regent Electron (He Fei) Co., Ltd.	Fubon Bank (China) structured products-SDCNYC20230389	None	Financial assets at fair value through profit or loss-current		151,757		151,757	None
Regent Electron (He Fei) Co., Ltd.	Fubon Bank (China) structured products-SDCNYC20230483	None	Financial assets at fair value through profit or loss-current		34,687		34,687	None
Regent Electron (Xian Yang) Co.,Ltd.	Industrial Bank Co., LTD. structured deposits CC45230911000-00000000	None	Financial assets at fair value through profit or loss-current		173,436		173,436	None
Regent Electron (Xian Yang) Co.,Ltd.	Industrial Bank Co., LTD. structured deposits CC45231010000-00000000	None	Financial assets at fair value through profit or loss-current		173,436		173,436	None
Regent Electron (Xian Yang) Co.,Ltd.	Industrial Bank Co., LTD. structured deposits CC45231101008-00000000	None	Financial assets at fair value through profit or loss-current		173,436		173,436	None
Regent Electron (Xian Yang) Co.,Ltd.	Industrial Bank Co., LTD. structured deposits CC45231101007-00000000	None	Financial assets at fair value through profit or loss-current		173,436		173,436	None
Regent Electron (Xian Yang) Co.,Ltd.	Industrial Bank Co., LTD. structured deposits CC45231205002-00000000	None	Financial assets at fair value through profit or loss-current		173,436		173,436	None



Taiwan Surface Mounting Technology Corp. and subsidiaries  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Description and reasons of difference in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
						Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Taiwan Surface Mounting Technology Corp.	Regent Electron (Suzhou) Co., Ltd.	The Company is the company's ultimate parent company	Purchase	\$ 8,731,742 thousand	54%	90~120 days after monthly billings	-	-	(\$ 6,715,355 thousand)	(70%)	-
Regent Electron (Suzhou) Co., Ltd.	Taiwan Surface Mounting Technology Corp.	The Company is the company's ultimate parent company	(sales)	(RMB 1,983,158 thousand)	(51%)	"	-	-	RMB 1,548,774 thousand	78%	-
Taiwan Surface Mounting Technology Corp.	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	The Company is the company's ultimate parent company	Purchase	\$ 277,353 thousand	2%	"	-	-	(\$ 173,408 thousand)	(2%)	-
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Taiwan Surface Mounting Technology Corp.	The Company is the company's ultimate parent company	(sales)	(RMB 62,562 thousand)	(9%)	"	-	-	RMB 39,993 thousand	10%	-
Regent Manner Limited	Regent Electron (Chong Qing) Co., Ltd.	Affiliate	Purchase	HKD 509,174 thousand	17%	"	-	-	(HKD 387,428 thousand)	(32%)	-
Regent Electron (Chong Qing) Co., Ltd.	Regent Manner Limited	Affiliate	(sales)	(RMB 460,656 thousand)	(55%)	"	-	-	RMB 351,070 thousand	75%	-
Regent Manner Limited	Regent Electron (Xiamen) Co., Ltd.	Affiliate	Purchase	HKD 100,588 thousand	3%	"	-	-	(HKD 35,404 thousand)	(3%)	-
Regent Electron (Xiamen) Co., Ltd.	Regent Manner Limited	Affiliate	(sales)	(RMB 94,810 thousand)	(18%)	"	-	-	RMB 32,081 thousand	17%	-
Ningbo Yongfu Trade Co., Ltd.	Regent Manner Limited	Affiliate	Purchase	RMB 230,306 thousand	97%	"	-	-	(RMB 55,951 thousand)	(80%)	-
Regent Manner Limited	Ningbo Yongfu Trade Co., Ltd.	Affiliate	(sales)	(HKD 256,179 thousand)	(9%)	"	-	-	HKD 61,746 thousand	5%	-
Regent Manner Limited	Regent Electron (Suzhou) Co., Ltd.	Affiliate	Purchase	HKD 639,168 thousand	22%	"	-	-	(HKD 131,480 thousand)	(11%)	-
Regent Electron (Suzhou) Co., Ltd.	Regent Manner Limited	Affiliate	(sales)	(RMB 574,860 thousand)	(15%)	"	-	-	RMB 121,112 thousand	6%	-
Regent Manner Limited	Regent Electron (He Fei) Co., Ltd.	Affiliate	Purchase	HKD 127,046 thousand	4%	"	-	-	(HKD 44,215 thousand)	(4%)	-
Regent Electron (He Fei) Co., Ltd.	Regent Manner Limited	Affiliate	(sales)	(RMB 114,241 thousand)	(17%)	"	-	-	RMB 40,065 thousand	18%	-

