

**TAIWAN SURFACE MOUNTING
TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

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.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES do not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES

By

Wu, Kai-Yun, Chairman

March 12 , 2024

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 consolidated balance sheets of Taiwan Surface Mounting Technology Corp. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2023 consolidated financial statements are stated as follows:

Existence of revenues of the newly top 10 significant customers

Description

Please refer to Note 4(27) for accounting policy on recognition of revenue and Note 6(18) for details of sales revenue.

Considering that the customers' demand has changed, the Group 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 the consolidated 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 Group'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 10 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(13); 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 Group's inventories and allowance for inventory valuation losses amounted to NT\$3,269,471 thousand and NT\$571,869 thousand, respectively. The Group 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 Group 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. The Group's inventory and allowance for inventory valuation losses are significant to the consolidated financial statements. Thus, we identified the valuation of allowance for 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 Group's operations and the characteristics of its industry.

- B. Understood the Group'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 Group 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.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Taiwan Surface Mounting Technology Corp. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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.

LIN, KUAN-HUNG

Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2023 | | December 31, 2022 | | |
|---------------------------|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 6,779,921 | 14 | \$ 11,440,893 | 21 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 4,838,883 | 10 | 1,993,068 | 4 |
| 1136 | Current financial assets at amortised cost | 6(4) | 5,789,757 | 12 | 2,750,855 | 5 |
| 1150 | Notes receivable, net | 6(5) | 2,053 | - | - | - |
| 1170 | Accounts receivable, net | 6(5) | 14,721,531 | 30 | 18,397,323 | 33 |
| 1180 | Accounts receivable - related parties | 7 | - | - | 190 | - |
| 1200 | Other receivables | | 142,213 | - | 131,192 | - |
| 130X | Inventories | 6(6) | 2,697,602 | 6 | 4,434,426 | 8 |
| 1410 | Prepayments | | 392,867 | 1 | 403,581 | 1 |
| 1479 | Other current assets, others | | 232 | - | 933 | - |
| 11XX | Current Assets | | <u>35,365,059</u> | <u>73</u> | <u>39,552,461</u> | <u>72</u> |
| Non-current assets | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(3) | 116,085 | - | 164,331 | - |
| 1550 | Investments accounted for under equity method | 6(7) | - | - | - | - |
| 1600 | Property, plant and equipment | 6(8) | 11,324,136 | 23 | 12,848,554 | 23 |
| 1755 | Right-of-use assets | 6(9) | 769,215 | 2 | 800,924 | 2 |
| 1840 | Deferred income tax assets | | 282,564 | 1 | 757,594 | 1 |
| 1915 | Prepayments for business facilities | | 270,221 | - | 304,746 | 1 |
| 1990 | Other non-current assets, others | | 501,572 | 1 | 742,879 | 1 |
| 15XX | Non-current assets | | <u>13,263,793</u> | <u>27</u> | <u>15,619,028</u> | <u>28</u> |
| 1XXX | Total assets | | <u>\$ 48,628,852</u> | <u>100</u> | <u>\$ 55,171,489</u> | <u>100</u> |

(Continued)

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED 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 | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(11) | \$ 5,317,534 | 11 | \$ 5,530,006 | 10 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2) | 5,842 | - | 8,606 | - |
| 2130 | Current contract liabilities | 6(18) | 145,603 | - | 159,361 | - |
| 2150 | Notes payable | | 6,671 | - | 13,994 | - |
| 2170 | Accounts payable | | 14,001,963 | 29 | 18,159,913 | 33 |
| 2200 | Other payables | 6(12) | 2,614,261 | 6 | 2,817,339 | 5 |
| 2230 | Current income tax liabilities | 6(25) | 661,087 | 1 | 1,292,875 | 2 |
| 2280 | Current lease liabilities | | 17,477 | - | 152,224 | - |
| 2320 | Long-term liabilities, current portion | 6(13) | 31,250 | - | 511,833 | 1 |
| 2399 | Other current liabilities, others | | 941,294 | 2 | 956,095 | 2 |
| 21XX | Current Liabilities | | <u>23,742,982</u> | <u>49</u> | <u>29,602,246</u> | <u>53</u> |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(13) | 2,179,400 | 4 | 2,859,467 | 5 |
| 2570 | Deferred income tax liabilities | | 2,751,816 | 6 | 2,893,823 | 6 |
| 2580 | Non-current lease liabilities | | 31,336 | - | 89,607 | - |
| 2600 | Other non-current liabilities | | 84,949 | - | 96,690 | - |
| 25XX | Non-current liabilities | | <u>5,047,501</u> | <u>10</u> | <u>5,939,587</u> | <u>11</u> |
| 2XXX | Total Liabilities | | <u>28,790,483</u> | <u>59</u> | <u>35,541,833</u> | <u>64</u> |
| Equity attributable to owners of parent | | | | | | |
| | Share capital | 6(15) | | | | |
| 3110 | Share capital - common stock | | 2,923,984 | 6 | 2,923,984 | 5 |
| | Capital surplus | 6(16) | | | | |
| 3200 | Capital surplus | | 2,505,920 | 5 | 2,505,888 | 4 |
| | Retained earnings | 6(17) | | | | |
| 3310 | Legal reserve | | 2,576,021 | 5 | 2,171,627 | 4 |
| 3320 | Special reserve | | 443,085 | 1 | 1,919,512 | 4 |
| 3350 | Unappropriated retained earnings | | 11,778,778 | 24 | 10,238,395 | 19 |
| | Other equity interest | | | | | |
| 3400 | Other equity interest | | (409,670) | - | (143,086) | - |
| 31XX | Equity attributable to owners of the parent | | <u>19,818,118</u> | <u>41</u> | <u>19,616,320</u> | <u>36</u> |
| 36XX | Non-controlling interest | | <u>20,251</u> | <u>-</u> | <u>13,336</u> | <u>-</u> |
| 3XXX | Total equity | | <u>19,838,369</u> | <u>41</u> | <u>19,629,656</u> | <u>36</u> |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 48,628,852</u> | <u>100</u> | <u>\$ 55,171,489</u> | <u>100</u> |

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

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED 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) | \$ 46,496,015 | 100 | \$ 68,454,595 | 100 |
| 5000 | Operating costs | 6(6)(23)(24) | (41,219,599) | (89) | (59,623,639) | (87) |
| 5900 | Net operating margin | | 5,276,416 | 11 | 8,830,956 | 13 |
| | Operating expenses | 6(23)(24) | | | | |
| 6100 | Selling expenses | | (253,180) | - | (291,969) | (1) |
| 6200 | General and administrative expenses | | (1,710,440) | (4) | (1,821,684) | (3) |
| 6300 | Research and development expenses | | (774,420) | (2) | (862,792) | (1) |
| 6450 | Impairment loss determined in accordance with IFRS 9 | 12(2) | (49,124) | - | (42,413) | - |
| 6000 | Total operating expenses | | (2,787,164) | (6) | (3,018,858) | (5) |
| 6900 | Operating profit | | 2,489,252 | 5 | 5,812,098 | 8 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(19) | 462,095 | 1 | 126,408 | - |
| 7010 | Other income | 6(20) | 402,643 | 1 | 460,410 | 1 |
| 7020 | Other gains and losses | 6(21) | (73,722) | - | (695,727) | (1) |
| 7050 | Finance costs | 6(22) | (194,607) | (1) | (187,691) | - |
| 7060 | Share of loss of associates and joint ventures accounted for under equity method | 6(7) | - | - | (198) | - |
| 7000 | Total non-operating income and expenses | | 596,409 | 1 | (296,798) | - |
| 7900 | Profit before income tax | | 3,085,661 | 6 | 5,515,300 | 8 |
| 7950 | Income tax expense | 6(25) | (571,755) | (1) | (1,462,958) | (2) |
| 8000 | Profit for the year from continuing operations | | 2,513,906 | 5 | 4,052,342 | 6 |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 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) | (51,259) | - | (88,391) | - |
| 8310 | Components of other comprehensive income that will not be reclassified to profit or loss | | (43,137) | - | (86,373) | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Financial statements translation differences of foreign operations | | (215,300) | - | 1,564,991 | 2 |
| 8360 | Components of other comprehensive (loss) income that will be reclassified to profit or loss | | (215,300) | - | 1,564,991 | 2 |
| 8300 | Total other comprehensive (loss) income for the year | | (\$ 258,437) | - | \$ 1,478,618 | 2 |
| 8500 | Total comprehensive income for the year | | \$ 2,255,469 | 5 | \$ 5,530,960 | 8 |
| | Profit (loss), attributable to: | | | | | |
| 8610 | Owners of the parent | | \$ 2,507,016 | 5 | \$ 4,041,920 | 6 |
| 8620 | Non-controlling interest | | 6,890 | - | 10,422 | - |
| | | | \$ 2,513,906 | 5 | \$ 4,052,342 | 6 |
| | Comprehensive income (loss) attributable to: | | | | | |
| 8710 | Owners of the parent | | \$ 2,248,554 | 5 | \$ 5,520,365 | 8 |
| 8720 | Non-controlling interest | | 6,915 | - | 10,595 | - |
| | | | \$ 2,255,469 | 5 | \$ 5,530,960 | 8 |
| | Basic earnings per share | 6(26) | | | | |
| 9750 | Total basic earnings per share | | \$ 8.57 | | \$ 13.82 | |
| | Diluted earnings per share | 6(26) | | | | |
| 9850 | Total diluted earnings per share | | \$ 8.50 | | \$ 13.65 | |

