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ANNUAL REPORT 2023

Published on April 24, 2024

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Spokesperson

Name: Wang, Chia-Chen

Title: Vice President

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E-mail: jane-wang@tsmt.com

Deputy Spokesperson

Name: Lin, Hung-Sen

Title: Vice President

Telephone: 886-3-2189988

E-mail: dysanlin@tsmt.com

II. Addresses and Telephone Numbers of Headquarters, Branches and Plants

Headquarters: No. 437, Taoying Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)

Telephone: 886-3-2189988

Branches: None

Taoying Plant: No. 437, Taoying Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)

Telephone: 886-3-2189988

Xinghua Plant: No. 7, Xinghua Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)

Telephone: 886-3-2189988

III. Stock Transfer Agent

Name: CTBC Bank Transfer Agency

Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

Telephone: 886-2-66365566

Website: <https://www.ctbcbank.com>

IV. CPAs Auditing and Certifying the Financial Statements of the Most Recent Year

CPAs: Lin, Kuan-Hung and Chiu, Chao-Hsien

Name of Accounting Firm: PricewaterhouseCoopers Taiwan

Address: 27F., No.333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)

Telephone: 886-2-27296666

Website: <http://www.pwc.com/tw>

V. Information Regarding Overseas Listed or Exchanged Securities

None

VI. Company Website

<http://www.tsmt.com.tw>

Contents

	<u>Page</u>
Chapter 1	
Letter to Shareholders	1
Chapter 2	
Company Profile	2
Chapter 3	
Corporate Governance Report.....	4
I. Organization.....	4
II. Directors, President, Vice Presidents, Assistant Vice Presidents, and the Heads of Various Departments and Branches	6
III. Implementation of Corporate Governance.....	21
IV. Information Regarding CPAs' Audit Fees	40
V. Replacement of CPAs	40
VI. The Company's Chairman, President, or Managerial Officers in Charge of Finance or Accounting Held any Post in the CPA's Accounting Firm or its Affiliated Enterprises in the Most Recent Year.....	41
VII. Equity Transfer and Changes in Equity Pledge by Directors, Independent Directors, Managerial Officers, and the Shareholders Holding over 10% of the Company's Shares in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report	41
VIII. Relationship among the Top Ten Shareholders	42
IX. Number of Shares of Invested Enterprises Held by the Company, the Company's Directors, Independent Directors, Managerial Officers, and the Entities Directly or Indirectly Controlled by the Company.....	42
Chapter 4	
Capital Overview	43
I. Capital and Shares.....	43
II. Corporate Bonds	48
III. Preferred Shares	48
IV. Global Depository Receipts	48
V. Employee Warrants	48
VI. New Shares Issued for M&A or Acceptance of Other Company's Shares ..	48
VII. Implementation of Capital Utilization Plan	48
Chapter 5	
Operation Overview	49
I. Business Activities	49
II. Market, Production and Sales Overview	57
III. Employee Information in the Most Recent Two Years	64
IV. Environmental Protection Expenditure.....	64
V. Labor Relations	64
VI. Cyber Security Management.....	67
VII. Important Contracts	69

Chapter 6	Financial Overview	70
	I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Years	70
	II. Financial Analysis for the Most Recent Five Years	74
	III. Audit Committee's Report on the Financial Report of the Most Recent Year	78
	IV. Consolidated Financial Statements of the Most Recent Year	78
	V. Parent Company Only Financial Statements of the Most Recent Year.....	78
	VI. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report, the Impact of the Said Difficulties on the Company's Financial Status	78
Chapter 7	Review, Analysis and Risk Assessment on Financial Status and Financial Performance	79
	I. Financial Status	79
	II. Financial Performance	79
	III. Cash flow	80
	IV. Impact of Major Capital Expenditures in the Most Recent Year on Finance and Business	80
	V. Reinvestment Policies in the Most Recent Year, Main Reasons for Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year	80
	VI. Risk Analysis and Assessment	80
	VII. Other Important Issues	83
Chapter 8	Special Disclosures	84
	I. Related Information about Affiliates.....	84
	II. Private Placement Securities in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report	90
	III. The Company's Shares Held or Disposed of by its Subsidiaries in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report	90
	IV. Other Necessary Supplementary Information.....	90
	V. Any Matters Specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act Occurring in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report which Have Significant Impact on Shareholders' Interests or Securities Prices ...	90
Appendix I	Consolidated Financial Statements and Independent Auditors' Report of the Most Recent Year	91
Appendix II	Parent Company only Financial Statements and Independent Auditors' Report of the Most Recent Year	185

Chapter 1 Letter to Shareholders

I. Results of Operations in 2023:

In 2023, the Company faced continued adjustments to inventory by end customers, compounded by global economic conditions still affected by inflation and interest rate hikes. The demand for consumer electronics products remained persistently weak, leading to declines in various operational performance such as operating revenue, gross profit, net operating profit, and net profit after tax compared to the previous year.

(I) The Company's consolidated operating income in 2023 was NT\$46,496,015 thousand, a decrease of 32.08% compared with the consolidated operating income of NT\$68,454,595 thousand in 2022, and its after-tax consolidated net profit in 2023 was NT\$2,507,016 thousand, a decrease of 37.97% compared with the after-tax consolidated net profit of NT\$4,041,920 thousand in 2022; and its basic EPS in 2023 was NT\$8.57.

(II) The state of research and development:

The Company stays committed to the improvement of precision SMT production processes, the development and introduction of techniques of advanced production processes, and continuously recruiting excellent engineering talent, thereby enhancing the manufacturing capabilities and R & D capabilities of high-end precision electronic products and key technologies to strive for business opportunities in the processing and manufacturing of various high-end electronic products, and aim for diverse and high value-added product portfolio and production technology capabilities.

II. Outline of 2024 Business Plan:

(I) Business policy

1. Continuing to implement various automated and intelligent manufacturing processes, enhancing production efficiency and technical capabilities, and implementing various systematic and digitizing analysis management.
2. Continuously innovate and improve process failure analysis capabilities and reduce production costs to enhance the overall competitiveness of the Company.
3. Paying close attention to the technological and innovative trend of electronics technology, making early strategic arrangement and launching projects at appropriate timing to drive the development of business growth.
4. Uphold the spirit of integrity, speed and attitude, and provide customers with the best production and service solutions in terms of delivery and quality.

(II) Important Production and Sales Strategies

1. Maintain the global strategic planning and widely distribute the products, clients and production bases, completed the construction of Vietnam and Mexico factories in 2023, and expect to commence mass production in 2024 to reduce the operation risk of centralized production and sales.
2. Continuing to invest in various development of advanced process technologies to reduce the operational risks which may arise from the life cycles and upgrading of consumer electronics.
3. Strengthen supply chain platform management and customer relationship maintenance, thereby enhancing the overall response capability of the Company.

III. Future prospects:

In the future, the Company will continue to improve the flexibility and efficiency of its operating methods in response to the demands of various products and market characteristics of the clients to provide customers with more complete services. In addition, in the face of much uncertainty in global economic and industrial changes, the Company will enhance the flexibility of regional production capacity, core technical capabilities and execution capabilities to face different technological integration and challenges with solid financial structures.

We hereby sincerely thank all shareholders, customers and suppliers for their support and recognition of the Company. The Company's management team and staff will uphold the spirit of integrity, speed and attitude, and continue to improve the Company's operating efficiency and profitability, fulfill our social responsibilities, and maintain stable and sustainable operations.

Chairman: Wu, Kai-Yun

Chapter 2 Company Profile

I. Date of Incorporation: March 24, 1990

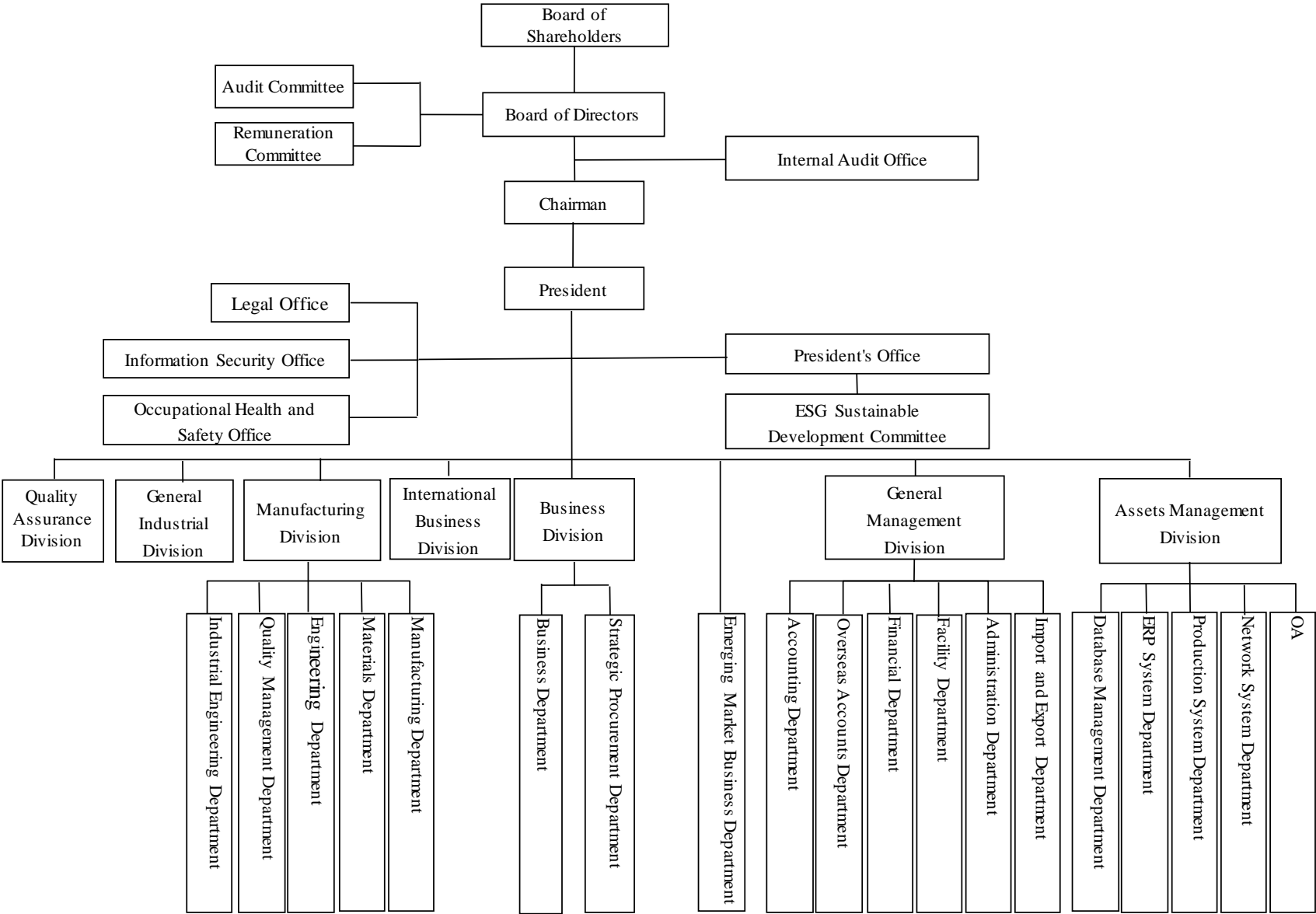
II. Company History:

1990	March: The Company was formally established for computer mother board processing with a capital of NT\$12,000,000.
1997	The Company was moved to No. 7 Hsinhua Road, Guishan Industrial Park, Taoyuan City.
1997	May: The TSMT Dongguan Plant was formally established.
1998	December: The Company issued TSMT shares to the public.
1999	August: The Company's subsidiary, Regent Electron (Suzhou) Co., Ltd., was established.
2002	June: The Company's subsidiary, Taiwan Surface Mounting Technology (Suzhou) Co., Ltd., was established.
2002	December: The Company registered as a TPEX emerging company.
2004	March 12: The Company's shares were listed for trading in TPEX formally.
2006	March: The Company's subsidiary, Regent Electron Co., Ltd. Of Ningbo Free Trade Zone was established, and then merged with Regent Electron (NINGBO) Co., Ltd. in December 2011, with the latter as the surviving entity.
2006	May: The Company's subsidiary, Regent Electron (XIAMEN) Co., Ltd., was established.
2006	June: The Company's subsidiary, Regent Electron (NINGBO) Co., Ltd., was established.
2007	July: The Company's subsidiary, Regent Manner International Holdings Limited, was listed in Hong Kong Stock Exchange, with its stock code of 1997.
2007	December: The Company's subsidiary, High-Toned Opto Technology Corp., was established.
2008	January: The Company's subsidiary, Regent Electron (CHENGDU) Co., Ltd., was established.
2009	June: The Company's subsidiary, High-Toned Opto Technology (Hong Kong) Limited, was established.
2009	September: The Company's subsidiary, Regent Electron (DONGGUAN) Co., Ltd., was established.
2009	September: The Company's subsidiary, High-Toned Opto Technology (Suzhou) Limited, was established.
2009	September: The Company's subsidiary, Ningbo Yongfu Trade Co., Ltd., was established.
2010	January: The Company's subsidiary, Regent Electron (Heifei) Co., Ltd., was established.
2010	May: The Company's subsidiary, BaiHong Investment Co., Ltd., was established.
2010	July: The Company's subsidiary, Regent Electron (CHONG QING) Co., Ltd., was established.
2010	August: The Company's shares were listed for trading in Taiwan Stock Exchange formally.
2011	August: The Company's new plant was built, and the Company moved to No. 437, Taoying Road, Taoyuan City.
2011	August: The first plant of Taiwan Surface Mounting Technology (SUZHOU) Co., Ltd. was built and started operation.
2011	December: A new plant of Regent Electron (HE FEI) Co., Ltd. was built and started operation.
2013	September: A new plant of Regent Electron (CHONG QING) Co., Ltd. was built and started operation.
2014	August: The Company acquired 100% shares of Regent Manner International Holdings Limited which became de-listed in Hong Kong.
2014	September: The second plant of Taiwan Surface Mounting Technology (SUZHOU) Co., Ltd. was
2016	September: TSMT Technology (India) Pvt. Ltd. was established .
2017	December: A plant of TSMT India started operation formally.
2018	January: The Company's subsidiary, Regent Electron (XIANYANG) Co., Ltd., was established.
2019	January: The bonded factory of the Company's Taoying subsidiary was established.
2020	October: Bonded Taoying Plant of the Company was assessed a “Excellent Bonded Plant 2019” by Taipei Customs, Customs Office of the Ministry of Finance.

2021	August: Bonded Taoying Plant of the Company was assessed a “Excellent Bonded Plant 2020” by Taipei Customs, Customs Office of the Ministry of Finance.
2022	August: Bonded Taoying Plant of the Company was assessed an “Excellent Bonded Plant 2021” by Taipei Customs, Customs Office of the Ministry of Finance.
2022	August: TSMT MEXICO, S.A. DE C.V. was established .
2022	October: The company won the Best Trade Contribution Award in the Information and Communication category of the Golden Trade Award of the Ministry of Economic Affairs and International Trade Bureau.
2022	October: The Company was praised as “Top 500 Manufacturers of Excellent Export & Import Performance 2021” by the Bureau of Foreign Trade of The Ministry of Economic Affairs.
2023	February: TSMT Vietnam Co., Ltd. was established.
2023	July: Bonded Taoying Plant of the Company was assessed an “Excellent Bonded Plant 2022” by Taipei Customs, Customs Office of the Ministry of Finance.