Taiwan Surface Mounting Technology Corp. and subsidiaries  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Taiwan Surface Mounting Technology Corp.	Regent Electron (Suzhou) Co., Ltd.	The Company is the company's ultimate parent company	Other receivables NTD 2,625,143 thousand (Note 4)	-	-	-	NTD 259,515 thousand	-
Regent Manner Limited	Regent Electron (Chong Qing) Co., Ltd.	The Company's subsidiary	Other receivables HKD 98,410 thousand (Note 4)	-	-	-	HKD 21,824 thousand	-
Regent Manner Limited	Ningbo Yongfu Trade Co., Ltd.	"	Accounts receivable HKD 61,746 thousand (Note 3)	-	-	-	HKD 34,983 thousand	-
Regent Manner Limited	Tele System Communications Pte Ltd.	Affiliate	Accounts receivable HKD 48,049 thousand (Note 3)	-	-	-	HKD 257 thousand	-
Regent Electron (Chong Qing) Co., Ltd.	Regent Manner Limited	The Company's parent company	Accounts receivable RMB 351,070 thousand (Note 3)	-	-	-	RMB 73,546 thousand	-
Regent Electron (He Fei) Co., Ltd.	Regent Manner Limited	"	Accounts receivable RMB 40,065 thousand (Note 3)	-	-	-	RMB 31,930 thousand	-
Regent Electron (He Fei) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd.	Affiliate	Other receivables RMB 70,000 thousand (Note 2)	-	-	-	RMB 0 thousand	-
Regent Electron (Suzhou) Co., Ltd.	Taiwan Surface Mounting Technology Corp.	The Company is the company's ultimate parent company	Accounts receivable RMB 1,548,774 thousand (Note 3)	-	-	-	RMB 434,788 thousand	-
Regent Electron (Suzhou) Co., Ltd.	Regent Manner Limited	The Company's parent company	Accounts receivable RMB 121,112 thousand (Note 1 and 3)	-	-	-	RMB 31,201 thousand	-
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd.	Affiliate	Other receivables RMB 95,403 thousand (Note 2)	-	-	-	RMB 50,128 thousand	-
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Taiwan Surface Mounting Technology Corp.	The Company is the company's ultimate parent company	Accounts receivable RMB 39,993 thousand (Note 3)	-	-	-	RMB 28,573 thousand	-
Regent Electron (Xiamen) Co., Ltd.	Regent Manner Limited	The Company's parent company	Accounts receivable RMB 32,081 thousand (Note 1 and 3)	-	-	-	RMB 17,529 thousand	-
Regent Electron (Xiamen) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd.	Affiliate	Other receivables RMB 80,000 thousand (Note 2)	-	-	-	RMB 0 thousand	-
TSMT Technology (Singapore) Pte. Ltd.	TSMT Technology (India) Pvt. Ltd.	The Company's subsidiary	Other receivables USD 4,615 thousand (Note 2)	-	-	-	USD 0 thousand	-
Regent Electron (Xian Yang) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd.	Affiliate	Other receivables RMB 40,000 thousand (Note 2)	-	-	-	RMB 0 thousand	-

Note 1: It was a receivable arising from processing on behalf of associates

Note 2: It was a receivable arising from loans to others.

Note 3: It was a receivable arising from finished goods sold.

Note 4: It was a receivable arising from materials/machinery and equipment purchased on behalf of others.