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

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

| | | Equity attributable to owners of the parent | | | | | | | | | |
|------------------|---|---|---------------------|---------------------|-------------------------------------|--|--|---------------------|-----------------------------|------------------|----------------------|
| | | Retained Earnings | | | | | Other equity interest | | | | |
| Notes | Share capital - common stock | Capital surplus, additional paid-in capital | 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 | Total | Non-controlling interest | Total equity | |
| Year 2022 | | | | | | | | | | | |
| | 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 | (\$ 6,521) | \$ 15,853,048 |
| | Profit for the year | - | - | - | - | 4,041,920 | - | - | 4,041,920 | 10,422 | 4,052,342 |
| | Other comprehensive income (loss) for the year | - | - | - | - | 2,018 | 1,564,818 | (88,391) | 1,478,445 | 173 | 1,478,618 |
| | Total comprehensive income (loss) | - | - | - | - | 4,043,938 | 1,564,818 | (88,391) | 5,520,365 | 10,595 | 5,530,960 |
| | 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) | - | (1,754,390) |
| | Unclaimed dividends past due | 6(16) | 38 | - | - | - | - | - | 38 | - | 38 |
| | Changes in non-controlling interest | - | (9,262) | - | - | - | - | - | (9,262) | 9,262 | - |
| | Balance at December 31, 2022 | <u>\$ 2,923,984</u> | <u>\$ 2,505,888</u> | <u>\$ 2,171,627</u> | <u>\$ 1,919,512</u> | <u>\$ 10,238,395</u> | <u>(\$ 2,407)</u> | <u>(\$ 140,679)</u> | <u>\$ 19,616,320</u> | <u>\$ 13,336</u> | <u>\$ 19,629,656</u> |
| Year 2023 | | | | | | | | | | | |
| | Balance at January 1, 2023 | <u>\$ 2,923,984</u> | <u>\$ 2,505,888</u> | <u>\$ 2,171,627</u> | <u>\$ 1,919,512</u> | <u>\$ 10,238,395</u> | <u>(\$ 2,407)</u> | <u>(\$ 140,679)</u> | <u>\$ 19,616,320</u> | <u>\$ 13,336</u> | <u>\$ 19,629,656</u> |
| | Profit for the year | - | - | - | - | 2,507,016 | - | - | 2,507,016 | 6,890 | 2,513,906 |
| | Other comprehensive income (loss) for the year | - | - | - | - | 8,122 | (215,325) | (51,259) | (258,462) | 25 | (258,437) |
| | Total comprehensive income (loss) | - | - | - | - | 2,515,138 | (215,325) | (51,259) | 2,248,554 | 6,915 | 2,255,469 |
| | 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) | - | (2,046,788) |
| | Unclaimed dividends past due | 6(16) | 32 | - | - | - | - | - | 32 | - | 32 |
| | Balance at December 31, 2023 | <u>\$ 2,923,984</u> | <u>\$ 2,505,920</u> | <u>\$ 2,576,021</u> | <u>\$ 443,085</u> | <u>\$ 11,778,778</u> | <u>(\$ 217,732)</u> | <u>(\$ 191,938)</u> | <u>\$ 19,818,118</u> | <u>\$ 20,251</u> | <u>\$ 19,838,369</u> |

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

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED 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 OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 3,085,661 | \$ 5,515,300 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense (including right-of-use assets) | 6(8)(9)(23) | 3,056,074 | 2,916,952 |
| Loss on valuation of financial liabilities at fair value through profit or loss | 6(2) | 5,842 | 8,606 |
| Expected credit loss | 6(23) and 12(2) | 49,124 | 42,413 |
| Interest income | 6(19) | (462,095) | (126,408) |
| Interest expense | 6(22) | 194,607 | 187,691 |
| Share of loss of associates and joint ventures accounted for using equity method | | - | 198 |
| Gain on disposal of investments accounted for using equity method | 6(21) | (3,123) | - |
| Losses on disposals of property, plant and equipment | 6(21) | 59,987 | 31,002 |
| Gain (loss) on Impairment on non-financial assets | 6(8)(10)(21) | (38,437) | 43,523 |
| Losses from lease modification | 6(9)(21) | 18,983 | - |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable, net | | (2,053) | - |
| Accounts receivable, net | | 3,626,190 | 3,706,805 |
| Accounts receivable - related parties | | 190 | 88 |
| Other receivables | | 29,725 | (52,294) |
| Inventories | | 1,716,223 | 1,518,255 |
| Prepayments | | 10,714 | 227,492 |
| Other current assets, others | | 701 | (109) |
| Changes in operating liabilities | | | |
| Current contract liabilities | | (13,758) | 36,712 |
| Notes payable | | (7,323) | 87 |
| Accounts payable | | (4,157,950) | (3,210,180) |
| Other payables | | (184,323) | (116,097) |
| Other current liabilities, others | | (14,801) | 664,568 |
| Cash inflow generated from operations | | 6,970,158 | 11,394,604 |
| Interest received | | 421,659 | 109,803 |
| Interest paid | | (192,208) | (182,773) |
| Income taxes paid | | (853,145) | (805,699) |
| Net cash flows from operating activities | | <u>6,346,464</u> | <u>10,515,935</u> |

(Continued)

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED 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 assets/liabilities at fair value through profit or loss | | (\$ 2,854,421) | (\$ 1,042,283) |
| Acquisition of financial assets at amortised cost | | (14,539,057) | (4,692,366) |
| Proceeds from repayments of financial assets at amortised cost | | 11,450,375 | 2,181,896 |
| Acquisition of property, plant and equipment | 6(27) | (1,342,889) | (2,084,154) |
| Proceeds from disposal of property, plant and equipment | 6(8) | 28,956 | 153,511 |
| Acquisition of use-of-right assets | | (176,345) | (216,874) |
| (Increase) decrease in prepayments for business facilities | | (335,488) | 1,762,249 |
| Decrease in other non-current assets | | 286,569 | 132,542 |
| Decrease (increase) in refundable deposits | | 16,297 | (2,218) |
| Net cash flows used in investing activities | | <u>(7,466,003)</u> | <u>(3,807,697)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term borrowings | 6(28) | 14,995,783 | 19,951,814 |
| Repayments of short-term borrowings | 6(28) | (15,203,453) | (23,312,020) |
| Cash dividends paid | 6(17) | (2,046,788) | (1,754,390) |
| Proceeds from long-term borrowings | 6(28) | 1,667,400 | 2,300,000 |
| Repayments of long-term debt | 6(28) | (2,834,800) | (1,806,578) |
| Decrease in other non-current liabilities | | - | (102) |
| Increase in other non-current liabilities | 6(28) | 37 | - |
| Unclaimed dividends past due | 6(16) | 32 | 38 |
| Repayments of principal portion of lease liabilities | 6(28) | (100,782) | (161,671) |
| Increase in guarantee deposits received | 6(28) | (3,656) | 2,856 |
| Net cash flows used in financing activities | | <u>(3,526,227)</u> | <u>(4,780,053)</u> |
| Effect of exchange rate changes on cash and cash equivalents | | (15,206) | 875,436 |
| Net (decrease) increase in cash and cash equivalents | | (4,660,972) | 2,803,621 |
| Cash and cash equivalents at beginning of year | 6(1) | 11,440,893 | 8,637,272 |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 6,779,921</u> | <u>\$ 11,440,893</u> |

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

TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED 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”) and its subsidiaries (collectively referred herein as the “Group”) were 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 CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated 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 the FSC and became effective from 2023 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|--|---|
| 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 Group’s financial condition and financial performance based on the Group’s assessment.

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

New standards, interpretations and amendments endorsed by the FSC and will become 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 interpretations have no significant impact to the Group's financial condition and financial performance based on the Group'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 Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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”).