Chapter 3 Corporate Governance Report

I. Organization:
(I) Organization chart



(II) Duties of major departments

Department	Duties
President's Office	Plan/manage corporate strategies, evaluate investment plans, analyze corporate operations, and draft/execute Board of Directors' resolutions.
Legal Affairs Office	Review corporate contracts and responsible for legal-related affairs.
Internal Audit Office	Audit if the internal control system is operating continuously and effectively; assess the system's soundness and effectiveness as well as the accuracy of corporate financial and accounting data.
Information Security Office	Planning and implementation of information security projects, information security risk management, handling, audit of information security incidents, and follow-up on vulnerabilities.
Accounting Department Overseas Accounts Department	Compile accounting, financial, and taxation statements; provide management-related information.
Financial Department	Forecast and management of working capital, long-term financial planning, corporate funding, and notes management, etc.
General Management Division	Administration Department: Personnel recruitment, employee attendance tracking, labor relations maintenance, employee training and development, etc. Facility Department: Gate access planning and management, and promotion of general affairs-related work. Import and Export Department: Import and export customs clearance and bonded factory-related matters.
Assets Management Division	ERP System Department: ERP system resources for the Group, customized development, maintenance, and technology transfer. OA System Department: Development and maintenance of electronic process forms and HR management system for the Group. Production Line System Dept.: Design/manage/develop applications (SFC) for production line (workshop) data. Network System Department: Planning and management of corporate networks, e-mail and information security systems. Database Management Department: Integration, planning and management of the Group's servers and databases.
International Business Division	Serving for overseas customers and promotion of businesses in international market.
Business Division	Business Department: Confirmation and decision on acceptance of new orders, management of customer's orders, securing delivery and service for customer's projects. Strategic Procurement Department: Purchase plan based on operation direction, development and improvement of procurement system, evaluation on vendors, management of purchasing costs and product delivery.
Manufacturing Division	Manufacturing Department: Production planning, orders schedule, design and implementation of reasonable and automated production, and promotion of 5S and TQM. Materials Department: Warehouse management, material supplies control, production assistance, and transportation services, etc. Engineering Department: Process engineering and testing engineering. Quality Management Department: IQC, IPQC, FQC(OQC), QA and quality management. Industrial Engineering Department: IE, automation of production, and other duties.
General Industrial Division	Design and implementation of reasonable and automated production and manufacturing.
Quality Assurance Division	Quality management.
Emerging Market Business Department	Develop business in emerging markets
Occupational Health and Safety Office	Draft, plan, supervise, and promote labor safety and health management matters; review, coordinate, and suggest matters related to safety and health policies; guide relevant departments and personnel in the implementation of safety and health policies; plan and promote safety and health education and training.
ESG Sustainable Development Committee	Formulates ESG strategies, action plans, and objectives, conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, formulates relevant risk management policies, regularly tracks the progress and implementation results, and provides reports on an annual basis.

II. Information of Directors, President, Vice Presidents, Assistant Vice Presidents, and the Heads of Various Departments and Branches:

(I) Directors:

1. Information of Directors (I)

April 24, 2024

Title	Nationality	Name	Gender Age	Date Elected (Inaugurated)	Tenure	Date Firstly Elected	Shareholding When Elected		Current shareholding		Shares Held by Spouse/Minor Children		Major Experience (歷任)	Current Positions in the Company and Other Companies	Other Head, Director or Supervisor Who is Spouse or Relative within Second-degree Kinship		
							Shares	%	Shares	%	Shares	%			Title	Name	Relation
							Chairman	R.O.C.	Wu, Kai-Yun	Male 61-70 years old	2022.06.17	3			1995.02.23	11,931,653	4.08%
Director	R.O.C.	Lin, Wen-Ching	Male 61-70 years old	2022.06.17	3	1995.02.23	5,914,789	2.02%	5,914,789	2.02%	613,701	0.21%	Mechanical Engineering Department of Taiwan Institute of Technology Engineer of Taiwan Philips R&D Manger of Efa Corp.	Chairman of Hung Ta Plastics, Co., Ltd.	Director	Lin, Wen-Chang	Brothers
Director	R.O.C.	Wang, Chia-Chen	Female 41-50 years old	2022.06.17	3	2008.06.13	567,030	0.19%	567,030	0.19%	0	0	Accounting Department of Soochow University Senior Auditor of PricewaterhouseCoopers Taiwan	Director and Vice President of TSMT Director of TSMT (Singapore), TSMT (India), RMIH (India), Regent (NINGBO) and Regent (XIAMEN), Supervisor of Regent (CHENGDU), Supervisor of High-Toned Opto Technology Corp., Supervisor (Legal Representative) of Fitiuision Technology Inc., Chairman of BaiHong Investment Co., Ltd., and Chairman (Legal Representative) of Tai Ming Green Power Co., Ltd.	None	None	None
Director	R.O.C.	Shen, Shian-Ho	Male 61-70 years old	2022.06.17	3	2008.06.13	0	0	0	0	0	0	Bachelor of electronic engineering, Chung Yuan Christian University Director and Vice President of Au Optronics Corp. Vice Chairman of Telways Communications Co., Ltd. Manager and Foundry Director of United Microelectronics Corporation	Director and President, Chemtec Corporation Director of Anpec Electronics Corporation and C Sun Mfg. Ltd. Independent Director & Member of the Remuneration Committee and Audit Committee Member of Ennostar Inc.	None	None	None
Director	R.O.C.	Wu, Yun-Chung	Male 31-40 years old	2022.06.17	3	2016.06.15	4,060,470	1.39%	4,092,470	1.40%	0	0	Master of Electrical Engineering and Energy System Engineering from Lehigh University, USA Project Manager of Regent Electron (Suzhou) Co., Ltd.	Director, President, and Deputy President of the Advanced Process Business Office of TSMT, Director (Legal Representative) of Fitiuision Technology Inc., and Tele System Communications Pte. Ltd., Director of TSMT MEXICO, TSMT VIETNAM, Regent (SUZHOU), TSMT (Suzhou), Regent (NINGBO), Regent (XIAMEN), and Regent (CHENGDU), Executive Director of Regent (CHONG QING), Regent (DONGGUAN), Regent (HE FEI), and Ningbo Yongfu Trade Co., Ltd., and President of Fitiuision Technology Inc., Regent (HE FEI), Regent (CHONG QING), and Regent (XIAMEN)	Chairman	Wu, Kai-Yun	Father and Son
Director	R.O.C.	Lin, Wen-Chang	Male 61-70 years old	2022.06.17	3	1997.10.13	2,500,883	0.86%	2,502,883	0.86%	2,000,442	0.68%	Business Studies from Yu Da High School of Commerce and Home Economics Responsible Person of Tian Wei Motorcycle Co., Ltd.	Director of Hom Da Plastic Co., Ltd. Director of Jifanni Co., Ltd.	Director	Lin, Wen-Ching	Brothers
Director	R.O.C.	Hsiao, Hsueh-Fong	Female 61-70 years old	2022.06.17	3	2003.04.04	0	0	0	0	0	0	Bank Assurance Department of Ming Chuan University Specialist of First Commercial Bank Financial/Accounting Manager of Yuan Liou Publishing Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Hwu, Shoou-Chyang	Male 71-80 years old	2022.06.17	3	2003.04.04	338,888	0.12%	338,888	0.12%	0	0	China Business Administration College Business Manager of Junchang Enterprise President of Chung Hung Industrial Co., Ltd.	Consultant of Chung Hung Industrial Co., Ltd.	None	None	None
Independent Director	R.O.C.	Chang, May-Yuan	Female 61-70 years old	2022.06.17	3	2008.06.13	0	0	0	0	0	0	Master of Industrial and Systems Engineering from Ohio State University, USA President of Sheng Yang Co., Ltd. Manager of Kuang Hua Investment Company Investment Manager of Global Investment Holdings Supervisor of HTC Corporation President of Dongan Investment (Holding) Co., Ltd.	Supervisor of Mutual-pak Technology Co., Ltd.	None	None	None
Independent Director	R.O.C.	Chen, Meng-Ping	Female 51-60 years old	2022.06.17	3	2010.05.14	0	0	0	0	0	0	Accounting Department from Chinese Culture University Manager of KPMG in Taiwan	CPA of Dnda Cpa Firm Independent Director of Force Mos Technology Co., Ltd.	None	None	None

Title	Nationality	Name	Gender Age	Date Elected (Inaugurated)	Tenure	Date Firstly Elected	Shareholding When Elected		Current shareholding		Shares Held by Spouse/Minor Children		Major Experience (歷任)	Current Positions in the Company and Other Companies	Other Head, Director or Supervisor Who is Spouse or Relative within Second-degree Kinship			
							Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Shih, Yu-Hua	Male 61-70 years old	2023.06.16	3	2023.06.16	0	0	0	0	0	0	Secretary Vice President of Li-Tzer Investment, Consultants Corporation., Limited.	None	None	None	None	None

Note 1: The Company's shares held by directors in other person's name: Director Shen, Shian-Ho holds 1,043,000 shares of the Company in another person's name, representing a 0.36% shareholding.

Note 2: If the Chairman and President or the person holding the equivalent position (top managerial officer) are the same person, spouse or immediate family, the reason, reasonableness, necessity, corresponding measures (such as increasing the number of independent directors, keeping more than half of the directors not concurrently serving as employees or managerial officers, etc.) and other related information shall be specified:

The chairman of the company and the general manager are first-class relatives, mainly because of improving operating efficiency and decision-making execution ability and considering the sustainable operation of the enterprise. The chairman is responsible for the group's major investment decisions, strengthening corporate governance and the operation of the board of directors. The general manager leads the group Subsidiaries and affiliated companies implement the operation strategy and achieve the company's operation goals. At present, more than half of the company's board members are not concurrently employees or managers. However, in order to strengthen the independence of the board of directors, the company has increased the number of independent directors to improve the function of the board of directors and strengthen the supervisory function.

2. Major shareholders of corporate shareholders: N/A.
3. Major shareholders of major corporate shareholders: N/A.
4. Information of Directors (II)

(1) Disclosure of Professional Qualification of Directors and Independence of Independent Directors:

April 24, 2024

Condition Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies He/She Concurrently Serving as Independent Director
Wu, Kai-Yun	<p>Wu, Kai-Yun Mr. Wu, Kai-Yun, one of the founders of the Company, serves as the Chairman and President of the Company. He has over 30 years of experience in operation management, research and development, process engineering, procurement and logistics, as well as sales and marketing in the electronics industry, specializing in technology leadership, operational judgment and management, and leading the Company's continuous growth with proven results.</p> <p>The conditions specified in Article 30 of Company Act did not occur to him.</p>	<p>The conditions specified in Article 3(1)-5 to Article 3(1)-9 of "Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed" did not occur to him/her.</p>	0
Lin, Wen-Ching	<p>Mr. Lin, Wen-Ching, one of the founders of the Company, graduated from the Mechanical Engineering Department of Taiwan Institute of Technology and worked as an engineer at Taiwan Philips and as the R&D Manager of Efa Corp., specializing in the design and sales of molds for mechanical parts for electronic products, with professional knowledge of mechanical engineering and experience in industry development and management.</p> <p>The conditions specified in Article 30 of Company Act did not occur to him.</p>	<p>The conditions specified in Article 3(1)-1 to Article 3(1)-2, Article 3(1)-5 to Article (3)1-9 of "Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed" did not occur to him/her.</p>	0
Wang, Chia-Chen	<p>Ms. Wang, Chia-Chen graduated from the Accounting Department of Soochow University and served as a Senior Auditor at PricewaterhouseCoopers Taiwan. She has been with the Company since 2000 and is familiar with the Company's organization and business operations, with professional knowledge and experience in finance and accounting.</p> <p>The conditions specified in Article 30 of Company Act did not occur to her.</p>	<p>The conditions specified in Article 3(1)-3 and Article 3(1)-5 to Article 3(1)-9 of "Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed" did not occur to him/her.</p>	0
Shen, Shian-Ho	<p>Mr. Shen, Shian-Ho graduated from Chung Yuan Christian University with a degree in Electronic Engineering and served as a director and Vice President of Au Optonics Corp. He currently serves as a director of Anpec Electronics Corporation and C Sun Mfg. Ltd., and an independent director of Ennostar Inc. He has rich professional knowledge in the TFT-LCD industry, with experience in industrial development and operation management.</p> <p>The conditions specified in Article 30 of Company Act did not occur to him.</p>	<p>The conditions specified in Article 3(1) of Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed have not arisen.</p>	1

Wu, Yun-Chung	Mr. Wu, Yun-Chung graduated from Lehigh University, USA with a bachelor's degree in Electrical Engineering and a master's degree in Energy Systems Engineering, and served as a Project Manager of Regent Electron (Suzhou) Co., Ltd. He currently serves as the Deputy President of the Advanced Process Business Office of the Group, focusing on the research and development of new SMT processes and the development of international customers, with the expertise and experience required for innovative research and development, automated process, business strategies and business development of the Company. The conditions specified in Article 30 of Company Act did not occur to him.	The conditions specified in Article 3(1)-5 to Article 3(1)-9 of “Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed” did not occur to him/her.	0
Lin, Wen-Chang	Mr. Lin, Wen-Chang graduated from Yu Da High School of Commerce and Home Economics, and was formerly the Responsible Person of Tian Wei Motorcycle Co., Ltd, with the expertise and experience required for operation management and business development of the Company. The conditions specified in Article 30 of Company Act did not occur to him.	The conditions specified in Article 3(1)-1 to Article 3(1)-2, Article 3(1)-5 to Article (3)1-9 of “Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed” did not occur to him/her.	0
Hsiao, Hsueh-Fong	Ms. Hsiao, Hsueh-Fong graduated from Bank Assurance Department of Ming Chuan University and served as a Specialist of First Commercial Bank and the Financial/Accounting Manager of Yuan Liou Publishing Co., Ltd., with the expertise and experience in financial management and financial investment. The conditions specified in Article 30 of Company Act did not occur to her.	The conditions specified in Article 3(1) of Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed have not arisen.	0
Hwu, Shoou-Chyang	Mr. Hwu, Shoou-Chyang graduated from China Business Administration College and served as the Business Manager of Junchang Enterprise and the President of Chung Hung Industrial Co., Ltd., with the expertise and experience required for operation management and business development of the Company. The conditions specified in Article 30 of Company Act did not occur to him.		0
Chang, May-Yuan	Ms. Chang, May-Yuan graduated from Ohio State University, USA with a Master's degree in Industrial and Systems Engineering. She served as the President of Sheng Yang Co., Ltd., the Manager of Kuang Hua Investment Company, the Investment Manager of Global Investment Holdings, and the President of Dongan Investment (Holding) Co., Ltd., with professional knowledge and experience in financial management, financial investment, investment judgment, management of start-up companies, and operation management. The conditions specified in Article 30 of Company Act did not occur to her.		0
Chen, Meng-Ping	Ms. Chen, Meng-Ping graduated from the Accounting Department of Chinese Culture University and served as the Manager of KPMG in Taiwan. She is currently a CPA of Dnda CPA Firm, with professional knowledge and background in finance, accounting, and corporate governance. The conditions specified in Article 30 of Company Act did not occur to her.		0
Shih, Yu-Hua	Mr. Shih, Yu-Hua graduated from the Department of Shipping and Transportation Management of National Taiwan Ocean University and served as the Vice President of Li-Tzer Investment, Consultants Corporation., Limited., with the expertise and experience required for operation management and business development of the Company. The conditions specified in Article 30 of Company Act did not occur to him.	The conditions specified in Article 3(1) of the Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed have not arisen, besides, neither he nor his spouse or relatives within second-degree kinship serve as director of the Company or affiliated companies nor hold shares of the Company (or hold shares in the name of others).	0

(2) Diversification and Independence of the Board of Directors:

A. Diversification of the Board of Directors:

(A) Adopt candidate nomination system, and regarding the list of director candidates nominated by the shareholders and directors, submit to the Shareholders' Meeting for election after being passed by Resolution of the Board of Directors.