Taiwan Surface Mounting Technology Corp. and subsidiaries  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction	
						Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Surface Mounting Technology Corp.	Regent Manner Limited	1	Other receivables	\$ 14,739		0%
0	"	"	"	Other income	33,781	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
0	"	Regent Electron (Suzhou) Co., Ltd.	"	Other receivables	2,625,143		5%
0	"	Tele System Communications Pte Ltd.	"	Processing fees revenue	30,384	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
0	"	Fitivision Technology Inc.	"	Sales revenue	10,925	"	0%
0	"	"	"	Accounts receivable	32,408		0%
0	"	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	"	Other receivables	56,505		0%
1	Regent Manner Limited	Taiwan Surface Mounting Technology Corp.	2	Sales revenue	20,108	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
1	"	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	3	Other receivables	34,946		0%
1	"	Regent Electron (Suzhou) Co., Ltd.	"	Other receivables	66,671		0%
1	"	"	"	Sales revenue	39,041	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
1	"	Regent Electron (Xiamen) Co., Ltd.	"	Other receivables	38,304		0%
1	"	"	"	Accounts receivable	13,926		0%
1	"	Regent Electron (He Fei) Co., Ltd.	"	Other receivables	17,791		0%
1	"	Regent Electron (Chong Qing) Co., Ltd.	"	Other receivables	386,653		1%
1	"	"	"	Sales revenue	22,949	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
1	"	Fitivision Technology Inc.	"	Other receivables	70,933		0%
1	"	Tele System Communications Pte Ltd.	"	Accounts receivable	188,786		0%
1	"	Ningbo Yongfu Trade Co., Ltd.	"	Sales revenue	1,019,592	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	2%
1	"	"	"	Accounts receivable	242,600		0%
1	"	Regent Electron (Xian Yang) Co., Ltd.	"	Accounts receivable	36,900		0%

## Transaction

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Regent Manner Limited	TSMT Vietnam Co.,Ltd.	"	Other receivables	\$ 12,723		0%
2	Regent Electron (Suzhou) Co., Ltd.	Regent Manner Limited	"	Accounts receivable	525,128		1%
2	"	"	"	Sales revenue	1,100,081	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	2%
2	"	"	"	Processing fees revenue	1,297,317	"	3%
2	"	"	"	Other operating revenue	146,490	"	0%
2	"	Regent Electron (Chong Qing) Co., Ltd.	"	Other receivables	21,432		0%
2	"	Taiwan Surface Mounting Technology Corp.	2	Sales revenue	8,731,742	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	19%
2	"	"	"	Accounts receivable	6,715,355		14%
2	"	Ningbo Yongfu Trade Co., Ltd.	3	Other receivables	23,189		0%
3	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd.	3	Other receivables	413,659		1%
3	"	"	"	Other income	94,622	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
3	"	Taiwan Surface Mounting Technology Corp.	2	Sales revenue	277,353	"	1%
3	"	"	"	Accounts receivable	173,408		0%
4	Regent Electron (Ningbo) Co., LTD.	Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	3	Accounts receivable	12,492		0%
4	"	"	"	Processing fees revenue	66,198	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
5	Regent Electron (Xiamen) Co., Ltd.	Regent Manner Limited	"	Accounts receivable	139,101		0%
5	"	"	"	Sales revenue	419,554	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	1%
5	"	Regent Electron (Suzhou) Co., Ltd.	"	Other receivables	346,872		1%
6	Regent Electron(Dongguan) Co.,Ltd	DONGGUAN ZUEFU ELECTRON CO., LTD.	3	Other income	55,164	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
7	Regent Electron (Chong Qing) Co., Ltd.	Regent Manner Limited	"	Accounts receivable	1,522,205		3%
7	"	"	"	Sales revenue	2,038,509	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	4%
8	Ningbo Yongfu Trade Co., Ltd.	"	"	Accounts receivable	68,273	"	0%
8	"	"	"	Sales revenue	26,035	"	0%