(2) Basis of preparation

A. Except for the following items, the consolidated 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership(%) | | Description |
|--|---|--|-------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| Taiwan Surface Mounting Technology Corp. | Taiwan Surface Mounting Technology (B.V.I.) Co. Limited | Investment holding company | 100.00 | 100.00 | |
| " | TAIWAN SURFACE MOUNTING TECHNOLOGY CO.,LTD | Rendering service for specific contract items | 99.99 | 99.99 | |
| " | High-Toned Opto Technology Corp | Manufacture and assembling of LED products | 85.24 | 85.24 | |
| " | BAI HUNG INVESTMENT CORP. LTD. | Investment holding company | 99.99 | 99.99 | |
| " | Fitivision Technology Inc. | Digital security monitor and wireless communication device | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership(%) | | Description |
|---|---|--|-------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| Taiwan Surface Mounting Technology Corp. | TSMT Technology (Singapore) Pte. Ltd | Investment holding company | 100.00 | 100.00 | |
| " | TELE SYSTEM COMMUNICATIONS PTE LTD. | Design and manufacture of wired communication equipment and apparatus and channel KU of Satellite TV | 94.85 | 94.85 | Note 2 |
| " | TSMT Vietnam Co.,Ltd. | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 0.00 | Note 6 |
| Taiwan Surface Mounting Technology (B.V.I.) Co. Limited | Regent Manner Int'l Holdings Limited | Investment holding company | 100.00 | 100.00 | |
| " | Taiwan Surface Mounting Technology(U.S.A) Co., Ltd (TSMT-USA) | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership(%) | | Description |
|--------------------------------------|--|---|-------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| Regent Manner Int'l Holdings Limited | Regent Manner (BVI) Limited | Investment holding company | 100.00 | 100.00 | |
| Regent Manner (BVI) Limited | Regent Manner Limited | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| Regent Manner Limited | Regent Electron (Suzhou) Co., Ltd | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| " | TAIWAN SURFACE MOUNTING TECHNOLOGY (SUZHOU) CO., LTD | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| " | REGENT ELECTRON (NINGBO) CO., LTD | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership(%) | | Description |
|-----------------------|------------------------------------|---|-------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| Regent Manner Limited | Regent Electron (Xiamen) Co.,Ltd. | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| " | REGENT ELECTRON (CHENGDU) CO., LTD | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| " | Regent Electron (Dongguan) Co.,Ltd | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| " | REGENT ELECTRON (HE FEI) CO.,LTD. | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership(%) | | Description |
|-----------------------------------|---------------------------------------|---|-------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| Regent Manner Limited | REGENT ELECTRON (CHONG QING) CO., LTD | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| " | Ningbo Yongfu Trade Co., Ltd. | Sales of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| Ningbo Yongfu Trade Co., Ltd | DONGGUAN ZUEFU ELECTRON CO., LTD. | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| Regent Electron (Suzhou) Co., Ltd | Regent Electron (Xian Yang) Co., Ltd. | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership(%) | | Description |
|---------------------------------------|---|--|-------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| High-Toned Opto Technology Corp | High-Toned Technology (Hong Kong) Limited | Investment holding company | 0.00 | 0.00 | Note 5 |
| BAI HUNG INVESTMENT CORP. LTD. | Tai Ming Green Power CO.,LTD. | Sales of LED application products | 100.00 | 100.00 | |
| " | TELE SYSTEM COMMUNICATIONS PTE LTD. | Design and manufacture of wired communication equipment and apparatus and channel KU of Satellite TV | 2.50 | 2.50 | Note 2 |
| TSMT Technology (Singapore) Pte. Ltd. | TSMT Technology (India) Pvt. Ltd | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | |
| " | RMIH Technology (India) Pvt. Ltd. | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | Note 3 |

| Name of investor | Name of subsidiary | Main business activities | Ownership(%) | | Description |
|---------------------------------------|--|---|-------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| TSMT Technology (Singapore) Pte. Ltd. | TSMT MEXICO, S.A. DE C.V. | Processing and manufacturing of computer motherboard and interface card of peripheral devices | 100.00 | 100.00 | Note 4 |
| TELE SYSTEM COMMUNICATIONS PTE LTD. | TELE SYSTEM COMMUNICATIONS DE MEXICO, S.A. DE C.V. | Sales of wired communication equipment and apparatus and channel KU of Satellite TV | 99.00 | 99.00 | Note 1 |
| " | TSC ELECTRONIC PTE. LTD. | Sales of wired communication equipment and apparatus and channel KU of Satellite TV | 100.00 | 100.00 | |

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.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: Cash, bank deposits and financial product amounting to \$6,886,601 deposited in Mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation 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 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 or joint arrangement, 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 Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, 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 Group 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.

(5) 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.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) 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 liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group 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 Group'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 profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognized 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 Group 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.

(9) 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 Group'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 Group 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 Group'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.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group 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.

(11) 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 Group 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 Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group 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 Group 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 Group has not retained control of the financial asset.

(13) 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 labour, 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.

(14) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Group 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.
- B. 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 Group'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 statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group'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 Group'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.
- F. Upon loss of significant influence over an associate, the Group 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.
- G. When the Group 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.
- H. When the Group 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.

(15) 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 Group 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 estimated useful lives of property, plant and equipment are as follows:

| | |
|--------------------------|-------------|
| Buildings and structures | 20~35 years |
| Machinery and equipment | 5~10 years |
| Other facilities | 3~10 years |

(16) 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 Group. 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 Group 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.

(17) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
B. Intangible assets are computer software and acquired special technology and are amortised using the straight-line method over 2 years.

(18) Impairment of non-financial assets

- A. The Group 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.

(19) 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.

(20) 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.

(21) 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 Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

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

(23) 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 Group 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 Group 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 Group'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 Group 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.

(24) 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 Group 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 consolidated 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 Group 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.

(25) 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.

(26) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group'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.

(27) Revenue recognition

- A. The Group manufactures and sells the 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 Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Sale 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.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group'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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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 \$2,697,602.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand and revolving funds | \$ 4,075 | \$ 4,181 |
| Chenking accounts and demand deposits | 6,195,628 | 8,888,314 |
| Time deposits | 580,218 | 2,548,398 |
| | <u>\$ 6,779,921</u> | <u>\$ 11,440,893</u> |

A. The Group 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 Group 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 Group 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>Assets Items</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Capital guarantee financial products | <u>\$ 4,838,883</u> | <u>\$ 1,993,068</u> |
| <u>Liabilities Items</u> | | |
| Current items: | | |
| Financial liabilities mandatorily measured at fair value through profit or loss | | |
| Forward foreign exchange contracts | \$ 713 | \$ - |
| Cross currency swap | 5,129 | 8,606 |
| | <u>\$ 5,842</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 | | |
| Capital guarantee financial products | \$ 79,245 | \$ 40,613 |
| Cross currency swap - settled gain or loss | 4,372 | 939 |
| Forward foreign exchange contracts | | |
| - settled gain or loss | 453 | - |
| Financial liabilities mandatorily measured at fair value through profit or loss | | |
| Forward foreign exchange contracts | | |
| - settled gain or loss | - (| 1,238) |
| Cross currency swap - valuation gain or loss | (5,129) | (8,606) |
| Forward foreign exchange contracts | | |
| - valuation gain or loss | (713) | - |
| | <u>\$ 78,228</u> | <u>\$ 31,708</u> |

B. The Group 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: | | |
| Forward foreign exchange contracts | \$ 32,270 | 2023.09.01~2024.01.15 |
| Cross currency swap | 94,500 | 2023.11.21~2024.02.26 |
| Cross currency swap | 94,500 | 2023.11.21~2024.02.26 |
| Cross currency swap | 63,200 | 2023.11.24~2024.02.29 |
| | <u>\$ 284,470</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 | 156,750 | 2022.11.11~2023.02.15 |
| | <u>\$ 317,340</u> | |

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

- C. The Group 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

| <u>Items</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|--------------------------|--------------------------|
| Current items: | | |
| Equity instruments | | |
| Listed stocks | \$ 290,896 | \$ 290,896 |
| Unlisted stocks | 17,127 | 14,114 |
| Valuation adjustment | (191,938) | (140,679) |
| Total | <u>\$ 116,085</u> | <u>\$ 164,331</u> |

- A. The Group has elected to classify equity securities investments 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 \$116,085 and \$164,331 as at December 31, 2023 and 2022, respectively.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|-------------|
| | <u>2023</u> | <u>2022</u> |
| <u>Equity instruments at fair value through other comprehensive income</u> | | |
| Fair value change recognised in other comprehensive income | (\$ 51,259) | (\$ 88,391) |

- 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 Group was \$116,085 and \$164,331, respectively.
- D. The Group 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 | \$ 5,772,413 | \$ 2,727,044 |
| Drawing restricted time deposits | 17,344 | 22,047 |
| Drawing restricted demand deposits | - | 1,764 |
| | \$ 5,789,757 | \$ 2,750,855 |

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

| | Years ended December 31, | |
|-----------------|--------------------------|-----------|
| | 2023 | 2022 |
| Interest income | \$ 240,581 | \$ 31,565 |

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 Group was \$5,789,757 and \$2,750,855, respectively.