(B) The Company established "Code of Practice on Corporate Governance", where, "Chapter III Strengthen the effectiveness of the Board of Directors" established policy for diversification of board members.

In accordance with Article 20 of "Code of Practice on Corporate Governance":

The Board Members shall be generally equipped with knowledge, skills and quality necessary for executing their duties. In order to achieve ideal objective of corporate governance, the Board of Directors shall be equipped with operation judgment capability, accounting and financial analysis capability, operation & management capability, risk management capability, crisis handling capability, industrial knowledge, international market outlook, leadership and decision-making capability on the whole.

(C) The 14th Board of Directors of the Company consists of 11 directors, and includes 4 female directors (accounting for 36.36%), and 4 independent directors (accounting for 36.36%), besides, the number of natural person directors accounts for up to 100%, and seeing from the list of board directors of the Company, they are all equipped with operation judgment, leadership & decision-making, administrative management, international market outlook and crisis handling capability, etc. on the whole.

(D) Implementation of diversification policy

Core of Diversification Name of Director	Basic constitution								Industrial Experience and Professional Capability						
	Nationality	Gender	Equipped with employees' identity	Age					Tenure Seniority of Independent Director Above 9 years	Administrative Management	Industry Knowledge	Information Technology	Accounting & Finance	Leadership & Decision-Making	Risk Management
				31-40 years old	41-50 years old	51-60 years old	61-70 years old	71-80 years old							
Wu, Kai-Yun	R.O.C.	Male	v				v			v	v	v		v	v
Lin, Wen-Ching	R.O.C.	Male					v			v	v			v	v
Wang, Chia-Chen	R.O.C.	Female	v	v						v	v		v		v
Shen, Shian-Ho	R.O.C.	Male					v			v	v	v	v	v	v
Wu, Yun-Chung	R.O.C.	Male	v	v						v	v	v		v	v
Lin, Wen-Chang	R.O.C.	Male					v			v	v			v	v
Hsiao, Hsueh-Fong	R.O.C.	Female					v				v		v		v
Hwu, Shou-Chyang	R.O.C.	Male						v	v	v	v			v	v
Chang, May-Yuan	R.O.C.	Female					v		v	v	v		v		v
Chen, Meng-Ping	R.O.C.	Female				v			v	v			v		v
Shih, Yu-Hua	R.O.C.	Male					v			v	v				v

(E) Specific management objectives and current achievement condition of diversification policy

Specific management objectives	Current achievement condition
Among the board members, the number of directors co-acting as company manager shall not exceed 1/3 of director seats.	Achieved.
Among the board members, the number of female directors shall not be less than 1 (1 included).	Achieved; there are total 4 female directors in the 14th Board of Directors.
Among the board members, the number of independent directors shall not be less than one-third of the total board numbers.	Achieved; there are total 4 independent directors in the 14th Board of Directors.
There shall be at least one independent director equipped with accountant's certificate, finance or enterprise management.	Achieved.

B. Independence of the Board of Directors

- (A) The 14th Board of Directors of the Company sets 4 independent directors, accounting for 36.36%, and the qualification and independence of the independent directors are inspected regularly every year, which all conform to the qualification conditions in “Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed”. They neither have direct or indirect interest relationship with the Company within the execution scope of business, nor have the conditions listed in Article 3(1) mentioned above two years before being elected and during their term of office. The Company has obtained Statement of Independence from each independent director.
- (B) The Company regularly inspects independence of the board directors, and results show that they conform to independence conditions, please refer to “Disclosure of Professional Qualification of Directors and Independence of Independent Directors” for detailed information.

(II) Information of President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments:

April 24, 2024

Title	Nationality	Name	Gender	Date Elected (Inaugurated)	Shareholding		Shareholding of Spouse and Minor Children		Major Experience (Education)	Current Positions in Other Companies	Managerial Officers Who are Spouses or the Relatives within Second-degree Kinship		
					Shares	%	Shares	%			Title	Name	Relation
CEO	R.O.C.	Wu, Kai-Yun	Male	2023.01.01	11,899,653	4.07%	11,389,085	3.90%	President of Taiwan Surface Mounting Technology Corp. Master of Management from Fudan University, Shanghai Cheng Shiu College of Technology, majored in Electrical Engineering R & D Engineer, Sampo Corporation Section Chief of MiTAC Computer Associate Manager of Efa Corp.	Chairman and CEO of TSMT, Director and CEO of RMIH , Director and President of Regent Manner Limited, Director of TSMT (BVD), RM(BVI), TSMT (Singapore), TSMT, Regent (SUZHOU), TSMT (Suzhou), Regent (NINGBO), and Regent (XIAMEN), Director (Legal Representative) of High-Toned Opto Technology Corp., Chairman (Legal Representative) of Fitivision Technology Inc.	President	Wu, Yun-Chung	Father and Son
President	R.O.C.	Wu, Yun-Chung	Male	2023.01.01	4,092,470	1.40%	0	0.00%	Master of Electrical Engineering and Energy System Engineering from Lehigh University, USA Project Manager of Regent Electron (Suzhou) Co., Ltd.	Director, President, and Deputy President of the Advanced Process Business Office of TSMT, Director (Legal Representative) of Fitivision Technology Inc., and Tele System Communications Pte. Ltd., Director of TSMT MEXICO, TSMT VIETNAM, Regent (SUZHOU), TSMT (Suzhou), Regent (NINGBO), Regent (XIAMEN), and Regent (CHENGDU), Executive Director of Regent (CHONG QING), Regent (DONGGUAN), Regent (HE FEI), and Ningbo Yongfu Trade Co., Ltd., and President of Fitivision Technology Inc., Regent (HE FEI), Regent (CHONG QING), and Regent (XIAMEN)	CEO	Wu, Kai-Yun	Father and Son
Vice President	R.O.C.	Chen, Yuan-Te	Male	2008.07.01	61,808	0.02%	0	0.00%	Master of Industrial Engineering from Chung Yuan Christian University Assistant Vice President of Philips, Taiwan	None	None	None	None
Vice President	R.O.C.	Lin, Hung-Sen	Male	2006.01.01	5	0.00%	0	0.00%	EMBA from National Central University Team Leader of Production Division of Xu Bang Technology	Chairman (Legal Representative) and President of High-Toned Opto Technology Corp. Director (Legal Representative) of Tai Ming Green Power Co., Ltd. and Fitivision Technology Inc. Director of BaiHong Investment Co., Ltd., TSMT (India), and RMIH (India)	None	None	None
Vice President	R.O.C.	Wang, Chia-Chen	Female	2007.11.30	567,030	0.19%	0	0.00%	Accounting Department of Soochow University Senior Auditor of PricewaterhouseCoopers Taiwan	Director and Vice President of TSMT Director of TSMT (Singapore), TSMT (India), RMIH (India), Regent (NINGBO) and Regent (XIAMEN), Supervisor of Regent (CHENGDU), Supervisor of High-Toned Opto Technology Corp., Supervisor (Legal Representative) of Fitivision Technology Inc., Chairman of BaiHong Investment Co., Ltd., and Chairman (Legal Representative) of Tai Ming Green Power Co., Ltd.	None	None	None
Assistant Vice President	R.O.C.	Lee, Kun-Chen	Male	2010.03.08	9,290	0.00%	0	0.00%	MBA from Royal Roads University, Canada Senior MIS Manager of Meitai Communications Co., Ltd. Director of Technical Services of Coretronic Corporation Director of Sales of Coretronic Display Solution	None	None	None	None
Financial Manager	R.O.C.	Su, Chia-Ling	Female	2010.05.14	355	0.00%	0	0.00%	Master of International Business from Soochow University Finance Officer of Silicon Application Corp.	None	None	None	None
Accounting Manager	R.O.C.	Chang, Hui-Ling	Female	2010.05.14	3,466	0.00%	0	0.00%	Bachelor of Business Administration, Yuan Ze University Section Chief of Finance Department of TMT PCB Co., Ltd.	None	None	None	None
Chief Internal Auditor	R.O.C.	Cheng, Yun-An	Female	2005.06.10	27,556	0.01%	0	0.00%	Department of Banking and Finance from Tamkang University Audit Specialist of San Lien Technology Corp.	None	None	None	None

Note 1: Those who currently serve in their respective positions on the publication date of the Annual Report.

Note 2: The Company's shares held in other person's name: None.

Note 3: If the President or the person holding the equivalent position (top Managerial Officer) and Chairman are the same one person, spouse or immediate family, the reason, reasonableness, necessity, corresponding measures (such as increasing the number of Independent Directors, keeping more than half of the Directors not concurrently serving as employees or Managerial Officers, etc.) and other related information shall be specified:

The chairman of the company and the general manager are first-class relatives, mainly because of improving operating efficiency and decision-making execution ability and considering the sustainable operation of the enterprise. The chairman is responsible for the group's major investment decisions, strengthening corporate governance and the operation of the board of directors. The general manager leads the group Subsidiaries and affiliated companies implement the operation strategy and achieve the company's operation goals. At present, more than half of the company's board members are not concurrently employees or managers. However, in order to strengthen the independence of the board of directors, the company has increased the number of independent directors to improve the function of the board of directors and strengthen the supervisory function.

(III) Remuneration paid to directors, supervisors, President and Vice President in the most recent year:

1. Remuneration to Directors:

December 31, 2023

Unit: thousand shares/NT\$ thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A, B, C, and D) in Net Profit after Tax (%) (Note 10)		Remuneration Paid to Concurrent Employees						Ratio of Total Remuneration (A, B, C, D, E, F and G) in Net Profit after Tax (%) (Note 10)		Remuneration paid by parent company or invested companies other than the Company's subsidiaries (Note 11)		
		Remuneration (A) (Note 2)		Severance Pay (B)		Remuneration to Directors (C) (Note 3)		Business Execution Fees (D) (Note 4)		Salaries, Bonuses, and Allowances, etc. (E) (Note 5)		Severance Pay (F)		Employee Remuneration(G) (Note 6)								
		TSMC	All Companies in the Financial Statements (Note 7)	TSMC	All Companies in the Financial Statements (Note 7)	TSMC	All Companies in the Financial Statements (Note 7)	TSMC	All Companies in the Financial Statements (Note 7)	TSMC	All Companies in the Financial Statements (Note 7)	TSMC	All Companies in the Financial Statements (Note 7)	The Company		All Companies in the Financial Statements (Note 7)		TSMC	All Companies in the Financial Statements (Note 7)			
														Cash Amount	Stock Amount	Cash Amount	Stock Amount					
Chairman and CEO	Wu, Kai-Yun	-	716	-	-	9,000	9,716	-	-	9,000 0.36	9,716 0.39	12,578	32,206	-	-	8,500	-	8,500	-	30,078 1.20	50,422 2.01	None
Director	Lin, Wen-Ching	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	-	-	-	-	-	-	-	-	1,500 0.06	1,500 0.06	
Director and Vice President	Wang, Chia-Chen	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	2,731	2,731	108	108	3,000	-	3,000	-	7,339 0.29	7,339 0.29	
Director	Shen, Shian-Ho	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	-	-	-	-	-	-	-	-	1,500 0.06	1,500 0.06	
Director and President	Wu, Yun-Chung	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	3,471	4,786	101	101	10,000	-	10,000	-	15,072 0.60	16,387 0.65	
Director	Lin, Wen-Chang	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	-	-	-	-	-	-	-	-	1,500 0.06	1,500 0.06	
Director	Hsiao, Hsueh-Fong	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	-	-	-	-	-	-	-	-	1,500 0.06	1,500 0.06	
Independent Director	Hwu, Shouu-Chyang	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	-	-	-	-	-	-	-	-	1,500 0.06	1,500 0.06	
Independent Director	Chang, May-Yuan	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	-	-	-	-	-	-	-	-	1,500 0.06	1,500 0.06	
Independent Director	Chen, Meng-Ping	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	-	-	-	-	-	-	-	-	1,500 0.06	1,500 0.06	
Independent Director	Shih, Yu-Hua	-	-	-	-	1,500	1,500	-	-	1,500 0.06	1,500 0.06	-	-	-	-	-	-	-	-	1,500 0.06	1,500 0.06	

1. Please specify the policies, systems, standards and structure of and for payment of remuneration to Independent Directors, and their relevance with the amount of the remuneration based on the duties, risks and, time undertaken and spent by Independent Directors and other factors: If the Company makes profits, its Board of Directors will resolve the amount of remuneration to Directors in accordance with the Articles of Incorporation, and determine reasonable remuneration by referring the general payment level in the industry and the duties, risks and time undertaken and spent by them and other factors.

2. In addition to the disclosure made in the above table, the remuneration received by the Company's Directors for the services provided by them (such as acting as consultants for the Parent Company/all the companies listed in the Financial Statements/non-employees of re-investment business, etc.) in the most recent year: None.

Table of Remuneration Ranges

Ranges of the Remuneration paid to the Company's Directors	Name of Director			
	Total of (A + B + C + D)		Total of the First Seven Remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies in the Financial Statements (Note 9) H	The Company (Note 8)	All Companies in the Financial Statements (Note 9) I
Less than NT\$1,000,000				
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Lin, Wen-Ching, Shen, Shian-Ho Wang, Chia-Chen, Wu, Yun-Chung Lin, Wen-Chang, Hsiao, Hsueh-Fong Hwu, Shoou-Chyang, Chang, May-Yuan Chen, Meng-Ping, Shih, Yu-Hua	Lin, Wen-Ching, Shen, Shian-Ho Wang, Chia-Chen, Wu, Yun-Chung Lin, Wen-Chang, Hsiao, Hsueh-Fong Hwu, Shoou-Chyang, Chang, May-Yuan Chen, Meng-Ping, Shih, Yu-Hua	Lin, Wen-Ching, Shen, Shian-Ho Lin, Wen-Chang, Hsiao, Hsueh-Fong Hwu, Shoou-Chyang, Chang, May-Yuan Chen, Meng-Ping, Shih, Yu-Hua	Lin, Wen-Ching, Shen, Shian-Ho Lin, Wen-Chang, Hsiao, Hsueh-Fong Hwu, Shoou-Chyang, Chang, May-Yuan Chen, Meng-Ping, Shih, Yu-Hua
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Wu, Kai-Yun	Wu, Kai-Yun	Wang, Chia-Chen	Wang, Chia-Chen
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)			Wu, Yun-Chung	Wu, Yun-Chung
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)			Wu, Kai-Yun	
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				Wu, Kai-Yun
NT\$100,000,000 and above				
Total	11 persons	11 persons	11 persons	11 persons

Note 1: Names of Directors shall be presented respectively, and the amount of remuneration paid to them shall be disclosed collectively.