## Transaction

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
9	Regent Electron (He Fei) Co., Ltd.	"	"	Accounts receivable	\$ 173,719		0%
9	"	"	"	Sales revenue	505,542	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	1%
9	"	Regent Electron (Suzhou) Co., Ltd.	"	Other receivables	303,513		1%
10	DONGGUAN ZUEFU ELECTRON CO., LTD.	Tai Ming Green Power CO.,LTD.	"	Accounts receivable	14,674		0%
10	"	"	"	Sales revenue	18,664	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
10	"	Regent Manner Limited	"	Accounts receivable	17,448		0%
10	"	"	"	Sales revenue	21,249	Price is made based on mutual agreement, and collection term is 90~120 days after monthly billings	0%
11	Tele System Communications Pte Ltd.	"	"	Other operating revenue	44,857	"	0%
11	"	"	"	Accounts receivable	27,838		0%
12	TSM Technology (Singapore) Pte. Ltd.	TSM Technology (India) Pvt. Ltd	"	Other receivables	141,736		0%
13	Regent Electron (Xian Yang) Co., Ltd.	Regent Electron (Suzhou) Co., Ltd.	"	Other receivables	173,436		0%

Note: Individual transactions not exceeding \$10,000 will not be disclosed as well as according related-party transactions.

## Taiwan Surface Mounting Technology Corp. and subsidiaries

## Information on investees

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023					Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (in thousand shares)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	
Taiwan Surface Mounting Technology Corp.	Taiwan Surface Mounting Technology Co., LTD	Hong Kong	Rendering service for specific contract items	\$ 42	\$ 42	10	99.99	\$ 3,977	\$ 46	\$ 46	Subsidiary
Taiwan Surface Mounting Technology Corp.	TAIWAN SURFACE MOUNTING TECHNOLOGY (BVI) CO LIMITED	British Virgin Islands	Holding company	3,145,743	3,145,743	104,000	100.00	23,916,504	1,834,457	1,834,457	Subsidiary
Taiwan Surface Mounting Technology Corp.	High-Toned Opto Technology Corp	Taiwan	Manufacture and assembling of LED products	264,077	264,077	26,423	85.24	67,360	35,036	29,865	Subsidiary
Taiwan Surface Mounting Technology Corp.	Fitivision Technology Inc.	Taiwan	Digital security monitor and wireless communication device	50,000	50,000	5,000	100.00	( 96,135)	( 19,054)	( 19,054)	Subsidiary
Taiwan Surface Mounting Technology Corp.	Bai Hung Investment Corp. Ltd.	Taiwan	Investment company	109,990	109,990	10,999	99.99	112	6,270	6,270	Subsidiary
Taiwan Surface Mounting Technology Corp.	TSMT Technology (Singapore) Pte. Ltd.	Singapore	Holding company	2,813,564	1,215,964	90,000	100.00	1,961,640	( 87,338)	( 87,338)	Subsidiary
Taiwan Surface Mounting Technology Corp.	Tele System Communications Pte Ltd.	Taiwan	Design and manufacture of wired communication equipment and apparatus and channel KU of Satellite TV	94,513	94,513	9,485	94.85	146,524	64,840	61,500	Subsidiary (Note 2)
Taiwan Surface Mounting Technology Corp.	TSMT Vietnam Co.,Ltd.	Vietnam	Processing and manufacturing of computer motherboard and interface card of peripheral devices	452,040	-	-	100.00	446,300	( 4,805)	( 4,805)	Second-tier subsidiary
TSMT Technology (Singapore) Pte. Ltd.	TSMT Technology (India) Pvt. Ltd.	India	Processing and manufacturing of computer motherboard and interface card of peripheral devices	591,039	591,039	851	100.00	( 174,622)	( 97,176)	-	Second-tier subsidiary
TSMT Technology (Singapore) Pte. Ltd.	RMIH Technology (India) Pvt. Ltd.	India	Processing and manufacturing of computer motherboard and interface card of peripheral devices	184,145	184,145	735	100.00	181,753	( 3,104)	-	Second-tier subsidiary