C. The Group 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 Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group 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 Group 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

| | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Notes receivable | \$ 2,053 | \$ - |
| Accounts receivable | \$ 15,049,373 | \$ 18,673,720 |
| Less: Allowance for bad debts | (327,842) | (276,397) |
| | \$ 14,723,584 | \$ 18,397,323 |

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

| | December 31, 2023 | | December 31, 2022 | |
|-----------------|----------------------|------------------|----------------------|------------------|
| | Accounts receivable | Notes receivable | Accounts receivable | Notes receivable |
| Not past due | \$ 14,060,830 | \$ 2,053 | \$ 17,767,382 | \$ - |
| Up to 90 days | 112,345 | - | 608,792 | - |
| 91 to 180 days | 238,890 | - | 220,247 | - |
| 181 to 365 days | 616,785 | - | 70,305 | - |
| Over 1 year | 20,523 | - | 6,994 | - |
| | <u>\$ 15,049,373</u> | <u>\$ 2,053</u> | <u>\$ 18,673,720</u> | <u>\$ -</u> |

The above ageing analysis was based on past due date.

- B. As at December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$22,388,589.
- C. The Group 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 Group's notes receivable was \$2,053 and \$0, respectively, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$14,721,531 and \$18,397,323, respectively.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

| | December 31, 2023 | | |
|------------------|---------------------|------------------------------|---------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 2,543,206 | (\$ 448,601) | \$ 2,094,605 |
| Work in progress | 57,525 | - | 57,525 |
| Finished goods | 668,740 | (123,268) | 545,472 |
| Total | <u>\$ 3,269,471</u> | <u>(\$ 571,869)</u> | <u>\$ 2,697,602</u> |
| | December 31, 2022 | | |
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 3,706,485 | (\$ 446,283) | \$ 3,260,202 |
| Work in progress | 53,363 | - | 53,363 |
| Finished goods | 1,246,490 | (125,629) | 1,120,861 |
| Total | <u>\$ 5,006,338</u> | <u>(\$ 571,912)</u> | <u>\$ 4,434,426</u> |

The cost of inventories recognised as expense for the year:

| | Years ended December 31, | |
|---------------------------------|--------------------------|----------------------|
| | 2023 | 2022 |
| Cost of goods sold | \$ 39,436,903 | \$ 58,197,566 |
| Loss on decline in market value | 3,205 | 293,290 |
| Scrap loss | 6,996 | 30,164 |
| Others | 1,772,495 | 1,102,619 |
| | <u>\$ 41,219,599</u> | <u>\$ 59,623,639</u> |

(7) Investment accounted for using equity method

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| iWEECARE Co., Ltd. | \$ - | \$ - |
| Add: Transfers to ‘other current liabilities’ | - | - |
| | <u>\$ -</u> | <u>\$ -</u> |

1. The carrying amount of the Group’s interests in all individually immaterial associates and the Group’s share of the operating results are summarised below:

As of December 31, 2023 and 2022, the carrying amount of the Group’s individually immaterial associates amounted to \$0 and \$0, respectively.

| | Years ended December 31, | |
|--|--------------------------|--------------------|
| | 2023 | 2022 |
| Loss for the period from continuing operations | (\$ 2,099) | (\$ 18,442) |
| Loss for the period from discontinued operations | - | - |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive loss | <u>(\$ 2,099)</u> | <u>(\$ 18,442)</u> |

2. 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.

(8) Property, plant and equipment

| | 2023 | | | | | |
|--|-------------------|--------------------------------|-------------------------------|---------------------|---------------------|----------------------|
| | Land | Buildings and structures | Machinery and equipment | Office equipment | Other facilities | Total |
| <u>January 1</u> | | | | | | |
| Cost | \$ 251,751 | \$ 5,857,256 | \$ 11,842,067 | \$ 79,065 | \$ 1,562,837 | \$ 19,592,976 |
| Accumulated depreciation and impairment | - | (1,815,939) | (4,332,292) | - | (596,191) | (6,744,422) |
| | <u>\$ 251,751</u> | <u>\$ 4,041,317</u> | <u>\$ 7,509,775</u> | <u>\$ 79,065</u> | <u>\$ 966,646</u> | <u>\$ 12,848,554</u> |
| At January 1 | \$ 251,751 | \$ 4,041,317 | \$ 7,509,775 | \$ 79,065 | \$ 966,646 | \$ 12,848,554 |
| Additions | 159,997 | 1,473 | 141,168 | 896,486 | 122,611 | 1,321,735 |
| Transfer | - | 1,802 | 217,451 | (47,348) | 45,334 | 217,239 |
| Disposals | - | - | (69,867) | (1,400) | (17,676) | (88,943) |
| Depreciation charge | - | (262,551) | (2,284,815) | - | (393,799) | (2,941,165) |
| Gain on reversal of impairment loss | - | - | 23,957 | - | 14,480 | 38,437 |
| Net exchange differences | 4,717 | (44,519) | (31,047) | (461) | (411) | (71,721) |
| At December 31 | <u>\$ 416,465</u> | <u>\$ 3,737,522</u> | <u>\$ 5,506,622</u> | <u>\$ 926,342</u> | <u>\$ 737,185</u> | <u>\$ 11,324,136</u> |
| <u>December 31</u> | | | | | | |
| Cost | \$ 416,465 | \$ 5,783,289 | \$ 11,828,424 | \$ 926,342 | \$ 1,607,087 | \$ 20,561,607 |
| Accumulated depreciation and impairment | - | (2,045,767) | (6,321,802) | - | (869,902) | (9,237,471) |
| | <u>\$ 416,465</u> | <u>\$ 3,737,522</u> | <u>\$ 5,506,622</u> | <u>\$ 926,342</u> | <u>\$ 737,185</u> | <u>\$ 11,324,136</u> |

2022

| | Land | Buildings and structures | Machinery and equipment | Office equipment | Other facilities | Total |
|--|-------------------|--------------------------------|-------------------------------|---------------------|---------------------|----------------------|
| <u>January 1</u> | | | | | | |
| Cost | \$ 251,760 | \$ 4,363,978 | \$ 10,014,617 | \$ 782,400 | \$ 1,138,606 | \$ 16,551,361 |
| Accumulated depreciation and impairment | - | (1,518,314) | (2,064,043) | - | (299,439) | (3,881,796) |
| | <u>\$ 251,760</u> | <u>\$ 2,845,664</u> | <u>\$ 7,950,574</u> | <u>\$ 782,400</u> | <u>\$ 839,167</u> | <u>\$ 12,669,565</u> |
| At January 1 | \$ 251,760 | \$ 2,845,664 | \$ 7,950,574 | \$ 782,400 | \$ 839,167 | \$ 12,669,565 |
| Additions | - | 245,329 | 1,202,116 | 240,352 | 349,859 | 2,037,656 |
| Transfer | - | 905,368 | 530,408 | (915,499) | 75,922 | 596,199 |
| Disposals | - | - | (92,208) | (30,463) | (61,842) | (184,513) |
| Depreciation charge | - | (219,015) | (2,203,252) | - | (322,784) | (2,745,051) |
| Impairment loss | - | - | (36,994) | - | (6,529) | (43,523) |
| Net exchange differences | (9) | 263,971 | 159,131 | 2,275 | 92,853 | 518,221 |
| At December 31 | <u>\$ 251,751</u> | <u>\$ 4,041,317</u> | <u>\$ 7,509,775</u> | <u>\$ 79,065</u> | <u>\$ 966,646</u> | <u>\$ 12,848,554</u> |
| <u>December 31</u> | | | | | | |
| Cost | \$ 251,751 | \$ 5,857,256 | \$ 11,842,067 | \$ 79,065 | \$ 1,562,837 | \$ 19,592,976 |
| Accumulated depreciation and impairment | - | (1,815,939) | (4,332,292) | - | (596,191) | (6,744,422) |
| | <u>\$ 251,751</u> | <u>\$ 4,041,317</u> | <u>\$ 7,509,775</u> | <u>\$ 79,065</u> | <u>\$ 966,646</u> | <u>\$ 12,848,554</u> |

A. Impairment information about the property, plant and equipment is provided in Note 6(10).

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

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings, business vehicles and others. Except for land use right with a term of 45 to 94 years, 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 |
| Land | \$ 720,628 | \$ 564,578 |
| Buildings | 45,748 | 226,744 |
| Transportation equipment (Business vehicles) | 2,675 | 9,322 |
| Others | 164 | 280 |
| | <u>\$ 769,215</u> | <u>\$ 800,924</u> |

| | Years ended December 31, | |
|--|--------------------------|---------------------|
| | 2023 | 2022 |
| | Depreciation charge | Depreciation charge |
| Land | \$ 14,150 | \$ 7,917 |
| Buildings | 93,996 | 157,335 |
| Transportation equipment (Business vehicles) | 6,647 | 6,581 |
| Others | 116 | 68 |
| | <u>\$ 114,909</u> | <u>\$ 171,901</u> |

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$226,472 and \$230,065, respectively.