Note 2: It means the amount of the remuneration paid to Directors in the most recent year (including the salaries, job-related remuneration, separation pay, bonuses, and incentives etc. paid to Directors).

Note 3: The amount of the remuneration paid to Directors in the most recent year as approved by the Board of Directors shall be filled out.

Note 4: It means the business execution fees paid to Directors in the most recent year (including transport allowances, special allowances, various allowances, accommodation and vehicle allowances, and the costs for provision of physical goods and services, etc.). If housing, car or other vehicle, or exclusively individual expenditure is provided, the nature and costs of such provisions, the actual or market-level rent paid, the gasoline expenses and other payments shall be disclosed.

Note 5: It means salary, job-related remuneration, separation pay, various bonuses, incentives, and transport, special, various, accommodation and driver allowances, etc. paid to the Directors who concurrently serve as employees (including concurrently serving as President, Vice President, other Managerial Officers and employee) in the most recent fiscal year. If housing, car or other vehicle, or exclusively individual expenditure is provided, the nature and costs of such provisions, the actual or market-level rent paid, the gasoline expenses and other payments shall be disclosed. Payroll expenses listed as IFRS 2 "Payment based on shareholdings," including employee warrants, new restricted employee shares, and capital increase by cash options, etc., shall be counted as remuneration.

Note 6: If employee remuneration (including stocks and cash) was paid to the Directors who concurrently serve as employees (including concurrently serving as President, Vice President, other Managerial Officers and employee) in the most recent year, the amount of the employee remuneration paid in the most recent year as approved by the Board of Directors shall be disclosed.

Note 7: Please disclose the aggregate amount of the remunerations paid to the Company's Directors by all the companies listed in the Consolidated Financial Statements (including the Company).

Note 8: The aggregate amount of the remunerations paid to the Company's Directors shall be disclosed together with their names in the relevant remuneration range.

Note 9: The aggregate amount of the remunerations paid to the Company's Directors by all the companies listed in the Consolidated Financial Statements (including the Company) shall be disclosed together with their names in the relevant remuneration range.

Note 10: Net profit after tax refers to the net profit after tax specified in the individual Financial Statements of the most recent year.

Note 11: It refers to the amount of the remuneration paid by the invested companies other than the Company's subsidiaries.

2. Remuneration to President and Vice President:

December 31, 2023
Unit: thousand shares/NT\$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonus and special expense (C) (Note 3)		Employee Remuneration (D) (Note 4)				Ratio of Total Remuneration (A, B, C and D) in Net Profit after Tax (%) (Note 8)		Remuneration paid by parent company or invested companies other than the Company's subsidiaries (Note 9)
		The Company	All Companies in the Financial Statements (Note 5)	The Company	All Companies in the Financial Statements (Note 5)	The Company	All Companies in the Financial Statements (Note 5)	The Company		All Companies in the Financial Statements (Note 5)		The Company	All Companies in the Financial Statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	Wu, Kai-Yun	6,578	26,206	-	-	6,000	6,000	8,500	-	8,500	-	21,078 0.84	40,706 1.62	None
President	Wu, Yun-Chung	3,471	4,786	101	101	0	0	10,000	-	10,000	-	13,572 0.54	14,887 0.59	
Vice President	Chen, Yuan-Te	2,911	2,911	108	108	0	0	3,000	-	3,000	-	6,019 0.24	6,019 0.24	
Vice President	Lin, Hung-Sen	2,563	2,563	108	108	0	0	2,500	-	2,500	-	5,171 0.21	5,171 0.21	
Vice President	Wang, Chia-Chen	2,731	2,731	108	108	0	0	3,000	-	3,000	-	5,839 0.23	5,839 0.23	

Table of Remuneration Ranges

Range of the Remuneration Paid to the Company's President and Vice Presidents	Name of President and Vice President	
	The Company (Note 6)	All invested Companies E
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Chen, Yuan-Te, Lin, Hung-Sen, Wang, Chia-Chen	Chen, Yuan-Te, Lin, Hung-Sen, Wang, Chia-Chen
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Wu, Yun-Chung	Wu, Yun-Chung
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Wu, Kai-Yun	
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		Wu, Kai-Yun
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
NT\$100,000,000 and above		
Total	5 persons	5 persons

- Note 1: President and Vice Presidents shall be presented based on their names respectively, and the amount of remuneration paid to them shall be disclosed collectively.
- Note 2: The salaries, job-related remuneration and separation pay paid to President and Vice Presidents in the most recent year shall be filled out.
- Note 3: The bonuses, incentives, transport allowances, other allowances, accommodation and vehicle allowances, the costs for provision of physical goods and services, and other remuneration paid to President and Vice Presidents in the most recent year shall be filled out. If housing, car or other vehicle, or exclusively individual expenditure is provided, the nature and costs of such provisions, the actual or market-level rent paid, the gasoline expenses and other payments shall be disclosed. If company drivers are assigned to these executive officers, please indicate compensations paid to the drivers, but these payments will not be counted as remuneration of the executive officers. Payroll expenses listed as IFRS 2 "Payment based on shareholdings," including employee warrants, new restricted employee shares, and capital increase by cash options, etc., shall be counted as remuneration.
- Note 4: The amount of the remuneration (including stocks and cash) paid to President and Vice Presidents in the most recent year as approved by the Board of Directors shall be filled out. If such remuneration cannot be estimated, an estimation for this year shall be calculated in proportion of the remuneration actually paid in last year, and the amount shall be filled out in the table "Names of the Managerial Officers who receive employee remuneration and the distribution status".
- Note 5: Please disclose the aggregate of the remuneration paid to the Company's President and Vice Presidents by all companies included in the consolidated financial statements (including the Company).
- Note 6: The aggregate amount of the remunerations paid to the President and Vice Presidents by the Company shall be disclosed together with their names in the relevant remuneration range.
- Note 7: The aggregate amount of the remunerations paid to the Company's President and Vice Presidents by all the companies listed in the Consolidated Financial Statements (including the Company) shall be disclosed together with their names in the relevant remuneration range.
- Note 8: Net profit after tax refers to the net profit after tax specified in the individual Financial Statements of the most recent year.
- Note 9: a. The amount of the remuneration paid to the Company's President and Vice Presidents by the invested companies other than the Company's subsidiaries shall be expressly filled out in this column.
b. Any amount of remuneration paid to the Company's President and Vice Presidents by the invested companies other than the Company's subsidiaries shall be filled out in Column E of the Table of Remuneration Ranges, and this column shall be renamed as "All Invested Companies."
c. Remuneration refers to the remuneration, compensation (including employee, director and supervisor remuneration), business execution fee, and other related amount paid to the Company's President and Vice Presidents for serving as the director, supervisor, or managerial officer of the invested companies other than the Company's subsidiaries.
- * The remuneration disclosed here is not the same in concept as income defined in the Income Tax Law. This table, therefore, is only for the purpose of disclosure, not for taxation.

3. Remuneration for the top five highest-paid managers:

December 31, 2023
Unit: thousand shares/NT\$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonus and special expense (C) (Note 3)		Employee Remuneration (D) (Note 4)				Ratio of Total Remuneration (A, B, C and D) in Net Profit after Tax (%) (Note 6)		Remuneration paid by parent company or invested companies other than the Company's subsidiaries (Note 7)
		The Company	All Companies in the Financial Statements (Note 5)	The Company	All Companies in the Financial Statements (Note 5)	The Company	All Companies in the Financial Statements (Note 5)	The Company		All Companies in the Financial Statements (Note 5)		The Company	All Companies in the Financial Statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	Wu, Kai-Yun	6,578	26,206	-	-	6,000	6,000	8,500	-	8,500	-	21,078 0.84	40,706 1.62	None
President	Wu, Yun-Chung	3,471	4,786	101	101	0	0	10,000	-	10,000	-	13,572 0.54	14,887 0.59	
Vice President	Chen, Yuan-Te	2,911	2,911	108	108	0	0	3,000	-	3,000	-	6,019 0.24	6,019 0.24	
Vice President	Lin, Hung-Sen	2,563	2,563	108	108	0	0	2,500	-	2,500	-	5,171 0.21	5,171 0.21	
Vice President	Wang, Chia-Chen	2,731	2,731	108	108	0	0	3,000	-	3,000	-	5,839 0.23	5,839 0.23	

Note 1: The term "top five highest-paid managers" refers to the Company's managerial officers. The criteria for identifying these managerial officers are based on the definition of "managerial officer" as specified in the Tai-Tsai-Cheng-3-Tze No. 0920001301 issued by the Securities and Futures Institute of the Ministry of Finance on March 27, 2003. As for the principles for calculating and identifying the "top five highest-paid managers," it is based on the total amount of salary, severance pay, bonuses, special expenses, and employee remuneration received by the Company's managerial officers from all entities within the consolidated financial statements. This total (i.e., the total of A, B, C, and D) is then ranked to identify the top five highest-paid managers.

Note 2: The salaries, job-related remuneration and separation pay paid to the top five highest-paid managers in the most recent year shall be filled out.

Note 3: The bonuses, incentives, transport allowances, other allowances, accommodation and vehicle allowances, the costs for provision of physical goods and services, and other remuneration paid to the top five highest-paid managers in the most recent year shall be filled out. If housing, car or other vehicle, or exclusively individual expenditure is provided, the nature and costs of such provisions, the actual or market-level rent paid, the gasoline expenses and other payments shall be disclosed. If company drivers are assigned to these executive officers, please indicate compensations paid to the drivers, but these payments will not be counted as remuneration of the executive officers. Payroll expenses listed as IFRS 2 "Payment based on shareholdings," including employee warrants, new restricted employee shares, and capital increase by cash options, etc., shall be counted as remuneration.

Note 4: The amount of the remuneration (including stocks and cash) paid to the top five highest-paid managers in the most recent year as approved by the Board of Directors shall be filled out. If such remuneration cannot be estimated, an estimation for this year shall be calculated in proportion of the remuneration actually paid in last year, and the amount shall be filled out in the table "Names of the Managerial Officers who receive employee remuneration and the distribution status".

Note 5: Please disclose the aggregate amount of the remunerations paid to the Company's top five highest-paid managers by all the companies listed in the Consolidated Financial Statements (including the Company).

Note 6: Net profit after tax refers to the net profit after tax specified in the individual Financial Statements of the most recent year.

Note 7: a. The amount of the remuneration paid to the Company's top five highest-paid managers by the invested companies or the parent company other than the Company's subsidiaries shall be expressly filled out in this column.

b. Remuneration refers to the remuneration, compensation (including employee, director and supervisor remuneration), business execution fee, and other related amount paid to the Company's top five highest-paid managers for serving as the director, supervisor, or managerial officer of the invested companies or the parent company other than the Company's subsidiaries.

4. Names of the managerial officers who receive employee remuneration and the distribution status:

December 31, 2023

Unit: thousand shares/NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Profit after Tax (%)
Managerial officer	CEO	Wu, Kai-Yun	0	29,250	29,250	1.17%
	President	Wu, Yun-Chung				
	Vice President	Chen, Yuan-Te				
	Vice President	Lin, Hung-Sen				
	Vice President	Wang, Chia-Chen				
	Assistant Vice President	Lee, Kun-Chen				
	Financial Manager	Su, Chia-Ling				
	Accounting Manager	Chang, Hui-Ling				

Note 1: The Managerial Officers who were serving in their respective positions at the end of 112 shall be filled out in this table, and the amount of remuneration paid to them shall be disclosed collectively.

Note 2: Net profit after tax refers to net profit after tax in the parent company only financial statements of 112.

Note 3: The scope of managerial officers shall be defined in the following manner, as per the Securities and Futures Institute's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003:

- (1) President and equivalents
- (2) Vice President and equivalents
- (3) Assistant Vice President and equivalents
- (4) Head of Financial Department
- (5) Head of Accounting Department
- (6) Other people managing the Company's affairs and being entitled to sign instruments on behalf of the Company.

(IV) Comparison of Remuneration to Directors, President and Vice Presidents in the Most Recent Two Fiscal Years; Ratio of Total Remuneration to Net Income; Remuneration Policies, Standards and Portfolios; Procedures for determining remuneration; and Correlation Between Remuneration and Performance/Projected Risks:

1. Analysis on the ratio of the total remuneration paid to the Company's Directors, President and Vice Presidents by the Company and all the companies listed in Consolidated Financial Statements (including the Company) in the most recent two years in net profit after tax:

Item	Ratio of Total Remuneration in Net Profit after Tax			
	2023		2022	
	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements
Director	2.57%	3.43%	1.81%	2.25%
President and Vice President	2.06%	2.89%	0.95%	1.25%

2. The remunerations to the Company's Directors are paid from surplus, and the remunerations to President and Vice Presidents include salaries, bonuses, employee remuneration and employee warrants, etc.
3. The remunerations to the Company's Directors, and Managerial Officers are determined by its Remuneration Committee by referring to the general payment level in the industry, and the time spent, duties assumed and personal goals achieved by them, their performance in other positions, the remuneration paid by the Company to the persons holding equivalent positions in recent years, the achievement of the Company's short-term and long-term business goals, and the Company's financial status, etc., and the Remuneration Committee check their annual and long-term performance goals regularly, and submit its suggestions to the Board of Directors for discussion.

III. Implementation of Corporate Governance

(I) Operation of the Board of Directors:

The meeting of the Board of Directors were held for 6 times (A) in the most recent year (2023), with the attendance by the Directors as follows:

Title	Name	Attendance in Person B	Attendance by Proxy	Rate of Attendance in Person (%) 【 B / A 】	Remark
Chairman	Wu, Kai-Yun	6	0	100%	
Director	Lin, Wen-Ching	5	1	83%	
Director	Shen, Shian-Ho	6	0	100%	
Director	Wang, Chia-Chen	6	0	100%	
Director	Wu, Yun-Chung	6	0	100%	
Director	Lin, Wen-Chang	5	1	83%	
Director	Hsiao, Hsueh-Fong	6	0	100%	
Independent Director	Hwu, Shouu-Chyang	6	0	100%	
Independent Director	Chang, May-Yuan	5	1	83%	
Independent Director	Chen, Meng-Ping	6	0	100%	
Independent Director	Shih, Yu-Hua	4	0	100%	Appointed on June 16, 2023.

Other mentionable items:

- I. If any of the following conditions occurs to the Board of Directors, the date and session of the meeting of the Board of Directors, contents of proposal(s), all Independent Directors' opinions and the Company's reaction response to such opinions shall be specified:
 - (I) For the matters listed in Paragraph 3 of Article 14 of Securities and Exchange Act, please refer to Chapter 3 of this Annual Report, and the important resolutions made by the Shareholders' Meeting and the Board of Directors as specified in the Corporate Governance Report (#page 38#): They were agreed and approved by all the Independent Directors presented at the meeting.
 - (II) Other resolutions by the Board meetings which were objected to or subject to qualified opinions by independent directors and were recorded or declared in writing: None.
- II. Recusal of Directors from voting due to conflicts of interests: Directors avoided themselves from the discussion and voting related to their remuneration.
- III. For the evaluation cycles, evaluation periods, scope and method of evaluation, and contents of evaluation for evaluating the performance of the Board members (on themselves or peers), refer to the table below.