Initial investment amount

Shares held as at December 31, 2023

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023		Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (in thousand shares)	Ownership (%)				
TSMT Technology (Singapore) Pte. Ltd.	TSMT MEXICO, S.A. DE C.V.	Mexico	Processing and manufacturing of computer motherboard and interface card of peripheral devices	\$ 724,395	\$ 189,235	400	100.00	\$ 717,578	(\$ 6,237)	\$ -	Second-tier subsidiary
TAIWAN SURFACE MOUNTING TECHNOLOGY (BVI) CO LIMITED	REGENT MANNER INTERNATIONAL HOLDINGS LIMITED	Cayman Islands	Holding company	3,660,305	3,660,305	2,149,822	100.00	23,872,677	1,832,470	-	Second-tier subsidiary
TAIWAN SURFACE MOUNTING TECHNOLOGY (BVI) CO LIMITED	TSMT-USA	U.S.A	Processing and manufacturing of computer motherboard and interface card of peripheral devices	3,071	3,071	100	100.00	2,233	( 4)	-	Second-tier subsidiary
Bai Hung Investment Corp. Ltd.	Tai Ming Green Power CO.,LTD.	Taiwan	Sales of LED application products	50,000	50,000	5,000	100.00	( 8,637)	1,538	-	Second-tier subsidiary
Bai Hung Investment Corp. Ltd.	iWEECARE Co., Ltd.	Taiwan	Cloud manufacturing of ICT hardware and software	-	19,500	-	-	-	-	-	Investee accounted for using equity method (Note 3)
Bai Hung Investment Corp. Ltd.	Tele System Communications Pte Ltd.	Taiwan	Design and manufacture of wired communication equipment and apparatus and channel KU of Satellite TV	2,500	2,500	250	2.50	3,863	64,840	-	Second-tier subsidiary
REGENT MANNER INTERNATIONAL HOLDINGS LIMITED	REGENT MANNER (BVI) LIMITED	British Virgin Islands	Holding company	2,247,012	2,247,012	34,631	100.00	23,855,821	1,834,062	-	Third-tier subsidiary
REGENT MANNER (BVI) LIMITED	Regent Manner Limited	Hong Kong	Design, processing, manufacture and sales of PCB surface mount packaging in TFT-LCD panels and general electronic information products	2,247,012	2,247,012	573,996	100.00	23,855,821	1,834,062	-	The Company is the company's ultimate parent company
Tele System Communications Pte Ltd.	TELE SYSTEM COMMUNICATIONS DE MEXICO, S.A. DE C.V.	Mexico	Sales of wired communication equipment and apparatus and channel KU of Satellite TV	-	-	-	99.00	-	-	-	Second-tier subsidiary (Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023					Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (in thousand shares)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	
Tele System Communications Pte Ltd.	TSC ELECTRONIC PTE. LTD.	Singapore	Sales of wired communication equipment and apparatus and channel KU of Satellite TV	\$ 1,488	\$ 1,488	50	100.00	\$ 2,001	\$ 755	\$ -	Second-tier subsidiary

Note 1: In June 2022, TELE SYSTEM COMMUNICATIONS DE MEXICO, S.A. DE C.V. resolved to liquidate, and the liquidation is currently in process.

Note 2: In February 2023, TSMT Vietnam Co.,Ltd. was invested and established by 本公司 and was included in consolidated subsidiaries.

Note 3: In May 2023, iWEECARE Co., Ltd. acquired common shares of Yun Yun AI Baby Camera Co., Ltd. through a share exchange. Accordingly, the Group's shareholding ratio in Yun Yun AI Baby Camera Co., Ltd. was 0.16% after the completion of the share exchange, and the Group lost its significant influence over Yun Aun AI Baby Camera Co., Ltd. based on the Group's assessment. Subsequently, the Group reclassified the investee as financial assets at fair value through other comprehensive income. For the year ended December 31, 2023, the Group recognised gains on disposal for the above transaction amounting to \$3,123.