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

| | Years ended December 31, | |
|---------------------------------------|--------------------------|-----------|
| | 2023 | 2022 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 5,214 | \$ 11,637 |
| Expense on short-term lease contracts | 37,203 | 32,375 |
| Losses from lease modification | (18,983) | - |

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$143,199 and \$205,683, respectively.

(10) Impairment of non-financial assets

A. The Group recognised gain on reversal of impairment loss (Impairment loss) : for the years ended December 31, 2023 and 2022 was \$38,437 and (\$43,523), respectively. Details of such loss are as follows:

| | Year ended December 31, 2023 | | Year ended December 31, 2022 | |
|--|------------------------------|--|------------------------------|--|
| | Recognised in profit or loss | Recognised in other comprehensive income | Recognised in profit or loss | Recognised in other comprehensive income |
| Gain on reversal of impairment loss (Impairment loss): | | | | |
| Property, plant and equipment | <u>\$ 38,437</u> | <u>\$ -</u> | <u>(\$ 43,523)</u> | <u>\$ -</u> |

B. For the year ended December 31, 2023, the Group recognised gains on reversal of impairment loss which was accounted as other gains and losses as the Group sold some machinery and equipment whereby the prior years' impairment loss of assets was written-off \$38,437.

C. Based on the Group's assessment of its future business plan, the asset's carrying amount exceeds its recoverable amount as the assets were expected to have no future cash inflow. For the year ended December 31, 2022, the Group recognised impairment loss of \$43,523, which was recognised as other 'gains or loss'.

(11) Short-term borrowings

| Type of borrowings | December 31, 2023 | Interest rate range | Collateral |
|----------------------|---------------------|---------------------|------------|
| Unsecured borrowings | \$ 5,228,512 | 1.6%~3.1% | None |
| L/C borrowings | 89,022 | 0.7% | None |
| | <u>\$ 5,317,534</u> | | |
| Type of borrowings | December 31, 2022 | Interest rate range | Collateral |
| Unsecured borrowings | \$ 5,530,006 | 1.4%~4.72% | None |

(12) Other payables

| | December 31, 2023 | December 31, 2022 |
|--|---------------------|---------------------|
| Directors' remuneration and employees' compensation payables | \$ 696,091 | \$ 567,490 |
| Salary and bonus payable | 673,511 | 876,799 |
| Payables for machinery and equipment | 175,806 | 196,960 |
| Others | 1,068,853 | 1,176,090 |
| | <u>\$ 2,614,261</u> | <u>\$ 2,817,339</u> |

(13) Long-term borrowings

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | December 31, 2023 |
|----------------------------------|---|---------------------|------------|---------------------|
| Installment-repayment borrowings | | | | |
| Bank unsecured USD borrowings | Principal is repayable from August 2, 2023 to February 2, 2029 at maturity. | 5.89% | None | \$ 460,650 |
| Bank unsecured borrowings | Principal is repayable from May 16, 2022 to December 31, 2024 at maturity. | 1.95% | None | 500,000 |
| Bank unsecured borrowings | Borrowing period is from November 21, 2022 to November 21, 2025; principal is repayable in 3 installments from November 21, 2024. | 2.05% | None | 250,000 |
| Bank unsecured borrowings | Principal is repayable from December 29, 2022 to December 29, 2025 at maturity. | 1.65% | None | 500,000 |
| Bank unsecured borrowings | Principal is repayable from February 24, 2023 to February 24, 2026 at maturity. | 1.88% | None | 500,000 |
| Less: Current portion | | | | (31,250) |
| | | | | <u>\$ 2,179,400</u> |

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | December 31, 2022 |
|----------------------------------|--|---------------------|------------|---------------------|
| Installment-repayment borrowings | | | | |
| Bank unsecured USD borrowings | Borrowings period for the payment of US\$20 million is from December 10, 2020 to December 10, 2025; and the principal is repayable in 12 installments starting from March 10, 2023. | 5.75% | None | \$ 614,200 |
| Bank unsecured USD borrowings | Borrowings period for the payment of US\$10 million is from December 10, 2020 to December 10, 2023; interest is repayable monthly. In addition, the payment of US\$100 thousand is repaid on September 10, 2023 and the payment of US\$9,900 thousand is repaid at maturity. | 5.25% | None | 307,100 |
| 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 September 21, 2022 to September 31, 2025; principal is repayable in 3 installments from September 21, 2024. | 1.75% | None | 250,000 |
| Less: Current portion | | | | (511,833) |
| | | | | <u>\$ 2,859,467</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 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 domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and 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 | 1.2% | 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 Group 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 and domestic subsidiaries have 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 and domestic subsidiaries 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 Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The Company's other overseas subsidiaries have a defined contribution plan. Contributions to local pension management business in accordance with the local pension regulations are based on certain percentage of employees' monthly salaries and wages.
- (d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$184,193 and \$262,985, 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 (including 20,000 thousand shares reserved for employee stock options and 20 thousand shares reserved for convertible bonds issued by the Company), 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, numbers of the Company's ordinary shares outstanding at beginning and end of year have no 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 ownership interests in subsidiaries | 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 ownership interests in subsidiaries | 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 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 reversal of 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 will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(18) Operating revenue

A. The Group 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 | \$ 31,867,479 | \$ 50,178,302 |
| General electronic information products | 14,628,536 | 18,276,293 |
| | <u>\$ 46,496,015</u> | <u>\$ 68,454,595</u> |

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|----------------------|-------------------|-------------------|-------------------|
| Contract liabilities | <u>\$ 145,603</u> | <u>\$ 159,361</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

| | 2023 | 2022 |
|---|------------------|------------------|
| Revenue recognised that was included in the contract liability balance at the beginning of the period | <u>\$ 45,990</u> | <u>\$ 20,671</u> |

(19) Interest income

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2023 | 2022 |
| Interest income from bank deposits | \$ 221,514 | \$ 94,843 |
| Interest income from financial assets measured at amortised cost | 240,581 | 31,565 |
| | <u>\$ 462,095</u> | <u>\$ 126,408</u> |

(20) Other income

| | Years ended December 31, | |
|--------------|--------------------------|-------------------|
| | 2023 | 2022 |
| Rent income | \$ 31,685 | \$ 29,020 |
| Other income | 370,958 | 431,390 |
| Total | <u>\$ 402,643</u> | <u>\$ 460,410</u> |

(21) Other gains and losses

| | Years ended December 31, | |
|--|--------------------------|---------------------|
| | 2023 | 2022 |
| Gains on financial assets/ liabilities at fair value through profit or loss | \$ 78,228 | \$ 31,708 |
| Impairment loss recognised in profit or loss, property, plant and equipment | 38,437 (| 43,523) |
| Gains on disposals of investments (losses) | 3,123 (| 791) |
| Losses from lease modification | (18,983) | - |
| Losses on disposals of property, plant and equipment | (59,987) (| 31,002) |
| Net currency exchange losses | (95,585) (| 623,556) |
| Miscellaneous disbursements | (18,955) (| 28,563) |
| | <u>(\$ 73,722)</u> | <u>(\$ 695,727)</u> |

(22) Finance costs

| | Years ended December 31, | |
|--------------------|--------------------------|-------------------|
| | 2023 | 2022 |
| Interest expenses: | | |
| Bank borrowings | \$ 189,393 | \$ 176,054 |
| Lease liabilities | 5,214 | 11,637 |
| | <u>\$ 194,607</u> | <u>\$ 187,691</u> |

(23) Expenses by nature

| | Years ended December 31, | |
|---|--------------------------|----------------------|
| | 2023 | 2022 |
| Change in inventory of finished goods | \$ 577,750 | \$ 956,428 |
| Raw materials and supplies used | 34,387,434 | 50,524,248 |
| Employee benefit expense | 3,254,840 | 4,627,928 |
| Depreciation charges on property, plant and equipment | 2,941,165 | 2,745,051 |
| Other expenses | 2,796,450 | 3,746,429 |
| Expected credit loss | 49,124 | 42,413 |
| Operating cost and operating expenses | <u>\$ 44,006,763</u> | <u>\$ 62,642,497</u> |