Cycle	Period	Scope	Method	Content
Once a year	January 1, 2023 to December 31, 2023	Performance evaluation of the Board as a whole and individual Board members	Internal self-evaluation of the Board as a whole and individual Board members	The performance evaluation of the Board as a whole includes participation in the operation of the Company, quality of the Board's decision making, composition and structure of the Board, election and continuing education of the directors, and internal control. The performance evaluation of individual Board members includes alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

- IV. Evaluation on the achievement of the goal of enhancing the function of the Board of Directors (such as establishing Audit Committee and increasing information transparency) in the current

year and the most recent year:

1. The Company has the "Rules and Procedures of Board of Director Meetings," and announces the important resolutions made by its Board of Directors, in real time, in the website designated by competent authority, in accordance with competent authority's relevant orders and regulations, and discloses its latest business and financial status in its website, with a good implementation.
2. The Company established Remuneration Committee on October 25, 2011 to assist the Board of Directors to regularly evaluate and determine the remuneration for Directors and Managerial Officers, and regularly review the evaluation on the performance of Directors and Managerial Officers, as well as the remuneration policies, systems, standards and structures. Please see #Page 29# of this Annual Report for operation of the Remuneration Committee.
3. The Company established Audit Committee on June 13, 2019 to exercise the powers and assume the duties specified in the Company Act, the Securities and Exchange Act, and other laws and regulations. Please see #Page 22# of this Annual Report for operation of the Audit Committee.
4. The Company comprehensively reelected its Directors at the regular meeting of its shareholders' meeting held on June 17, 2022, with 10 Directors (including 3 Independent Directors) elected, and one more independent director was elected additionally at the shareholders' regular meeting held on June 16, 2023, to improve the Board of Directors' function and corporate governance.
5. Evaluation on the Board of Directors' performance: The Company formulated the "Board of Directors Performance Self-Assessment Regulations" on April 27, 2020, and it plans to issue performance self-evaluation questionnaires to all the members of the Board of Directors in the December of each year from 2020 to facilitate self-evaluation, in addition to evaluation on the overall operation of the Board of Directors.

(II) Operation of Audit Committee:

The meeting of the Audit Committee was held for 5 times (A) in the most recent year (2023), with the attendance as follows:

Title	Name	Attendance in Person B	Attendance by Proxy	Rate of Attendance in Person (%) 【 B / A 】	Remark
Convener	Chen, Meng-Ping	5	0	100%	
Member	Chang, May-Yuan	4	1	80%	
Member	Hwu, Shoou-Chyang	5	0	100%	
Member	Shih, Yu-Hua	3	0	100%	Appointed on June 16, 2023.

Other mentionable items:

- I. If any of the following conditions occurs to Audit Committee, the date, session and content of the meeting, objection and reservation of the Board of Directors, contents of major proposal(s), Audit Committee's resolution(s) and the Company's reaction response to such opinions shall be specified:
 - (I) For the matters listed in Paragraph 5 of Article 14 of Securities and Exchange Act, please refer to Chapter 3 of this Annual Report, and the important resolutions made by the Shareholders' Meeting and the Board of Directors as specified in the Corporate Governance Report (#page 38#): They were submitted to the Board of Directors for resolution and approval after they have been agreed by over half of all members of Audit Committee, and there is no agreement by over two-thirds of all Directors without approval by Audit Committee.
 - (II) In addition to the aforementioned matters, other matters not approved by Audit Committee but approved by more than two-thirds of all Directors: None.
- II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of proposals, reasons for recusal, and participation in voting shall be specified: None.
- III. Communication by Independent Directors with Internal Audit Manager and CPAs (including significant matters, methods, and results of the communication about the company's financial and business conditions)

- (I) Communication between Independent Directors and the Internal Audit Manager
Policies for communication between Independent Directors and the Internal Audit Manager:
The Company's Internal Audit Manager regularly makes quarterly internal audit report, on the implementation of audit, internal operation, auditor's training, its major opinions on external and internal audit and their improvement, at the meeting of Audit Committee in each quarter; In case of any significant abnormality, the meeting will be convened at any time.
Summary on the past communication between Independent Directors and Internal Audit Manager:

Date	Method of Communication	Contents of Communication	Result of Communication
2023/3/10	Audit Committee	Implementation report of audit plan of the Internal Audit Office of the Company for the 4th quarter in 2022.	Independent Directors did not express any opinion.
2023/5/5	Audit Committee	Implementation report of audit plan of the Internal Audit Office of the Company for the 1st quarter in 2023.	Independent Directors did not express any opinion.
2023/7/31	Audit Committee	Implementation report of audit plan of the Internal Audit Office of the Company for the 2nd quarter in 2023.	Independent Directors did not express any opinion.
2023/10/27	Audit Committee	Implementation report of audit plan of the Internal Audit Office of the Company for the 3rd quarter in 2023.	Independent Directors did not express any opinion.
2023/12/27	Audit Committee	Implementation report of audit plan of the Internal Audit Office of the Company for the 4th quarter in 2023.	Independent Directors did not express any opinion.
		Prepare Internal Audit Office's 2024 Audit Plan for the Company	and submit to the Board of Directors after adoption.

- (II) Communication by the Company's Independent Directors with CPAs
Policies for communication by Independent Directors with CPAs:
The Company's Audit Committee is composed of all Independent Directors. CPAs communicates with Independent Directors about the Company's financial status, major adjustments, and the impact brought by the amendment to laws, in each quarter, and report the audit on internal control to Independent Directors once a year at the least.

Summary on the past communication between Independent Directors and CPAs:

Date	Contents of Communication	Result of Communication
2023/3/10	<ol style="list-style-type: none"> Completion by CPAs of audit on the Company's 2022 financial statements in accordance with financial rules, and explanation about the issues related to audit by sending the letter to independent directors. Communication about the major issues in the Audit Report. Explanation by CPAs to Independent Directors about major adjustments. 	The Independent Directors made reply and did not express any other opinions on the communicated matters. The annual financial statements were approved by the Audit Committee, submitted to and approved by the Board of Directors, and announced and reported to the competent authority as scheduled.
2023/5/5	<ol style="list-style-type: none"> Completion by CPAs of audit on the Company's 2023 Q1 Financial Statements, and explanation about that by sending letter. Explanation by CPAs to Independent Directors about major adjustments. 	The Independent Directors made reply and did not express any other opinions on the communicated matters. The Q1 financial statements were approved by the Audit Committee submitted to and approved by the Board of Directors, announced and reported to the competent authority as scheduled.
2023/7/31	<ol style="list-style-type: none"> Completion by CPAs of audit on the Company's 2023 Q2 Financial Statements, and explanation about that by sending letter. Explanation by CPAs to Independent Directors about major adjustments. 	The Independent Directors made reply and did not express any other opinions on the communicated matters. The Q2 financial statements were approved by the Audit Committee, and submitted to and approved by the Board of Directors, announced and reported to the competent authority as scheduled.

	2023/10/27	<ol style="list-style-type: none"> 1. Completion by CPAs of audit on the Company's 2023 Q3 Financial Statements, and explanation about that by sending letter. 2. Explanation by CPAs to Independent Directors about major adjustments. 	<p>The Independent Directors made reply and did not express any other opinions on the communicated matters. The Q3 financial statements were approved by the Audit Committee, and submitted to and approved by the Board of Directors, announced and reported to the competent authority as scheduled.</p>	
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(III) Implementation of corporate governance and deviation from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof

Evaluation Item	Implementation Status			Deviation from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Summarized Statements	
I. Does the company formulate and disclose its "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established "Corporate Governance Principles" in order to protect shareholders' rights and interests, strengthen the function of the Board of Directors, value stakeholders' rights and interests, and improve information transparency: For more information, please visit the Company's website.	No deviation
II. Company's shareholding structure and shareholders' interests				
(I) Does the Company have its internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations and follow the procedures faithfully?	✓		The Company's stockholder services section is responsible for dealing with shareholders' suggestions, doubts, disputes and litigations. There is also a special web-page and an e-mail box on the corporate website to receive questions and suggestions from shareholders.	No deviation
(II) Does the Company maintain a list of its major shareholders who actually control the company and the ultimate owners of those controlling shares?	✓		The Company keeps track of a latest shareholding record of insiders (Directors, Managerial Officers and major shareholders holding more than 10% the shares of the Company).	No deviation
(III) Does the Company establish and implement a risk control system and a firewall mechanism for relationship with its affiliates?	✓		The Company has drawn up "Guidelines for Supervision and Governance of Subsidiaries" and "Guidelines for Financial Operation Procedures with Stakeholders, Group Corporations and Specific Companies" to control the risks and maintain the firewalls.	No deviation
(IV) Does the Company establish internal rules against insider trading of securities taking advantage of undisclosed information?	✓		The Company has set up "Preventive Rules Against Insider Trading" to regulate all the Company's insiders and employees as well as anyone who gets to know important internal information because of his/her identity, profession or relations in order to forbid any possible insider trading. The Company also does relevant internal training and propagation from time to time.	No deviation
III. Composition and Duties of the Board of Directors				
(I) Does the Board of Directors make diversification policy, specific management objective and implement in details?	✓		The members of the Board of the Company have already been diversified in professional background, gender and work field. This makes the Board's structure robust. The Company has four female members in the Board of Directors, in order to implement and promote the policy of gender equality in China, and increase female participation in decision-making and improve the structure of the Board of Directors.	No deviation
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	In terms of functional committee, the Company at present only sets up the Remuneration Committee and the Audit Committee and has the "Organic Regulations of the Company Remuneration Committee" and the "Organic Regulations of the Company Audit Committee" It will set up other functional committees in the future in accordance with laws and regulations and depending on operating needs.	Same as Summarized Statements
(III) Does the company have the measures for evaluating the performance of the Board of Directors and the evaluation method, and evaluate performance regularly each year, report the evaluation results to the Board of Directors, and use the results for reference for each individual Director's remuneration and nomination for election?	✓		The Company has the "Board of Directors Performance Self-Assessment Regulations" and, from 2020, implements evaluations on the performance of directors in accordance with such Regulation, reports the evaluation results to the Board of Directors, and uses the results for reference for each individual director's remuneration and nomination for election.	No deviation
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		The Company's Board of Directors evaluates the independence of CPAs annually not only by self-assessments of independence and submitted by themselves, but also a "written statement of impartiality" in order to make sure if they meet the independence requirements. For the assessment criteria of CPA independence, please refer to Note 1.	No deviation

Evaluation Item	Implementation Status			Deviation from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summarized Statements	
IV. Is the TWSE/TPEx Listed Company configured with appropriate number of qualified personnel for corporate governance, and does it appoint Corporate Governance Manager to be responsible for its governance-related affairs, including but not limited to providing the data required by Directors and Supervisors for execution of business, assisting Directors and Supervisors to comply with laws and decrees, dealing with the affairs related to the meetings of the Board of Directors and the shareholders' meeting in accordance with laws, and making minutes of the meetings of the Board of Directors and the shareholders' meeting?	✓		On April 30, 2021, the Company appointed the Corporate Governance Manager, who, along with the Stock Affairs Unit, is in charge of corporate governance-related matters, including organizing the meetings of the Board of Directors and the shareholders' meeting, making meeting minutes, changing corporate registrations, regularly reviewing and revising "Corporate Governance Principles" and relevant measures, providing the data required by Directors and Supervisors for the execution of business, and regularly arranging training programs for Directors and Supervisors. For details of the continuing education of the Corporate Governance Manager in 2023, please refer to Note 2.	No deviation
V. Does the Company maintain communication channels for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), designate a special stakeholders section on its website, and respond appropriately to all the issues stakeholders care for in terms of corporate social responsibilities?	✓		The Company has a spokesperson system and designates a "Stakeholders Section" on its website to provide the latest corporate news or information, and makes proper responses to the important issues about Corporate Social Responsibility that stakeholders are concerned about.	No deviation
VI. Does the company entrust any professional stock affairs agency to manage the affairs of the shareholders' meeting?	✓		The Company's commissions CTBC Bank Co., Ltd. for dealing with shareholder affairs and organizing shareholder meetings.	No deviation
VII. Disclosure of Information (I) Does the Company have a website to disclose information about its financial status and corporate governance? (II) Does the company have other method for disclosure of information (such as developing English website, appointing designated people to be responsible for collection and disclosure of its information, implementing spokesman system, and placing corporate meeting procedures on its website)? (III) Does the Company publish annual Financial Statements within the last two months at the end of fiscal year, and publish its Financial Statements of the first, second and third quarters as well as its operating status of each month before the specified deadline?	✓ ✓ ✓		 The Company discloses timely corporate information on its website (http://www.tsmt.com.tw/). The Company has assigned the stock affairs section for collecting and disclosing corporate information. In order to actualize the spokesman system, The Company has designated a spokesperson and an Deputy Spokesperson. If the Company holds investor conference meeting, it will disclose the meeting information on the MOPS and its website. The Company publishes and reports its annual Financial Statements within 75 days after the end of a fiscal year, and publishes and reports its Financial Statements of the first, second and third quarters as well as its operating status of each month before the specified deadline.	No deviation No deviation No deviation
VIII. Does the company have other important information which can help others to understand the implementation status of corporate governance (including but not limited to employees' rights and interests, staff care, relations with investors and suppliers, stakeholders' rights, training for directors and supervisors, the implementation of risk management policies, risk measurement standards and customer policies, and purchase of liability insurances by the company for directors and supervisors)?	✓		1. For the system and measures adopted and taken by the Company for employees' rights and interests, staff care, relations with investors and suppliers, and stakeholders' rights, etc., please refer to "Chapter 5. Operation Overview" of the Annual Report. 2. For the training of directors and supervisors: Please refer to Note 2: "Training for Directors and Supervisors in 2023". 3. Implementation of risk management policies and risk measurement standards: Please refer to "Chapter 7. Review, Analysis and Risk Assessment on Financial Status and Financial Performance" of the Annual Report. 4. Implementation of customer policies: The Company is committed to improving quality and professional technologies to provide customers with the best services and products. 5. The Company has purchased liability insurance for its Directors, Supervisors and important officers, with the limit for each compensation request and the cumulative compensation limit for the whole year of USD 3,000 thousand.	No deviation
IX. Please describe improvements made according to the corporate governance evaluation made in the latest fiscal year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide priority improvements and measures to be taken for improvements that have yet to be carried out. (not required if it is not a valued company) Improvement in 2023: an additional independent director was elected, to reach one third of director seats. Matters and measures of priority enhancement: the term of office for more than half of the independent directors shall not exceed three terms.				