Taiwan Surface Mounting Technology Corp. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 4)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan									
Regent Electron (Suzhou) Co., Ltd	Processing and manufacturing of computer motherboard and interface card of peripheral devices	\$ 2,840,675	Reinvested in Mainland China companies through investing in existing companies in the third area	\$ 1,540,456	\$ -	\$ -	\$ 1,540,456	\$ 156,321	100	\$ 156,321	\$ 10,318,142	\$ 935,578	Note 1	
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	1,074,850	Reinvested in Mainland China companies through investing in existing companies in the third area	824,635	-	-	824,635	316,674	100	316,674	2,876,586	108,684	Note 1	
Regent Electron (Ningbo) Co., LTD.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	522,070	Reinvested in Mainland China companies through investing in existing companies in the third area	1,654,476	-	-	1,654,476	75,370	100	75,370	420,603	861,195	Note 1	
Regent Electron (Xiamen) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	614,200	Reinvested in Mainland China companies through investing in existing companies in the third area	1,170,265	-	-	1,170,265	184,450	100	184,450	1,113,183	1,338,755	Note 1	
Regent Electron (Chengdu) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	368,520	Reinvested in Mainland China companies through investing in existing companies in the third area	393,971	-	-	393,971	(11,739)	100	(11,739)	333,797	-	Note 1	
Regent Electron (Dongguan) Co.,Ltd	Processing and manufacturing of computer motherboard and interface card of peripheral devices	614,200	Reinvested in Mainland China companies through investing in existing companies in the third area	686,284	-	-	686,284	14,204	100	14,204	553,422	-	Note 1	
Ningbo Yongfu Trade Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	85,988	Reinvested in Mainland China companies through investing in existing companies in the third area	148,822	-	-	148,822	240,303	100	240,303	1,895,227	-	Note 1	
Regent Electron (He Fei) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	737,040	Reinvested in Mainland China companies through investing in existing companies in the third area	476,556	-	-	476,556	413,973	100	413,973	2,625,558	-	Note 1	
Regent Electron (Chong Qing) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	675,620	Reinvested in Mainland China companies through investing in existing companies in the third area	679,641	-	-	679,641	163,039	100	163,039	1,914,146	-	Note 1	
Dongguan Zuefu Electron Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	130,077	Reinvested in Mainland China companies through investing in existing companies in the third area	-	-	-	-	244,240	100	244,240	1,588,169	-	Note 3	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 4)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan									
Regent Electron (Xian Yang) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	\$ 130,077	Reinvested in Mainland China companies through investing in existing companies in the third area	\$ -	\$ -	\$ -	-	\$ 157,771	100	\$ 157,771	\$ 1,652,734	\$ -	Note 3	
Chuzhou Bwin Technology Corp.	Research, development and production; sales of metal and plastic technology products	216,795	Reinvested in Mainland China companies through investing in existing companies in the third area	-	-	-	-	-	3	-	6,504	-	Note 2 Note 3	

Note 1: It was reinvested by its third-tier subsidiary, Regent Manner Limited, by cash through its subsidiary in the third area, Taiwan Surface Mounting Technology (B.V.I.) Co. LIMITED. Those investments all had been approved by the MOEA.

Note 2: Except for Chuzhou Bwin Technology Corp., remaining companies' investment income (loss) were recognised based on the financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 3: The company was reinvested by the Company's Mainland China investees approved by the MOEA, no need to submit an additional application for the reinvestments to the MOEA in accordance with the regulations, therefore, the investments would not be included in the calculation of the Company's ceiling on investments in Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Taiwan Surface Mounting Technology Corp.	\$ 7,152,779	\$ 10,735,562	(Note 4)

Note 4: The Company met the scope of operation made by the headquarter, thus, no limit was applicable on the Company's investments in Mainland China in accordance with "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area" effective August 1, 2008.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.

DETAILS OF CASH

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 1

Item	Description	Amount
Cash on hand and petty cash		\$ 294
Demand deposits		
-NTD		391,842
-Foreign exchange deposits	USD\$95,912 thousand, conversion rate \$30.71	2,945,452
	RMB\$160 thousand, conversion rate \$4.336	695
	JPY\$16,164 thousand, conversion rate \$0.217	3,511
	EUR\$58 thousand, conversion rate \$33.98	1,968
		<u>\$ 3,343,762</u>

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 2

<u>Client Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
F Company		\$ 1,422,782	
D Company		360,622	
A Company		325,775	
I Company		292,444	
Others		481,067	Balance of each customer has not exceeded 5% of total accounts receivable
		<u>2,882,690</u>	
Less: Allowance for uncollectible accounts		( <u>2,937</u> )	
		<u>\$ 2,879,753</u>	

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF INVENTORIES  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 3

Item	Amount		Note
	Cost	Market price	
Raw materials	\$ 1,018,241	\$ 1,017,906	
Work in progress	6,781	6,781	
Finished goods	44,550	54,711	
	1,069,572	\$ 1,079,398	
Less: Allowance for inventory valuation losses	( 263,411)		
	\$ 806,161		