(24) Employee benefit expense

| | Years ended December 31, | |
|----------------------------------|--------------------------|---------------------|
| | 2023 | 2022 |
| Salary expenses | \$ 2,705,950 | \$ 3,860,952 |
| Labour and health insurance fees | 148,057 | 193,937 |
| Pension costs | 185,322 | 263,668 |
| Other personnel expenses | 215,511 | 309,371 |
| | <u>\$ 3,254,840</u> | <u>\$ 4,627,928</u> |

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

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

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

Employees' compensation and directors' and supervisors' 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' compensation and directors' and supervisors' 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 | \$ 241,403 | \$ 1,223,318 |
| Tax on undistributed surplus earnings | 153,459 | 62,276 |
| Prior year income tax over estimation | (173,277) | (213,704) |
| Total current tax | <u>221,585</u> | <u>1,071,890</u> |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 333,023 | 445,900 |
| Effect of foreign exchange | 17,147 | (54,832) |
| Income tax expense | <u>\$ 571,755</u> | <u>\$ 1,462,958</u> |

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 (Note) | \$ 1,278,486 | \$ 2,477,222 |
| Effect of amount not allowed to recognise under regulations | (671,981) | (969,772) |
| Prior year taxable loss not recognised as deferred tax assets | (14,932) | (14,960) |
| Prior year income tax over estimation | (173,277) | (213,704) |
| Change in assessment of realisation of deferred tax assets and liabilities | - | 121,896 |
| Tax on undistributed surplus earnings | <u>153,459</u> | <u>62,276</u> |
| Income tax expense | <u>\$ 571,755</u> | <u>\$ 1,462,958</u> |

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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 | \$ 104,750 | \$ 605 | \$ 105,355 |
| Bad debt expense | 588 | - | 588 |
| Tax losses | 556,098 | (424,528) | 131,570 |
| Others | 96,158 | (51,107) | 45,051 |
| | <u>\$ 757,594</u> | <u>(\$ 475,030)</u> | <u>\$ 282,564</u> |
| -Deferred tax liabilities: | | | |
| Unrealised gain on investments | (1,896,361) | 208,736 | (1,687,625) |
| Others | (997,462) | (66,729) | (1,064,191) |
| | <u>(\$ 2,893,823)</u> | <u>\$ 142,007</u> | <u>(\$ 2,751,816)</u> |
| | <u>(\$ 2,136,229)</u> | <u>(\$ 333,023)</u> | <u>(\$ 2,469,252)</u> |
| | | | |
| | 2022 | | |
| | 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 | \$ 55,117 | \$ 49,633 | \$ 104,750 |
| Bad debt expense | 588 | - | 588 |
| Tax losses | - | 556,098 | 556,098 |
| Others | 157,891 | (61,733) | 96,158 |
| | <u>\$ 213,596</u> | <u>\$ 543,998</u> | <u>\$ 757,594</u> |
| -Deferred tax liabilities: | | | |
| Unrealised gain on investments | (1,489,224) | (407,137) | (1,896,361) |
| Others | (414,701) | (582,761) | (997,462) |
| | <u>(\$ 1,903,925)</u> | <u>(\$ 989,898)</u> | <u>(\$ 2,893,823)</u> |
| | <u>(\$ 1,690,329)</u> | <u>(\$ 445,900)</u> | <u>(\$ 2,136,229)</u> |

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company's subsidiaries are as follows:

| December 31, 2023 | | | | | |
|----------------------|-------------------------------|----------------------|---|--------------------|--|
| <u>Year incurred</u> | <u>Amount filed/ assessed</u> | <u>Unused amount</u> | <u>Unrecognised deferred tax assets</u> | <u>Expiry year</u> | |
| 2013~2023 | \$ 3,992,031 | \$ 2,112,915 | \$ 1,586,625 | 2023~2033 | |

| December 31, 2022 | | | | | |
|----------------------|-------------------------------|----------------------|---|--------------------|--|
| <u>Year incurred</u> | <u>Amount filed/ assessed</u> | <u>Unused amount</u> | <u>Unrecognised deferred tax assets</u> | <u>Expiry year</u> | |
| 2012~2022 | \$ 3,586,069 | \$ 3,513,224 | \$ 1,288,833 | 2022~2032 | |

E. 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 | \$ 217,732 | \$ 2,407 |

F. The Company's income tax returns through 2020 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' compensation | - | 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 |

| | Year ended December 31, 2022 | | |
|---|------------------------------|--|---------------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (share in thousands) | Earnings per share (in dollars) |
| <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' compensation | - | 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 | \$ 1,321,735 | \$ 2,037,656 |
| Add: Opening balance of payable on equipment | 196,960 | 243,458 |
| Less: Ending balance of payable on equipment | (175,806) | (196,960) |
| Cash paid during the year | \$ 1,342,889 | \$ 2,084,154 |

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 | \$ 217,239 | \$ 596,199 |

(28) Changes in liabilities from financing activities

| | 2023 | | | | | |
|--|-----------------------|----------------------|-------------------|-----------------------------|-------------------------------|---|
| | Short-term borrowings | Long-term borrowings | Lease liabilities | Guarantee deposits received | Other non-current liabilities | Liabilities from financing activities-gross |
| At January 1 | \$ 5,530,006 | \$ 3,371,300 | \$ 241,831 | \$ 21,894 | \$ 74,796 | \$ 9,239,827 |
| Changes in cash flow from financing activities | (207,670) | (1,167,400) | (100,782) | (3,656) | 37 | (1,479,471) |
| Interest expense paid (Note) | - | - | 5,214 | - | - | 5,214 |
| Interest expense (Note) | - | - | (5,214) | - | - | (5,214) |
| Impact of changes in foreign exchange rate | (4,802) | 6,750 | (4,903) | - | - | (2,955) |
| Changes in other non-cash items | - | - | (87,333) | - | (8,122) | (95,455) |
| At December 31 | <u>\$ 5,317,534</u> | <u>\$ 2,210,650</u> | <u>\$ 48,813</u> | <u>\$ 18,238</u> | <u>\$ 66,711</u> | <u>\$ 7,661,946</u> |

Note: Shown as operating cash flows.

| | 2022 | | | | | |
|--|-----------------------|----------------------|-------------------|-----------------------------|-------------------------------|---|
| | Short-term borrowings | Long-term borrowings | Lease liabilities | Guarantee deposits received | Other non-current liabilities | Liabilities from financing activities-gross |
| At January 1 | \$ 8,681,475 | \$ 2,768,725 | \$ 383,893 | \$ 19,038 | \$ 76,916 | \$ 11,930,047 |
| Changes in cash flow from financing activities | (3,360,206) | 493,422 | (161,671) | 2,856 | (102) | (3,025,701) |
| Interest expense paid (Note) | - | - | (11,637) | - | - | (11,637) |
| Interest expense (Note) | - | - | 11,637 | - | - | 11,637 |
| Impact of changes in foreign exchange rate | 208,737 | 109,153 | 6,418 | - | - | 324,308 |
| Changes in other non-cash items | - | - | 13,191 | - | (2,018) | 11,173 |
| At December 31 | <u>\$ 5,530,006</u> | <u>\$ 3,371,300</u> | <u>\$ 241,831</u> | <u>\$ 21,894</u> | <u>\$ 74,796</u> | <u>\$ 9,239,827</u> |

Note: Shown as operating cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| <u>Names of related parties</u> | <u>Relationship with the Company</u> |
|---------------------------------|---|
| iWEECARE Co., Ltd. | Investee accounted for using equity method (Note) |

Note : The Group exchanged shares in May 2023, and lost its significant influence over iWEECARE Co., Ltd. . Therefore, iWEECARE Co., Ltd. was no longer a related party of the Group since June 2023, refer to Note 6(7) for details.