Note 1: Criteria for Evaluation on CPAs' Independence

Evaluation Item	Results of Evaluation	Compliance with Independence
1. Employed by the Company for a regular position, receives from it a fixed salary, is a Board member or supervisor.	No	Yes
2. Currently or in the most recent two years, the CPA does/did not hold any posts in the Company, such as the director, manager or any post which significantly influences the auditing work, neither did company promise its CPA any foregoing post.	No	Yes
3. A spouse or a relative within the second degree of kinship of the Company's owners or managers.	No	Yes
4. The CPA or his/her spouse or minor child is the Company's investor or has profit-sharing relation with the Company.	No	Yes
5. The CPA or his/her spouse or minor child has made loans to or from the Company.	No	Yes
6. The CPA provides management consultations or other none-certification services which would affect his/her independence.	No	Yes
7. The CPA meets requirements set by authorities regarding rotation, acting on behalf of other CPAs, or other practices which could affect his/her independence.	No	Yes

Note 2: Training for Directors and Supervisors in 2023

Name	Organizer	Course Name	Hours
Shen, Shian-Ho	Taiwan Corporate Governance Association	How Directors and Supervisors Oversee Risk Management and Crisis Management to Strengthen Corporate Governance	3
	Taiwan Corporate Governance Association	Cybersecurity Governance Strategies of Listed Companies from the Perspective of ESG and Corporate Sustainable Development	3
Wang, Chia-Chen (Also the Corporate Governance Manager)	Accounting Research and Development Foundation of the Republic of China	Financial and Tax Issues and Tax Governance Practices in Overseas Investments by Taiwanese Businesses	3
	Accounting Research and Development Foundation of the Republic of China	Analysis of the Latest Securities Financial Tax Laws and Professional Standards	1
	Accounting Research and Development Foundation of the Republic of China	Legal Responsibilities and Case Analysis Related to Corporate Ownership Disputes	3
	Accounting Research and Development Foundation of the Republic of China	Analysis of the Latest Securities Financial Tax Laws and Professional Standards	1
	Accounting Research and Development Foundation of the Republic of China	Practical Performance Evaluation of Corporate ESG Sustainability and Risk Management	3
	Accounting Research and Development Foundation of the Republic of China	Analysis of the Latest Securities Financial Tax Laws and Professional Standards	1
	Accounting Research and Development Foundation of the Republic of China	How to Effectively Fulfill the Functions of Corporate Governance Officers - with Discussion on the Legal Responsibilities of Managerial Officer	3
	Accounting Research and Development Foundation of the Republic of China	Analysis of the Latest Securities Financial Tax Laws and Professional Standards	1
Chen, Meng-Ping	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6

Name	Organizer	Course Name	Hours
Shih, Yu-Hua	Taiwan Corporate Governance Association	Corporate Governance Summit XIX- Creating New Sphere of Governance for the Elevating Value of Enterprises	6
Chang, May-Yuan	Taiwan Corporate Governance Association	Financial Statement Fraud in Enterprises: Case Studies and Investigations	3
	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Operational Challenges under Corporate Governance 3.0	3
Hwu, Shoou-Chyang	Securities and Futures Institute	2023 Annual Prevention of Insider Trading Promotion Conference	3
	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Hsiao, Hsueh-Fong	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6

(IV) If the Company has the Remuneration Committee, the Remuneration Committee's composition, duties and operation shall be disclosed:

1. Profiles of the Members of the Remuneration Committee

Identity (Note 1)	Condition	Professional Qualification and Experience	Independence Status	Number of Other Public Companies in Which He or She is Concurrently Serving as an Independent Director
	Name			
Independent Director (Convener)	Hwu, Shoou-Chyang	(Note 2)		0
Independent Director	Chen, Meng-Ping			0
Independent Director	Chang, May-Yuan			0

Note 1: Please indicate the role of each member as independent director, or others.

Note 2: For professional qualification and experience and independence of independent directors, please refer to "Information of Directors (II)" of this annual report.

2. Duties of Remuneration Committee

The Company established Remuneration Committee on October 25, 2011, and made "Organization Rules for Remuneration Committee", which is responsible for implementing suggestions, evaluating and supervising the remuneration to the Company's Directors and Managerial Officers, etc. and their remuneration policies, so as to assist the Board of Directors in managing remuneration. The Remuneration Committee determines compensations to the highest-ranking members of the corporate governance team and executive officers in accordance with their professional qualifications and the Company's performance.

3. Information about operation of Remuneration Committee

(1) There are three members in the Company's Remuneration Committee.

(2) Tenure of the current members of the Remuneration Committee is from June 17, 2022 to June 16, 2025, and the Remuneration Committee held 2 meetings (A) in 2023, with the qualification and attendance of its members as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Rate of Attendance in Person (%) (B/A)	Remark
Convener	Hwu, Shoou-Chyang	2	0	100%	
Member	Chen, Meng-Ping	2	0	100%	
Member	Chang, May-Yuan	1	1	50%	

Other mentionable items:

I. If the Board of Directors does not adopt, or wishes to amend, the proposals of the Remuneration Committee, please state the date and session of the meeting of the Board of Directors, the contents of proposal(s), the resolutions made by the Board of Directors, and the Company's response to the Remuneration Committee's opinions (if the remuneration approved by the Board of Directors is higher than the Remuneration Committee's suggested amount, please state the difference and reasons): None.

II. For the decisions made by the Remuneration Committee, if any member has objection or qualified opinions which are recorded or stated in writing, the date and session of the meeting of the Remuneration Committee, the contents of proposal(s), all member's opinions, and the response to such opinions shall be specified: None.

III. The reason for the discussion and the results of the resolutions made by the Remuneration Committee, and the Company's response to the Committee member's opinions

The 3rd meeting of the 5th-term Remuneration Committee held on March 10, 2023:

- The proposal for Managerial Officer's remuneration payment policies, systems, standards and structure was approved. After the Committee Chairman has asked each member for their opinion, this motion was passed unanimously without any revision and then submitted to the Board of Directors for approval.
- The proposal for the remuneration to Managerial Officers was approved. After the Committee Chairman has asked each member for their opinion, this motion was passed unanimously without any revision and then submitted to the Board of Directors for approval.

3. The proposal for the remuneration to employees, Directors and Supervisors in 2022 was approved. After the Committee Chairman has asked each member for their opinion, this motion was passed unanimously without any revision and then submitted to the Board of Directors for approval.
4. The proposal for the payment standards of the remuneration to Directors was approved. After the Committee Chairman has asked each member for their opinion, this motion was passed unanimously without any revision and then submitted to the Board of Directors for approval.

The 4th meeting of the 5th-term Remuneration Committee held on October 27, 2023:

1. The proposal for payment of employee cash remuneration to Managerial Officers in 2022 was approved. After the Committee Chairman has asked each member for their opinion, this motion was passed unanimously without any revision and then submitted to the Board of Directors for approval.
2. The proposal for the method of evaluating the year-end bonus to Managerial Officers and its payment standards in 2023 was approved. After the Committee Chairman has asked each member for their opinion, this motion was passed unanimously without any revision and then submitted to the Board of Directors for approval.

(V) Deviations of Implementation Condition of Sustainable Development from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons:

Item	Deviation of the implementation condition			From "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summarized Statements	
I. Does the Company establish governance architecture of promoting sustainable development, and set full time (or part-time) dedicated unit for promoting sustainable development, and is it handled by the senior managements authorized by the Board of Directors, and what is the supervision condition by the Board of Directors?	✓		To continue promoting and implementing the Company's sustainable development strategies and goals, TSMT established the ESG Working Team in 2022. The general manager serves as the highest decision-making executive for sustainable development strategies, responsible for reviewing the material topics and validating the sustainability strategies in the annual sustainability report. The Deputy General Manager of the General Management Department serves as the Director of Sustainable Development, responsible for overseeing the tasks of the five major work groups: Corporate Governance, Employee Care, Environmental Sustainability, Social Responsibility, and Product/Customer Care. These five work teams are composed of department heads from relevant departments and are responsible for implementing ESG initiatives related to their respective business areas.	No deviation
II. Does the Company evaluate the environmental, social, and corporate governance risks related to the Company's operation based on the materiality, and formulate related risk management policies or strategies?	✓		TSMT actively implements risk prevention and loss control, integrating risk management measures into daily internal control operations. Each department is required to conduct regular self-reviews and participate in education and training, which are then evaluated for effectiveness by senior executives, ensuring that risks can be effectively controlled within an acceptable range. Through the establishment of risk indicators and a risk event reporting mechanism, we consolidate business information, identify potential risks, and highlight the main risks. We also provide regular updates on the risk monitoring situation to the risk management supervisor After identification, measurement, and assessment by the risk management organization, TSMT's primary risk items includes market risk, financial risk, and credit risk. The annual management situation has been reported to the Board of Directors.	No deviation
III. Environmental issues (I) Does the Company establish suitable environmental management system based on the characteristics of its industry?	✓		TSMT has been committed to maintaining its corporate image over the years, pledging to abide by the legal requirements of the countries where it conducts business activities. TSMT also conducts regular assessments of environmental and safety regulations, assisting the Company in establishing risk management measures and operational requirements. The Company continually internalizes legal regulations into Company policies or implementation procedures and disseminates them to employees through relevant educational and training programs. All factories obtained certifications such as ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health and Safety Management System, ISO 9001:2015 Quality Management System, and IECQ QC08000:2017 Hazardous Substance Process Management System in 2022. These certifications ensure compliance with environmental, labor, and occupational safety regulations and provide a safe working environment for employees.	No deviation

Item	Deviation of the implementation condition			From "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summarized Statements	
(II) Is the company committed to increasing the utilization efficiency of energies, and using the renewable materials with low impact on environment?	✓		<p>Due to TSMT's contracted electricity capacity in Taiwan exceeding 800 kW, it falls under the category of regulated energy users as defined by the Energy Administration Act. In accordance with the regulations, the Company is required to achieve the energy-saving goals and implementation plan.</p> <p>The Company continues to promote energy-saving measures by improving lighting and air conditioning efficiency, as well as regular equipment maintenance, to reduce energy consumption. In addition to reducing GHG and carbon dioxide emissions, TSMT can also simultaneously lower operating costs from a corporate sustainability perspective. Each year, TSMT implements energy-saving and carbon-reduction programs according to its plan.</p>	No deviation
(III) Does the company evaluate the potential risks and opportunities for enterprises arising from climate changes at present and in the future, and take countermeasures related thereto?	✓		<p>To adapt to global climate change and international environmental trends, TSMT conducted an inventory of GHG within the organization. Through a systematic inventory and list of GHG, the Company aims to accurately understand its current GHG and, based on the inventory results, further invest in GHG management and reduction planning. The goal is to effectively reduce GHG and mitigate the impact of climate change on the environment.</p>	No deviation
(IV) Has the company calculated the greenhouse gas emission, water consumption, and total weight of waste over the past two years, and formulated greenhouse gas reduction, water-saving, and other waste management policies?	✓		<p>TSMT conducted a GHG inventory based on the guidelines of the GHG Protocol, using the Operational Control Act to inventory "direct GHG" and "energy indirect GHG" related to operations within the boundary. This covers various GHG types, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCS), perfluorinated compound (PFCS), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).</p> <p>Based on the results of the inventory, further investments are made into GHG management and reduction planning, with the aim of effectively curbing emissions of greenhouse gases.</p>	No deviation
IV. Social Issues				
(I) Does the Company formulate appropriate management policies and procedures in accordance with relevant regulations and the International Convention of Human Rights?	✓		<p>The Company formulates working rules in accordance with local regulations and international human rights conventions, and carries out protection for employees in respect of age, working hours, leaves, and gender, etc., and learns employees' needs through labor meetings to safeguard staff rights and rights, with a good implementation thereof.</p>	No deviation
(II) Does the Company have and offer proper employee benefits (including remuneration, leave, and other benefits), and reflect the business performance or results in employee remuneration appropriately?	✓		<p>The Company established Remuneration Committee on October 25, 2011, which is responsible for implementing suggestions, evaluating and supervising the remuneration to the Company's Directors, Supervisors, and Managerial Officers, etc. and their remuneration policies, so as to assist the Board of Directors in managing remuneration.</p> <p>And it holds labor meeting regularly to reflect the business performance or results in employee remuneration appropriately.</p>	No deviation

Item	Deviation of the implementation condition			From "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summarized Statements	
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for employees on a regular basis?	✓		<p>TSMT has established a range of measures in accordance with the Occupational Safety and Health Act to create a high-quality occupational health and safety environment for the Company, all while ensuring the effectiveness of the occupational health and safety management system certification.</p> <p>Short-term:</p> <ol style="list-style-type: none"> 1. Zero cases of severe workplace accidents were recorded 2. The number of accidents classified as minor or above is ≤ 10 <p>Medium-term</p> <p>Continuously provide optimal resources to improve the safety and hygiene facilities in the factory area, and strengthen various employee health service projects to establish a safe and healthy working environment and enhance the overall safety culture.</p> <p>Additionally, the Company holds fire safety courses and drills every six months and regularly hires professional personnel to inspect and update firefighting equipment as necessary, aiming to establish a safe working environment. In the current year, there have been zero incidents of fire, fatalities, or injuries, with no fire-related incidents occurring.</p>	No deviation
(IV) Does the Company have effective career and competence development and training plans for its employees?	✓		The Company provides appropriate training and development programs and funds to meet the needs of current work and future development of each and every employee.	No deviation
(V) Does the Company comply with relevant laws, regulations and international guidelines regarding the health and safety, privacy, marketing and labeling, etc. for the customers of its products and services, and have related policies and compliant procedures to protect consumers' or customers' rights and interests?	✓		TSMT highly values after-sales service for every customer. When customers provide feedback, whether it's criticism or suggestions related to our products, we view these as opportunities for improvement and take them seriously. To ensure a swift and efficient response, we have established a Customer Complaint Handling Procedures. When the Quality Assurance Department receives a customer complaint, we promptly take appropriate measures and follow the procedure for improvements. Effective communication with customers and timely resolution of their complaints are our goals, aiming to minimize any inconvenience caused by quality or service issues. This not only upholds our Company's reputation but also enhances the quality of our after-sales service, ultimately improving customer satisfaction.	No deviation
(VI) Does the Company have supplier management policies requiring suppliers to comply with the regulations related to environment protection, occupational safety and health or labor rights etc., and supervise their compliance?	✓		<p>The Company has established supplier management policies requiring suppliers to comply with the regulations related to environment protection, occupational safety and health or labor rights etc.</p> <p>The regulations clearly stipulate that "the contract shall be terminated or canceled at any time, in case of violation by supplier of the Company's sustainable development policy which causes significant impact on environment and society" in its standard contracts when signing new contracts or renewing contracts.</p>	No deviation

Item	Deviation of the implementation condition			From "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summarized Statements	
V. Does the Company prepare reports, such as its Sustainability Report, in accordance with internationally recognized rules and guidelines, to disclose its non-financial information? Has the company received assurance or certification on the aforesaid reports from a third party accreditation institution?	✓		The Company has prepared the Sustainability Report, which is prepared in accordance with GRI Standards published by the Global Reporting Initiative (GRI) and the Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. It also references the framework of the Task Force on Climate-Related Financial Disclosures (TCFD).	No deviation
VI. If the Company has its own "Sustainable Development Best Practice Principles" formulated in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please specify the deviation of its implementation from its "Sustainable Development Best Practice Principles": The Company has formulated its "Sustainable Development Best Practice Principles" and adheres to the principles of sustainable development practices set by TWSE/TPEx listed companies: I. Implement corporate governance. II. Develop a sustainable environment. III. Maintain social welfare. IV. Enhance disclosure of corporate sustainability information. There is no significant deviation between its operational results and the established principles.				
VII. Other important information which can help to understand the implementation status of sustainable development: In addition to conducting annual GHG assessments, TSMT's various factory locations have also obtained ISO certifications, including ISO 14001 and ISO 45001. The objective is to enhance sustainability through systematic verification, aiming for low-pollution and low-carbon operations. TSMT is fully committed to becoming an energy-efficient, carbon-reducing, and Earth-caring enterprise. TSMT will continuously enhance its strategies and actions in governance, social, and environmental aspects, aligning with the United Nations' 2030 Sustainable Development Goals (SDGs) and international ESG trends. This is to ensure that various ESG initiatives yield concrete benefits and long-term impact, promoting economic growth, environmental sustainability, and social inclusivity, fulfilling corporate social responsibility, creating sustainable business value, and collectively striving towards the vision of global economic, social, and environmental sustainability.				