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 4

Name	Balance at January 1, 2023		Addition (Note 1)		Reductions (Note 2)		Balance at December 31, 2023			Market value or value per share		Pledged to others as collateral	Note
	Number of shares (per thousand share)	Amount	Number of shares (per share)	Amount	Number of shares (per thousand share)	Amount	Number of shares (per thousand share)	% Interest held	Amount	Price (in dollar)	Total price		
Taiwan Surface Mounting Technology Co., Ltd.	10	\$ 3,931	-	\$ 46	-	\$ -	10	99.99%	\$ 3,977	398	\$ 3,977	None	
Taiwan Surface Mounting Technology (B.V.I.) Co. Limited	104,000	22,890,672	-	1,834,457	-	( 808,625)	104,000	100.00%	23,916,504	230	23,916,504	None	
Bai Hung Investment Corp. Ltd.	10,999	( 3,035)	-	6,270	-	( 3,123)	10,999	99.99%	112	-	112	None	
High-Toned Opto Technology Corp.	26,423	37,495	-	29,865	-	-	26,423	85.24%	67,360	3	67,360	None	
Fitivision Technology Inc.	5,000	( 77,081)	-	-	-	( 19,054)	5,000	100.00%	( 96,135)	-	( 96,135)	None	
TSM Technology (Singapore) Pte. Ltd.	40,000	464,801	50,000	1,597,600	-	( 100,761)	90,000	100.00%	1,961,640	22	1,961,640	None	
TSM Vietnam Co., Ltd.	-	-	-	452,040	-	( 5,740)	-	100.00%	446,300	-	446,300	None	
Tele System Communciations Pte Ltd.	9,485	85,058	-	61,500	-	( 34)	9,485	94.85%	146,524	15	146,524	None	
		<u>\$ 23,401,841</u>		<u>\$ 3,981,778</u>		<u>(\$ 937,337)</u>			<u>\$ 26,446,282</u>				
Add: Transferred to "other non-current liabilities-credit balance of investments accounted for using equity method".		<u>80,116</u>							<u>96,135</u>				
		<u>\$ 23,481,957</u>							<u>\$ 26,542,417</u>				

Note 1: It arose from investment income, cumulative translation adjustments and additional investments.

Note 2: It arose from investment losses, cash dividends received, cumulative translation adjustments and unrealised gains and losses on financial instruments.

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 5

<u>Type of borrowings</u>	<u>Balance at December 31, 2023</u>	<u>Contract period</u>	<u>Interest rate range</u>	<u>Financing line</u>	<u>Collateral</u>	<u>Note</u>
Financial institutions borrowings						
Unsecured borrowings	\$ <u>4,370,000</u>	2023.8.4~2024.8.4	1.60%~1.74%	Comprehensive facilities of \$10,767,150	None	

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 6

Name of suppliers	Summary	Amount	Note
Non-related parties			
SANAN		\$ 623,668	
TOYODA		228,328	
Others		1,823,529	None of the balances of any supplier is greater than 5% of this account balance
		<u>\$ 2,675,525</u>	

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF LONG-TERM BORROWINGS  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
KGI Bank	General medium to long-term unsecured borrowings	\$ 500,000	2023/02/24-2026/02/24	1.88%	None	-
KGI Bank	"	250,000	2022/11/21-2025/11/21	2.05%	"	-
Taipei Fubon Bank	"	500,000	2022/05/16-2024/12/31	1.95%	"	-
DBS Bank	"	500,000	2022/12/29-2025/12/29	1.65%	"	-
Less: Current portion		( 31,250)				
		<u>\$ 1,718,750</u>				

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

Item	Quantity	Amount	Note
Total sales revenue			
TFT-LCD panels	15,311 thousand PCS	\$ 9,957,359	
Automotive module	7,655 thousand PCS	2,712,336	
Memory module	13,799 thousand PCS	1,778,088	
Others		855,666	
		<u>15,303,449</u>	
Less: Sales returns		( 23,003)	
Sales discounts and allowances		<u>( 11,956)</u>	
Total operating revenue		<u>\$ 15,268,490</u>	