(2) Significant related party transactions

Receivables from related parties

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|--------------------------|--------------------------|
| Accounts receivable: | | |
| Associates | \$ - | \$ 190 |

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

(3) Key management compensation

| | <u>Years ended December 31,</u> | |
|------------------------------|---------------------------------|-------------|
| | <u>2023</u> | <u>2022</u> |
| Short-term employee benefits | \$ 95,166 | \$ 100,691 |

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

| <u>Pledged asset</u> | <u>Book value</u> | | <u>Purpose</u> |
|--|--------------------------|--------------------------|--|
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> | |
| Restricted time deposits (Current financial assets measured at amortized cost) | \$ 17,344 | \$ 22,047 | Guarantees for expedited customs clearance |
| Restricted demand deposits (Current financial assets measured at amortized cost) | - | 1,764 | Guarantees for expedited customs clearance |
| | <u>\$ 17,344</u> | <u>\$ 23,811</u> | |

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 | \$ 547,709 | \$ 141,778 |

B. Information on endorsement/guarantee provided to consolidated subsidiaries is provided in Note 13.

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 Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group 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 consolidated balance sheet. Total capital is calculated as 'equity' as shown in the consolidated 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 | \$ 7,528,184 | \$ 8,901,306 |
| Total equity | \$ 19,818,118 | \$ 19,616,320 |
| Gearing ratio | 38% | 45% |

(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 fair value through profit or loss | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 4,838,883 | \$ 1,993,068 |
| Financial assets at fair value through other comprehensive income | 116,085 | 164,331 |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | 6,779,921 | 11,440,893 |
| Financial assets at amortised cost | 5,789,757 | 2,750,855 |
| Notes receivable | 2,053 | - |
| Accounts receivable | 14,721,531 | 18,397,513 |
| Other receivables | 142,213 | 131,192 |
| Guarantee deposits paid | 28,447 | 44,744 |
| | <u>\$ 32,418,890</u> | <u>\$ 34,922,596</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 mandatorily measured at fair value through profit or loss | \$ 5,842 | \$ 8,606 |
| Short-term borrowings | 5,317,534 | 5,530,006 |
| Notes payable | 6,671 | 13,994 |
| Accounts payable | 14,001,963 | 18,159,913 |
| Other payables | 2,614,261 | 2,817,339 |
| Long-term borrowings (including current portion) | 2,210,650 | 3,371,300 |
| Guarantee deposits received | 18,238 | 21,894 |
| | <u>\$ 24,175,159</u> | <u>\$ 29,923,052</u> |
| Lease liabilities | <u>\$ 48,813</u> | <u>\$ 241,831</u> |

B. Financial risk management policies

- (a) The Group'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 Group, 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 (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates, and hedges financial risks in close co-operation with the Group'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. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

- ii. Management has set up a policy to require group 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 Group 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 Group hedges foreign exchange rate by using forward exchange contracts. However, the Group 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 Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). 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 (In thousands) | Exchange rate | Book value (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 447,331 | 30.71 | \$ 13,737,535 |
| EUR:NTD | 651 | 33.98 | 22,121 |
| RMB:USD | 865,260 | 0.141 | 3,751,681 |
| HKD:USD | 4,217 | 0.128 | 16,569 |
| JPY:USD | 56,905 | 0.007 | 12,360 |
| INR:USD | 2,610,969 | 0.012 | 964,492 |
| VND:USD | 14,182,670 | 0.00004 | 18,437 |
| USD:RMB | 5,714 | 7.083 | 175,477 |
| <u>Non-monetary items</u> | | | |
| USD:NTD | 814,789 | 30.71 | \$ 25,022,170 |
| VND:NTD | 351,110,850 | 0.0013 | 456,444 |
| RMB:USD | 1,555,651 | 0.141 | 6,745,147 |
| INR:USD | 2,871,713 | 0.012 | 1,060,811 |
| VND:USD | 310,844,406 | 0.00004 | 404,098 |

| December 31, 2023 | | | |
|---|----------------------------|---------------|---------------------|
| | Foreign currency amount | | Book value (NTD) |
| | (In thousands) | Exchange rate | |
| (Foreign currency: functional currency) | | | |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 144,299 | 30.71 | \$ 4,431,422 |
| RMB:USD | 640,490 | 0.141 | 2,777,101 |
| HKD:USD | 4,610 | 0.128 | 18,113 |
| JPY:USD | 408,246 | 0.007 | 88,671 |
| INR:USD | 148,021 | 0.012 | 54,679 |
| VND:USD | 15,655,904 | 0.00004 | 20,353 |
| USD:RMB | 29,236 | 7.083 | 897,838 |
| <u>Non-monetary items</u> | | | |
| RMB:USD | 111,946 | 0.141 | 485,387 |
| HKD:USD | 135,683 | 0.128 | 533,099 |
| December 31, 2022 | | | |
| | Foreign currency amount | | Book value (NTD) |
| | (In thousands) | Exchange rate | |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 551,274 | 30.71 | \$ 16,929,625 |
| RMB:NTD | 3,047 | 4.409 | 13,435 |
| RMB:USD | 645,985 | 0.144 | 2,848,406 |
| JPY:USD | 150,012 | 0.008 | 34,863 |
| INR:USD | 3,336,769 | 0.012 | 1,238,275 |
| USD:RMB | 1,107 | 6.965 | 33,996 |
| <u>Non-monetary items</u> | | | |
| USD:NTD | 748,129 | 30.71 | 22,975,042 |
| RMB:USD | 2,523,061 | 0.144 | 11,125,185 |
| INR:USD | 2,294,305 | 0.012 | 851,417 |

December 31, 2022

| | Foreign currency | | Book value (NTD) |
|---|--------------------------|---------------|---------------------|
| | amount (In thousands) | Exchange rate | |
| (Foreign currency: functional currency) | | | |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 200,479 | 30.71 | \$ 6,156,710 |
| RMB:NTD | 134,581 | 4.409 | 593,421 |
| RMB:USD | 733,488 | 0.144 | 3,234,242 |
| HKD:USD | 3,244 | 0.128 | 12,775 |
| INR:USD | 102,010 | 0.012 | 37,856 |
| USD:RMB | 32,570 | 6.965 | 1,000,225 |
| <u>Non-monetary items</u> | | | |
| RMB:USD | 256,699 | 0.144 | 1,131,889 |
| HKD:USD | 135,683 | 0.128 | 534,320 |

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting.

- v. The total exchange loss arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to (\$95,585) and (\$623,556), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended 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% | \$ 137,375 | \$ - |
| EUR:NTD | 1% | 221 | - |
| RMB:USD | 1% | 37,517 | - |
| HKD:USD | 1% | 166 | - |
| JPY:USD | 1% | 124 | - |
| INR:USD | 1% | 9,645 | - |
| VND:USD | 1% | 184 | - |
| USD:RMB | 1% | 1,755 | - |

| Year ended December 31, 2023 | | | | |
|---|---------------------|----|--------------------------|--------------------------------------|
| Sensitivity analysis | | | | |
| | Degree of variation | | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | | |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| | 1% | \$ | 44,314 | \$ - |
| USD:NTD | | | | |
| RMB:USD | 1% | | 27,771 | - |
| HKD:USD | 1% | | 181 | - |
| JPY:USD | 1% | | 887 | - |
| INR:USD | 1% | | 547 | - |
| VND:USD | 1% | | 204 | - |
| USD:RMB | 1% | | 8,978 | - |

| 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> | | | | |
| | 1% | \$ | 169,296 | \$ - |
| USD:NTD | | | | |
| RMB:NTD | 1% | | 134 | - |
| RMB:USD | 1% | | 28,484 | - |
| JPY:USD | 1% | | 349 | - |
| INR:USD | 1% | | 12,383 | - |
| USD:RMB | 1% | | 340 | - |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| | 1% | \$ | 61,567 | \$ - |
| USD:NTD | | | | |
| RMB:NTD | 1% | | 5,934 | - |
| RMB:USD | 1% | | 32,342 | - |
| HKD:USD | 1% | | 128 | - |
| INR:USD | 1% | | 379 | - |
| USD:RMB | 1% | | 10,002 | - |

Price risk

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

- ii. The Group's investments comprise domestically issued equity instruments and overseas unlisted equity instruments. 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, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,161 and \$1,643, 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 Group's interest rate risk mainly arising from long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During 2023 and 2022, the Group'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.
- iii. If the borrowing interest rate of US dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$4,607 and \$9,213, 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.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. 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 Group 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 Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2023 and 2022, the Group's written-off financial assets that are still under recourse procedures amounted to \$27,252 and \$27,255, respectively.
- vii. The Group 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:

December 31, 2023

| | Individual A | Individual B | Group A | Total |
|--------------------|--------------|--------------|---------------|---------------|
| Expected loss rate | 100% | 75%~90% | 0.03% | |
| Total book value | \$ 6,878 | \$ 376,003 | \$ 14,666,492 | \$ 15,049,373 |
| Loss allowance | 6,878 | 316,564 | 4,400 | 327,842 |

December 31, 2022

| | Individual A | Individual B | Group A | Total |
|--------------------|--------------|--------------|---------------|---------------|
| Expected loss rate | 100% | 75%~90% | 0.03% | |
| Total book value | \$ 6,994 | \$ 322,163 | \$ 18,344,563 | \$ 18,673,720 |
| Loss allowance | 6,994 | 263,478 | 5,925 | 276,397 |

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

- viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable, overdue receivable and other receivables are as follows:

| | 2023 |
|----------------------------|---|
| | Accounts receivable and overdue receivable |
| At January 1 | \$ 374,915 |
| Provision for impairment | 51,186 |
| Effect of foreign exchange | (1,584) |
| At December 31 | \$ 424,517 |

| | <u>2022</u> |
|----------------------------|---|
| | <u>Accounts receivable and overdue receivable</u> |
| At January 1 | \$ 301,128 |
| Provision for impairment | 42,413 |
| Write-offs | (4) |
| Effect of foreign exchange | <u>31,378</u> |
| At December 31 | <u>\$ 374,915</u> |

Loss allowance provided for overdue receivables as of December 31, 2023 and 2022 amounted to \$96,675 and \$98,518, respectively.