(VI) Implementation of ethical corporate management and deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof:

Evaluation Item	Implementation Status			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof
	Yes	No	Summarized Statements	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have ethical corporate management policy approved by the Board of Directors, and disclose, in its rules and external documents, its ethical corporate management policies and practices, as well as the commitment of the Board of Directors and senior managements to implement management policy?	✓		The "Ethical Corporate Management Best Practice Principles" is approved by the resolution made by the Company's Board of Directors, and the Board of Directors and senior managements undertake to implement ethical corporate management policy actively and supervise its implementation.	No deviation
(II) Does the Company have risk evaluation mechanism against unethical conduct, regularly analyze and evaluate the business activities with high risks of unethical conduct within its business scope, and plan to make unethical conduct prevention scheme, at least covering the measures for prevention of the acts specified in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		The Company has "Ethical Corporate Management Best Practice Principles" and "Corporate Codes of Conduct," specifically specifying the matters that the Company's staff should care about at work, and prohibiting staff from receiving and offering bribes and directly or indirectly providing or receiving any unreasonable gifts, entertainment, or other improper benefits to establish business relationships or influence business transactions.	No deviation
(III) Does the Company specify the procedures, guidelines, punishment for violation and compliant system in unethical conduct prevention scheme, and implement them, and regularly review the scheme before amendment?	✓		The Company has "Ethical Corporate Management Best Practice Principles" and "Corporate Codes of Conduct," specifically specifying the matters that the Company's staff should care about at work, and prohibiting staff from receiving and offering bribes and directly or indirectly providing or receiving any unreasonable gifts, entertainment, or other improper benefits to establish business relationships or influence business transactions.	No deviation
II. Fulfillment of operation integrity				
(I) Does the Company evaluate business partners' ethical corporate management records, and specify ethical corporate management-related clauses in the business contracts signed with trading partner?	✓		The Company has mechanisms for reviewing business customers and contractors, and always specifies therein the rights and obligations of the two parties upon conclusion of contracts, and signs confidentiality clause.	No deviation
(II) Does the Company have dedicated unit under the Board of Directors to promote ethical corporate management, and regularly (at least once every year) report its ethical corporate management policy and unethical conduct prevention scheme to the Board of Directors, and supervise their implementation?	✓		The Company's Internal Audit Office is responsible for designing policies and preventive measures in relation to corporate integrity. It also supervises and reports to the Board of the Company regularly regarding the implementation.	No deviation
(III) Does the Company have interest conflict prevention policy, provides appropriate channel for statement, and implement them?	✓		The Company has the "Procedures for Employee Reporting." In case of interest conflict or any other related matters, the Company's employees may report it through employee whistle-blowing mailbox, in addition to report to their immediate leaders.	No deviation
(IV) Does the Company have effective accounting and internal control systems established to implement ethical corporate management, and draft internal audit plan based on the results of the evaluation made by internal audit unit on the risk of unethical conduct, and check the implementation of the unethical conduct prevention scheme according to the audit plan, or entrust CPAs to conduct the same?	✓		The Company has its internal management measures, and its internal control system operates in a good condition, and its internal audit unit indeed implements various audits properly.	No deviation
(V) Does the Company regularly conduct internal and external training on ethical corporate management?	✓		During new employee training sessions, the Company announces its ethical corporate management specially, and its procurement unit promote ethical corporate management principles to suppliers from time to time, so as to eliminate unethical business conducts. The Company regularly conducts general training for its staff in each year, with the courses for advocating the Corporate Codes of Conduct for employees, the contents of which promoting ethical corporate management, and there were 1,308 persons accepted the training in 2023.	No deviation

Evaluation Item	Implementation Status			Deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons thereof
	Yes	No	Summarized Statements	
III. III. Implementation of the Company's Whistle-blowing System				
(I) Does the Company have specific whistle-blowing and rewarding system, as well as accessible whistle-blowing channel, and designate appropriate and dedicated acceptance person against the whistle-blowing object?	✓		The Company has the "Procedures for Employee Reporting." In case of interest conflict or any other related matters, the Company's employees may report it through employee whistle-blowing mailbox, which will be accepted and dealt with by the Company's HR unit, in addition to report to their immediate leaders.	No deviation
(II) Does the Company have the standards for investigating, and the procedures for accepting, the whistle-blowing issues, and subsequent measures to be made after investigation, and related confidentiality mechanism?	✓		The Company has "Procedures for Employee Reporting," specifying the standards for investigating, and the procedures for accepting, the whistle-blowing issues, as well as related confidentiality mechanism.	No deviation
(III) Does the company take measures to protect whistle-blowers from suffering bad things due to whistle-blowing?	✓		The Company has "Procedures for Employee Reporting," specifying the standards for investigating, and the procedures for accepting, the whistle-blowing issues, as well as related confidentiality mechanism.	No deviation
IV. Enhanced Disclosure of Information Does the company disclose the contents of its Ethical Corporate Management Best Practice Principles and its implementation results on its website and MOPS?	✓		The Company have posted its "Ethical Corporate Management Best Practice Principles" and "Corporate Codes of Conduct" on its website, and discloses the results of their implementation in Sustainability Report.	No deviation
V. If the company has its own "Ethical Corporate Management Best Practice Principles" formulated in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please specify the deviation of its implementation from the "Ethical Corporate Management Best Practice Principles": The Company has "Ethical Corporate Management Best Practice Principles," without major deviation of its implementation from the "Ethical Corporate Management Best Practice Principles."				
VI. Other important information for better understanding of the status of the Company's ethical corporate management (e.g., The Company has reviewed and revised its principles) The Company promotes annually its ethical corporate management policies and rejection to any improper benefits to its business partners.				

- (VII) If the Company has Corporate Governance Principles, the method for inquiring the Principles shall be disclosed:
The Company has "Corporate Governance Principles," specifying the relevant provisions for safeguarding shareholders' rights and interests, strengthening the functions of the Board of Directors, valuing stakeholders' interests, and increasing information transparency, etc.; For the implementation of the Company's corporate governance, please refer to Chapter 3 of this Annual Report and the "Implementation of Corporate Governance" specified in the Corporate Governance Report (#page 21-39#); The Company's "Corporate Governance Principles" is available at the Company's website [http:// www.tsm.com.tw](http://www.tsm.com.tw).
- (VIII) Other important information which can help others to understand the implementation status of the corporate governance:
1. Safeguarding shareholders' rights and interests:
The Company emphasizes shareholders' right to know and abides by rules of information disclosure by frequently and timely informing shareholders of its financial status, business operations, insiders' shareholdings and the status of its corporate governance on corporate website or MOPS.
 2. Strengthening the functions of the Board of Directors:
The Company has adopted equal, fair and open procedures for electing board directors and a cumulative voting system to adequately reflect shareholders' opinions. The professional qualifications of the four independent the Company's directors as well as limitations on their shareholdings and serving multiple positions, and their independent status all meet requirements stipulated in the "Securities and Exchange Act", the "Establishment of Independent Directors of Public Offering Companies and the Measures to be Followed", and rules of the Taiwan Stock Exchange.
 3. Valuing stakeholders' interests:
The Company maintains open communication channels with correspondent banks and other creditors, employees, suppliers, and stakeholders and values as well as protects their legitimate rights.
 4. Increasing information transparency:
The Company faithfully fulfills its obligations, establishes online reporting system for disclosure of information, designates dedicated persons to be responsible for collection and disclosure of information, and establishes spokesperson system, in accordance with relevant laws and regulation, in order to ensure timely and appropriate disclosure of decision-related information which may affect shareholders and stakeholders.

(IX) For implementation of internal control system, the following shall be disclosed:

1. Statement of Internal Control:

Taiwan Surface Mounting Technology Corp.

Statement of Internal Control

Date: March 12, 2024

Based on the findings of self-assessment, The Company states the following regarding its internal control system 2023:

- I. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management and the Company has set up such a system. The purpose of internal control system is to provide reasonable guarantee for achieving the effect and efficiency of operation (including profits, performance, and protection of assets safety etc.), as well as the reliability, timeliness, transparency, and compliance of reports with relevant laws and rules.
- II. Internal control system has its inherent limitation, and effective internal control system can only provide reasonable guarantee for achievement of the aforementioned three objectives, no matter how perfect its design is, and the effectiveness of internal control system may change due to the changes in the environment and circumstances. However, the Company's internal control system has a self-monitoring mechanism, and the Company will take corrective actions immediately whenever any deficiency is identified.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). According to the items for evaluating internal control system used in the "Rules," internal control system is composed of five essential parts based on the process of management and control: 1. control environment, 2. risk evaluation, 3. control operation, 4. information and communication, and 5. supervision operation. Each part includes several items. For the above items, please refer to the provisions of the "Rules."
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid evaluation criteria.
- V. Based on the above evaluation results, the Company holds the opinion that its internal control system as of December 31, 2023 (covering the supervision and management over its subsidiaries) is effective in respect of design and implementation, including realization of operation effect and efficiency, report liability, timeliness, transparency and compliance with relevant norms, laws and regulations, and it can guarantee the achievement of the above objectives.
- VI. This Statement will be the main contents of the Company's Annual Report and prospectus, and will be disclosed. If the aforementioned disclosure is false or concealed or otherwise illegal, it will subject to the legal liability specified in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors of the Company on March 12, 2024. Among the eleven Directors present, including proxies, zero held opposing opinions, and the rest agreed with the contents of this statement and made this statement.

Taiwan Surface Mounting Technology Corp.

Chairman: Wu, Kai-Yun

President: Wu, Yun-Chung

2. If the Company entrusts CPAs to audit internal control system, CPAs' Audit Report shall be disclosed: N/A.

(X) If the Company or its any internal person was punished in accordance with the law, or the company punished due to violation of internal control system by its internal person, in the most recent year and in the current year as of the publication date of the Annual Report, and the punishment result may have a significant impact on shareholders' interests or securities prices, please specify the contents of the punishment, the main deficiencies and its correction: None.

(XI) During the most recent year and the current year up to the printing date of this annual report, major resolutions of shareholders' meeting and board meetings:

1. Important resolutions made by the Board of Directors:

Date of Resolution	Important resolutions made by the Board of Directors:
5th meeting of 14th-term 2023.03.10	<ol style="list-style-type: none"> 1. The proposal to distribute remuneration for employees and directors in 2022 was approved. 2. 2022 Individual Financial Statements and Consolidated Financial Statements were recognized. (Note) 3. 2022 Annual Business Report were approved. 4. The 2022 Profit Distribution Proposal was approved. 5. 2022 "Statement of Internal Control" was approved. (Note) 6. The proposal for co-option of an independent director was approved. 7. The proposal for determining the date, agenda and proposal period of and for shareholders' regular meeting in 2023 was approved. 8. The proposal for the appointment of CPAs and evaluation of their independence was approved. (Note) 9. The proposal for the policies, systems, standards, and structures of managerial officers' remuneration was approved. 10. The proposal for the remuneration to managerial officers was approved. 11. The proposal for the payment standards of the remuneration to directors was approved. 12. The proposal for the Company to engage in derivative financial commodity transaction was approved. (Note)
6th meeting of 14th-term 2023.05.05	<ol style="list-style-type: none"> 1. 2023 Q1 Financial Statements were approved. 2. The proposal for the review of the qualifications of candidates for independent directors was approved. 3. The proposal for the Company to engage in derivative financial commodity transaction was approved. (Note) 4. The proposal for the endorsement and guarantee made by the Company for its subsidiary <u>TSMT Technology (India) Pvt. Ltd.</u> was approved. (Note)
7th meeting of 14th-term 2023.06.16	<ol style="list-style-type: none"> 1. Approval of stipulating the record date of ex-dividends by earnings distribution. 2. The proposal for the capital increase for the subsidiary <u>TSMT Mexico, S.A. de C.V.</u> was approved. (Note) 3. The proposal for the Company to engage in derivative financial commodity transaction was approved. (Note)
8th meeting of 14th-term 2023.07.31	<ol style="list-style-type: none"> 1. 2023 Q2 Financial Statements were approved. 2. The proposal for the Company to engage in derivative financial commodity transaction was approved. (Note)
9th meeting of 14th-term 2023.10.27	<ol style="list-style-type: none"> 1. 2023 Q3 Financial Statements were approved. 2. The proposal for reviewing the Company's "Organic Regulations of the Company Remuneration Committee". 3. The proposal for payment of employee cash remuneration to managerial officers in 2022 was approved. (Note) 4. The proposal for the method of evaluating the year-end bonus in 2023 to Managerial Officers and its payment standards was approved. (Note) 5. The review of the Profit Distribution Proposal of <u>Regent Electron (Ningpo) Co., Ltd</u> was approved. (Note) 6. The Profit Distribution Proposal of <u>Regent Electron (Xiamen) Co., Ltd</u> was approved. (Note) 7. The review of the capital reduction of <u>Regent Electron (Ningpo) Co., Ltd</u> was approved. (Note) 8. The adjustment of the Group's investment structure was approved. 9. The proposal for making an increase in the registered capital of <u>TSMT Technology (Singapore) Pte. Ltd.</u> was approved. (Note) 10. The proposal for the capital increase for the subsidiary <u>TSMT Mexico, S.A. de C.V.</u> was approved. (Note) 11. The funding loan from <u>TSMT Technology (Singapore) Pte. Ltd.</u> to its subsidiary <u>TSMT Mexico, S.A. de C.V.</u> was approved. (Note) 12. The proposal for the endorsement and guarantee made by the Company for its wholly-owned subsidiary, <u>TSMT Mexico, S.A. de C.V.</u> was approved. (Note) 13. The amendments to the "Board of Directors Performance Self-Assessment Regulations" were approved. 14. The proposal for the Company and <u>Regent Electron (Xiangyang) Co., Ltd</u> to engage in derivative financial commodity transaction was approved. (Note)

Date of Resolution	Important resolutions made by the Board of Directors:
10th meeting of 14th-term 2023.12.27	<ol style="list-style-type: none"> 1. The proposal for formulation of 2024 Internal Audit Plan for the Company was approved. (Note) 2. The Company's 2024 annual operating budget and capital expenditure budget was approved. 3. The acquisition of all shares of <u>Taiwan Surface Mounting Technology (U.S.A.) Co., Ltd.</u> by the Company was approved. (Note) 4. The amendments of the content of the endorsement and guarantee made by the Company for its wholly-owned subsidiary, <u>TSMT Mexico, S.A.de C.V.</u> were approved. (Note) 5. The funding loan from <u>Regent Manner Limited</u> to its affiliate <u>TSMT Mexico, S.A.de C.V.</u> was approved. (Note) 6. The proposal for the endorsement and guarantee made by the Company for its wholly-owned subsidiary, <u>TSMT Vietnam Co., Ltd.</u> was approved. (Note) 7. The funding loan from <u>TSMT Technology (Singapore) Pte. Ltd.</u> to its subsidiary <u>TSMT Vietnam Co., Ltd.</u> was approved. (Note) 8. The acquisition of the right to use real estate assets by <u>Regent Electron (Suzhou) Co., Ltd</u> from its related party, <u>Taiwan Surface Mounting Technology (SUZHOU) Co., Ltd.</u>, was approved. (Note) 9. The proposal for the Company and <u>Regent Electron (Xiangyang) Co., Ltd</u> to engage in derivative financial commodity transaction was approved. (Note)
11th meeting of 14th-term 2024.03.12	<ol style="list-style-type: none"> 1. The proposal to distribute remuneration for employees and directors in 2023 was approved. 2. 2023 Individual Financial Statements and Consolidated Financial Statements were recognized. (Note) 3. 2023 Annual Business Report were approved. 4. The 2023 Profit Distribution Proposal was approved. 5. 2023 "Statement of Internal Control" was approved. (Note) 6. The proposal for determining the date, agenda and proposal period of and for shareholders' regular meeting in 2024 was approved. 7. The proposal for the appointment of CPAs and evaluation of their independence was approved. (Note) 8. The proposal for the policies, systems, standards, and structures of managerial officers' remuneration was approved. 9. The proposal for the remuneration to managerial officers was approved. 10. The proposal for the payment standards of the remuneration to directors was approved. 11. The acquisition of all shares of <u>Taiwan Surface Mounting Technology (U.S.A.) Co., Ltd.</u> by the subsidiary was approved. (Note) 12. The review of the Profit Distribution Proposal of <u>Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.</u> was approved. (Note) 13. The 2023 Profit Distribution Proposal of <u>Regent Manner Limited</u> was approved. (Note) 14. The proposal for the Company and <u>Regent Electron (Xiangyang) Co., Ltd</u> to engage in derivative financial commodity transaction was approved. (Note)

Note: The matters listed in Article 14-5 of the Securities and Exchange Act.