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 9

Item	Amount
Direct materials	
Beginning balance of raw materials	\$ 1,425,030
Add: Purchase	3,472,064
Less: Ending balance of raw materials	( 1,018,241)
Reclassified as expenses	3,819
Raw materials sold	( 204,806)
Raw materials used	3,677,866
Direct labor	207,645
Manufacturing overhead	831,327
Manufacturing cost	4,716,838
Add: Beginning balance of work in progress	11,672
Less: Ending balance of work in progress	( 6,781)
Work in progress retirement losses	( 7)
Cost of finished goods	4,721,722
Add: Beginning balance of finished goods	50,281
Purchases	8,966,953
Less: Ending balance of finished goods	( 44,550)
Reclassified as expenses	( 4,420)
Production and marketing cost	13,689,986
Add: Cost of materials sales	204,806
Cost of goods sold	13,894,792
Less: Gain on scrapping sales	( 39)
Add: Scrap loss	-
Add: Loss on decline in market value	25,000
Total operating costs	<u>\$ 13,919,753</u>

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF MANUFACTURING OVERHEAD  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 10

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Processing fees		\$ 330,455	
Depreciation expense		141,494	
Wages and salaries		88,082	
Consumption		45,476	
Utilities expense		43,364	
Others		182,456	The balance of each expense account has not exceeded 5% of the manufacturing overhead
		<u>\$ 831,327</u>	

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 11

Item	Summary	Amount	Note
Wages and salaries		\$ 20,013	
Travel expense		7,781	
Sample expense		2,620	
Packing expense		2,573	
Others		11,050	Balance of each expense account has not exceeded 5% of the total selling expenses
		<u>\$ 44,037</u>	

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
DETAILS OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 12

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Employees' bonus		\$ 183,000	
Wages and salaries		102,800	
Miscellaneous disbursements		80,296	
Depreciation expense		30,539	
Amortisation expense		25,193	
Directors' remuneration		24,000	
Others		81,546	The balance of each expense account has not exceeded 5% of the administrative expenses
		<u>\$ 527,374</u>	

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TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
CURRENT EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES SUMMARIZED BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 13

By Nature \ By Function	Year ended December 31, 2023			Year ended December 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 287,073	\$ 349,155	\$ 636,228	\$ 382,380	\$ 479,066	\$ 861,446
Labour and health insurance fees	46,524	11,507	58,031	46,306	11,384	57,690
Pension costs	14,850	10,369	25,219	15,428	9,878	25,306
Directors' remuneration	-	24,000	24,000	-	30,000	30,000
Other employee benefit expense	19,464	9,621	29,085	27,913	10,748	38,661
Depreciation charge (including right-of-use assets)	146,887	55,927	202,814	141,688	36,169	177,857

Note:

- A. As at December 31, 2023 and 2022, the Company had 850 and 855 employees, including 8 and 7 non-employee directors, respectively.
- B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
- (a) Average employee benefit expense in current year was \$889 ((Total employee benefit expense in current year–Total directors' compensation in current year) / (Number of employees in current year–Number of non-employee directors in current year)).  
Average employee benefit expense in previous year was \$1,159 ((Total employee benefit expense in previous year–Total directors' compensation in previous year) / (Number of employees in previous year – Number of non-employee directors in previous year)).
- (b) Average employee salaries in current year were \$756 (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).  
Average employee salaries in previous year was \$1,016 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
- (c) Adjustments of average employee salaries was 26% ((Average employee salaries in current year–Average employee salaries in previous year) / Average employee salaries in previous year).

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.  
CURRENT EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES SUMMARIZED BY FUNCTION (Cont.)  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 13

(d) The Company's salary and remuneration policy (including directors, supervisors, managers and employees)

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall appropriate more than 5% and under 1% as employees' compensation and directors' remuneration, respectively. Aside from minimum wage, employees' compensation also includes bonus which is distributed corresponding the Company's operating condition in order to encourage employees and retain talent employees. Annual salary raise plan takes into consideration employees' job grade, performance assessment and the Company's operating result for the current year to decide the adjusted items and amount. Remunerations to directors and managers shall be proposed by the remuneration committee and then submitted to the Board of Directors for discussion.