- ix. As of December 31, 2024, other receivables which are determined as assets of credit loss amounting to \$24,447 were measured at an amount equal to lifetime expected credit losses. The provision for impairment was \$24,447, reversal of impairment loss of \$2,062 was recognised for the year ended December 31, 2023.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group'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 Group'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 2 | | |
|---|----------------------|--------------------|---------------------|
| December 31, 2023 | <u>Within 1 year</u> | <u>and 5 years</u> | <u>Over 5 years</u> |
| Short-term borrowings | \$ 5,412,973 | \$ - | \$ - |
| Notes payable | 6,671 | - | - |
| Accounts payable | 14,001,963 | - | - |
| Other payables | 2,614,261 | - | - |
| Lease liability | 18,822 | 32,871 | - |
| Long-term borrowings (including current portion) | 90,878 | 1,850,110 | 463,104 |

Non-derivative financial liabilities

| December 31, 2022 | <u>Within 1 year</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
|---|----------------------|----------------------------------|---------------------|
| Short-term borrowings | \$ 5,625,476 | \$ - | \$ - |
| Notes payable | 13,994 | - | - |
| Accounts payable | 18,159,913 | - | - |
| Other payables | 2,817,339 | - | - |
| Lease liability | 160,581 | 91,966 | - |
| Long-term borrowings (including current portion) | 607,306 | 3,016,803 | - |

- iii. The Group 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 Group's investment in certain derivative instruments and equity investment without active market is included in Level 3.

- B. Financial instruments not measured at fair value

The carrying amounts of the Group's cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

- C. 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 profit or loss | | | | |
| Capital guarantee financial products | \$ - | \$ 4,838,883 | \$ - | \$ 4,838,883 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>109,581</u> | <u>-</u> | <u>6,504</u> | <u>116,085</u> |
| Total | <u>\$ 109,581</u> | <u>\$ 4,838,883</u> | <u>\$ 6,504</u> | <u>\$ 4,954,968</u> |
| Liabilities | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Forward foreign exchange contracts | \$ - | \$ 713 | \$ - | \$ 713 |
| Cross currency swap | <u>-</u> | <u>5,129</u> | <u>-</u> | <u>5,129</u> |
| | <u>\$ -</u> | <u>\$ 5,842</u> | <u>\$ -</u> | <u>\$ 5,842</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 profit or loss | | | | |
| Capital guarantee financial products | \$ - | \$ 1,993,068 | \$ - | \$ 1,993,068 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>157,716</u> | <u>-</u> | <u>6,615</u> | <u>164,331</u> |
| Total | <u>\$ 157,716</u> | <u>\$ 1,993,068</u> | <u>\$ 6,615</u> | <u>\$ 2,157,399</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 Group 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 Group 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 Group 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 Group's credit quality.
- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | Equity instruments | Equity instruments |
| At January 1 | \$ 6,615 | \$ 6,512 |
| Acquired in the year | 3,123 | - |
| Loss recognised in other comprehensive income | (3,123) | - |
| Effect of exchange rate changes | (111) | 103 |
| At December 31 | <u>\$ 6,504</u> | <u>\$ 6,615</u> |

- F. For the year ended December 31, 2023, there were transfer into or out from Level 3, please refer to table 6(7). For the year ended December 31, 2022, there were no transfer into or out from Level 3.
- G. Group treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at December 31, 2023 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|------------------------------------|------------------------|--------------------------------------|--------------------------------|--|
| Non-derivative equity instrument: Unlisted shares | \$ 6,504 | Net assets value | Not applicable | Not applicable | Not applicable |
| | Fair value at December 31, 2022 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
| Non-derivative equity instrument: Unlisted shares | \$ 6,615 | Net assets value | Not applicable | Not applicable | Not applicable |

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

| | | December 31, 2023 | | | | |
|-------------------|------------------|------------------------------|--------------|---|---------------|--|
| | | | | Recognised in other comprehensive income | | |
| | | Recognised in profit or loss | | Favourable | Unfavourable | |
| | | Favourable | Unfavourable | change | change | |
| Input | Change | change | change | change | change | |
| Financial assets | | | | | | |
| Equity instrument | Net assets value | ±1% | \$ - | \$ - | \$ 65 (\$ 65) | |
| | | December 31, 2022 | | | | |
| | | | | Recognised in other comprehensive income | | |
| | | Recognised in profit or loss | | Favourable | Unfavourable | |
| | | Favourable | Unfavourable | change | change | |
| Input | Change | change | change | change | change | |
| Financial assets | | | | | | |
| Equity instrument | Net assets value | ±1% | \$ - | \$ - | \$ 66 (\$ 66) | |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- 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 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 areas, 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 at December 31, 2023: Please refer to table 2.
 - (e) Maximum balance, ending balance and interest rate range during the year ended and at December 31, 2023: 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 price is 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, Regent Electron (Suzhou) Co., Ltd., and Taiwan Surface Mounting Technology (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 subsidiary, Regent Manner Limited, purchased raw material on behalf of the Company and subsidiaries and 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 Znefu electron Co., ltdl | HKD | 2,683 thousand | - | |
| Regent Electron (Suzhou) Co., Ltd. | HKD | 554 thousand | - | |

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The chief operating decision-maker evaluates each operating segment by their operating profit.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

| | Years ended December 31, | |
|---------------------------------|--------------------------|---------------|
| | 2023 | 2022 |
| Revenue from external customers | \$ 46,496,015 | \$ 68,454,595 |
| Segment income | \$ 2,489,252 | \$ 5,812,098 |

(4) Reconciliation for segment income (loss)

The segment income (loss) reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide the total assets and total liabilities amounts to the chief operating decision-maker. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations is provided as follows:

| | Years ended December 31, | |
|--|--------------------------|---------------------|
| | 2023 | 2022 |
| Reportable segments income | \$ 2,489,252 | \$ 5,812,098 |
| Unappropriated amount: | | |
| Non-operating income (loss) | 596,409 | (296,798) |
| Net income before tax from continuing operations | <u>\$ 3,085,661</u> | <u>\$ 5,515,300</u> |

(5) Information on products and services

The Group is primarily engaged in design, processing, manufacture, and sales of PCB surface mount packaging in TFT-LCD panels and general electronic information products, which are deemed as a single product.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

| Areas | Years ended December 31, | | | |
|----------------|--------------------------|----------------------|----------------------|----------------------|
| | 2023 | | 2022 | |
| | Revenue | Non-current assets | Revenue | Non-current assets |
| Mainland China | \$ 39,172,925 | \$ 8,909,380 | \$ 56,382,305 | \$ 11,887,000 |
| Taiwan | 2,641,846 | 1,942,628 | 5,825,091 | 2,021,478 |
| Asia | 3,123,341 | 2,013,136 | 3,891,261 | 788,625 |
| U.S.A | 1,138,947 | - | 1,775,586 | - |
| Europe | 418,674 | - | 562,076 | - |
| Others | 282 | - | 18,276 | - |
| | <u>\$ 46,496,015</u> | <u>\$ 12,865,144</u> | <u>\$ 68,454,595</u> | <u>\$ 14,697,103</u> |

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

| | Years ended December 31, | | | |
|---|--------------------------|-------|--------------|-------|
| | 2023 | | 2022 | |
| | Revenue | Ratio | Revenue | Ratio |
| A | \$ 7,775,113 | 17% | \$ 8,793,320 | 13% |
| C | 7,684,514 | 17% | 10,360,238 | 15% |
| B | 4,809,880 | 10% | 15,431,194 | 23% |

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 during the year ended December 31, 2023 | Balance at December 31, 2023 | 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 |
|-----|------------------------------------|-----------------------------------|------------------------|--------------------|---|------------------------------|--------------------------|---|----------------|--|---------------------------------|---------------------------------|-------|------------|--------------|---|--------------------------------|----------|
| | | | | | | | | | | | | Item | Value | 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 | | | | 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 (%) | Book value | Net profit (loss) of the investee 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.