2. Implementation of the resolutions made at the 2023 regular shareholders' meeting:
 - (1) Recognition on 2022 financial statements
Implementation: It was approved by the resolution made at the 2023 regular shareholders' meeting.
 - (2) Recognition on 2022 profit distribution proposal
Implementation: the Profit Distribution Proposal was approved at the 2023 regular shareholders' meeting, and payment of the cash dividends on August 11 is approved at the meeting of the Board of Directors on June 16, 2023.
 - (3) Co-option of One Independent Director.
Implementation: the elected independent director is Shih, Yu-Hua. The term of office of the new independent directors is from June 16, 2023 to June 16, 2025, and the change of registration was approved by the Commercial Division on July 13, 2023.
- (XII) If any director or independent director has different opinions, recorded or stated in writing, on any important resolution approved at the meeting of the Board of Directors in the most recent year and in the current year as of the publication date of the Annual Report, the main contents of the opinions shall be specified: None.
- (XIII) Summary on the resignation or dismissal of the Company's Chairman, President, Accounting Manager, Financial Manager, Internal Audit Manager, Corporate Governance Manager, and R&D Manager in the most recent year and in the current year as of the publication date of the Annual Report: None.

IV. Information Regarding CPAs' Audit Fees:

Unit: NT\$ thousand

Name of accounting firm	Name of CPAs	Audit Fees	Non-audit Fee					Total	Period Covered by CPA's Audit	Remark
			Design of System	Company Registration	Human Resource	Other	Sub-total			
PricewaterhouseCoopers Taiwan	Lin, Kuan-Hung Chiu, Chao-Hsien	8,340	-	-	-	3,450	3,450	11,790	2023 full year	(Note)

Note: Others are transfer fee, enterprise mater data, reports, and consultation service fee.

- (I) The accounting firm that was replaced and the audit fees that were paid in that year were lower than those paid in the previous year: None
- (II) Where accounting fee paid for a year was 10% (or above) less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed:
None.

V. Replacement of CPAs

(I) About the former CPAs

Date of replacement	August 9, 2022		
Reasons and explanations for the change	The change is an internal adjustment of the accounting firm, changing from CPAs Chiu, Chao-Hsien and Lee, Hsiu-Ling to CPAs Lin, Kuan-Hung and Chiu, Chao-Hsien.		
The change of CPAs is due to the termination or non-acceptance of the appointment of the appointee or CPA.	Situation	Party	Appointee
	Voluntary termination of the appointment	-	-
	Non-acceptance of the appointment (any more)	-	-
Opinions and reasons for issuing unqualified audit reports within the most recent two years	N/A		
Any disagreement with the issuer	Yes	Accounting principles or practices	
		Disclosure of financial reports	
		Scope or procedure of audit	
		Other	
	No	V	
Description			
Other items to be disclosed: (Those that shall be disclosed in Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of this Standards)	N/A		

(II) About the successor CPAs

Name of accounting firm	PricewaterhouseCoopers Taiwan
Name of CPAs	CPAs Lin, Kuan-Hung and Chiu, Chao-Hsien
Date of appointment	August 9, 2022
Prior to the appointment, the accounting treatment or accounting principles for particular transactions and the results of consultation on possible issuance of financial reports	N/A
Written opinions of the successor CPAs on matters on which the former CPAs disagreed	N/A

- (III) Reply from the former CPAs on the matters described in Items 1 and Item 2-3, Subparagraph 6, Article 10 of the Standards to be recorded in the annual report of public companies: N/A.

VI. If the Company's Chairman, President, or Managerial Officers in charge of finance or accounting held any post in the certified Accounting Firm or its affiliated enterprises in the most recent year, his/her/their name(s), title(s) and employment period shall be disclosed: None.

VII. Equity transfer and change in equity pledge by directors, independent directors, managerial officers, and the shareholders holding over 10% of the Company's shares, in the most recent year and in the current year as of the publication date of the Annual Report

(I) Changes in the shareholding of Directors, Independent Directors, Managerial Officers, and the shareholders holding over 10% of the Company's shares:

Title	Name	2023		Current Year as of April 24th	
		Shareholding increase (decrease)	Pledged Holding Increase (Decrease)	Shareholding increase (decrease)	Pledged Holding Increase (Decrease)
Chairman and CEO	Wu, Kai-Yun (Note 1)	-	-	-	-
Director	Lin, Wen-Ching	-	-	-	-
Director	Shen, Shian-Ho	-	-	-	-
Director and Vice President	Wang, Chia-Chen	-	-	-	-
Director and President	Wu, Yun-Chung (Note 2)	-	-	-	-
Director	Lin, Wen-Chang	2,000	-	-	-
Director	Hsiao, Hsueh-Fong	-	-	-	-
Independent Director	Hwu, Shoou-Chyang	-	-	-	-
Independent Director	Chang, May-Yuan	-	-	-	-
Independent Director	Chen, Meng-Ping	-	-	-	-
Independent Director	Shih, Yu-Hua (Note 3)	-	-	-	-
Managerial officer	Chen, Yuan-Te	-	-	-	-
Managerial officer	Lin, Hung-Sen	-	-	-	-
Managerial officer	Lee, Kun-Chen	-	-	-	-
Financial Manager	Su, Chia-Ling	-	-	-	-
Accounting Manager	Chang, Hui-Ling	-	-	-	-

Note 1: Chairman Wu, Kai-Yun also served as the CEO on January 1, 2023.

Note 2: Director Wu, Yun-Chung also served as the President on January 1, 2023.

Note 3: The independent director of Shiyu Hua was appointed on June 16, 2023.

(II) Equity transfer with Related Party: None.

(III) Shares Pledge with Related Party: None.

VIII. Relationship among the Top Ten Shareholders:

April 23, 2024

Name	In-person Shareholding		Shareholding of Spouse and Minor Children		Shareholding by Nominee Arrangement		The names of and relations between/among the top 10 shareholders who are related parties, or spouse, or the relatives within second-degree kinship		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
New Labor Pension Funds	13,482,000	4.61	-	-	-	-	-	-	
Yu Chieh Investment Limited Representative: Xu, Shi-Jie	12,472,471	4.27	-	-	-	-	-	-	
Information not available									
Wu, Kai-Yun	11,899,653	4.07	11,389,085	3.90	-	-	Wang, Ying-Nien	Spouse	
							Wu, Yun-Chung	Son	
Wang, Ying-Nien	11,389,085	3.90	11,899,653	4.07	-	-	Wu, Kai-Yun	Spouse	
							Wu, Yun-Chung	Son	
Capital Tip Customized Taiwan Select High Dividend ETF	8,017,000	2.74	-	-	-	-	-	-	
Fubon Life Insurance Co., Ltd. Representative: Lin, Fu-Hsing	7,588,000	2.60	-	-	-	-	-	-	
Information not available									
Cathay Life Insurance Co., Ltd. Representative: Hsiung, Ming-He	7,251,000	2.48	-	-	-	-	-	-	
Information not available									
Lin, Wen-Ching	5,914,789	2.02	613,701	0.21	-	-	-	-	
Yuanta Taiwan High Dividend Low Volatility ETF	5,184,000	1.77	-	-	-	-	-	-	
Wu, Yun-Chung	4,092,470	1.40	-	-	-	-	Wu, Kai-Yun	Father	
							Wang, Ying-Nien	Mother	

IX. Number of Shares of Invested Enterprises Held by the Company, the Company's Directors, Independent Directors, Managerial Officers, or the Entities Directly or Indirectly Controlled by the Company, and Calculation of Consolidated Shareholding Ratio

December 31, 2023; Unit: share

Invested Companies (Note)	Investment by the Company		Investment by Directors, Independent Directors, Managerial Officers, or the Entities Directly or Indirectly Controlled by the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
TSMT(BVI)	104,000,000	100.00	-	-	104,000,000	100.00
Taiwan Surface Mounting Technology Co., Ltd.	9,999	99.99	1	0.01	10,000	100.00
TSMT(SINGAPORE)	90,000,000	100.00	-	-	90,000,000	100.00
High-Toned Opto Technology Corp.	26,423,291	85.24	1,934,142	6.24	28,357,433	91.48
BaiHong Investment Co., Ltd.	10,999,000	99.99	-	-	10,999,000	99.99
Fitivision Technology Inc.	5,000,000	100.00	-	-	5,000,000	100.00
Tele System Communications Pte. Ltd.	9,485,000	94.85	265,000	2.65	9,750,000	97.50
TSMT(VIETNAM)	-	100.00	-	-	-	100.00

Note: Invested by the Consolidated Company using the equity method.

Chapter 4 Capital Overview

I. Capital and Shares:

(I) Source of Capital:

Unit: thousand shares; NT\$ thousand

MM/YY	Price for Issuance (NT\$)	Authorized Capital		Paid-up Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Payment by using other Properties Instead of Cash	Other
1990/03	10	1,200	12,000	1,200	12,000	NT\$12,000 thousand of cash increase in capital	None	-
1991/10	10	2,000	20,000	2,000	20,000	NT\$8,000 thousand of cash increase in capital	None	-
1994/08	10	2,500	25,000	2,500	25,000	NT\$5,000 thousand of cash increase in capital	None	-
1995/03	10	3,700	37,000	3,700	37,000	NT\$12,000 thousand of cash increase in capital	None	-
1997/11	10	14,500	145,000	14,500	145,000	NT\$108,000 thousand of cash increase in capital	None	-
1998/07	10	19,900	199,000	19,900	199,000	NT\$54,000 thousand of cash increase in capital	None	-
1999/09	10	40,000	400,000	25,500	255,000	NT\$21,250 thousand of capital transferred from capital reserves NT\$19,750 thousand of capital transferred from surplus reserves NT\$15,000 thousand of cash increase in capital	None	Note 1
2000/08	10	40,000	400,000	33,000	330,000	NT\$50,000 thousand of capital transferred from surplus reserves NT\$25,000 thousand of cash increase in capital	None	Note 2
2001/08	10	40,000	400,000	40,000	400,000	NT\$70,000 thousand of capital transferred from surplus reserves	None	Note 3
2002/08	10	60,000	600,000	49,000	490,000	NT\$90,000 thousand of capital transferred from surplus reserves	None	Note 4
2003/06	10	66,000	660,000	60,000	600,000	NT\$110,000 thousand of capital transferred from surplus reserves	None	Note 5
2004/08	10	130,000	1,300,000	66,600	666,000	NT\$66,000 thousand of capital transferred from surplus reserves	None	Note 6
2005/08	10	130,000	1,300,000	73,810	738,100	NT\$72,100 thousand of capital transferred from surplus reserves	None	Note 7
2005/11	10	130,000	1,300,000	83,810	838,100	NT\$100,000 thousand of cash increase in capital	None	Note 8
2006/01	10	130,000	1,300,000	85,019	850,190	NT\$12,090 thousand converted from employee warrants	None	Note 9
2006/02	10	130,000	1,300,000	86,748	867,480	NT\$17,290 thousand converted from employee warrants	None	Note 10
2006/08	10	200,000	2,000,000	99,748	997,480	NT\$130,000 thousand of cash increase in capital	None	Note 10
2006/10	10	200,000	2,000,000	116,660	1,166,602	NT\$169,122 thousand of capital transferred from surplus reserves	None	Note 11
2006/12	10	200,000	2,000,000	116,890	1,168,902	NT\$2,300 thousand converted from employee warrants	None	Note 12
2007/01	10	200,000	2,000,000	117,948	1,179,482	NT\$10,580 thousand converted from employee warrants	None	Note 12
2007/02	10	200,000	2,000,000	117,968	1,179,682	NT\$200 thousand converted from employee warrants	None	Note 12
2007/03	10	200,000	2,000,000	118,110	1,181,102	NT\$1,620 thousand converted from employee warrants	None	Note 12
2007/06	10	200,000	2,000,000	140,142	1,401,417	NT\$220,315 thousand of capital transferred from surplus reserves	None	Note 12
2007/12	10	200,000	2,000,000	141,245	1,412,447	NT\$11,030 thousand converted from employee warrants	None	Note 13
2008/01	10	200,000	2,000,000	141,531	1,415,307	NT\$2,860 thousand converted from employee warrants	None	Note 13
2008/07	10	200,000	2,000,000	167,245	1,672,445	NT\$257,137 thousand of capital transferred from surplus reserves	None	Note 13
2009/08	10	200,000	2,000,000	178,777	1,787,766	NT\$115,321 thousand of capital transferred from surplus reserves	None	Note 14
2010/02	10	250,000	2,500,000	198,777	1,987,766	NT\$200,000 thousand of cash increase in capital	None	Note 15
2010/07	10	250,000	2,500,000	218,444	2,184,442	NT\$196,668 thousand of capital transferred from surplus reserves	None	Note 16
2011/08	10	300,000	3,000,000	240,289	2,402,887	NT\$218,444 thousand of capital transferred from surplus reserves	None	Note 17
2012/08	10	300,000	3,000,000	257,109	2,571,089	NT\$168,202 thousand of capital transferred from surplus reserves	None	Note 18
2012/11	10	300,000	3,000,000	257,173	2,571,729	NT\$640 thousand converted from employee warrants	None	Note 19
2013/08	10	300,000	3,000,000	270,032	2,700,315	NT\$128,586 thousand of capital transferred from surplus reserves	None	Note 20
2014/08	10	300,000	3,000,000	280,833	2,808,328	NT\$108,013 thousand of capital transferred from surplus reserves	None	Note 21
2014/11	10	300,000	3,000,000	281,308	2,813,078	NT\$4,750 thousand converted from employee warrants	None	Note 22
2015/03	10	300,000	3,000,000	281,332	2,813,318	NT\$240 thousand converted from employee warrants	None	Note 23
2015/08	10	500,000	5,000,000	295,398	2,953,984	NT\$140,666 thousand of capital transferred from surplus reserves	None	Note 24
2018/11	10	500,000	5,000,000	292,398	2,923,984	NT\$30,000 thousand of decrease in capital from treasury stocks	None	Note 25

- Note 1: The registration is changed as approved by J(088)SZ No. 135586 Document on September 28, 1999.
 Note 2: The registration is changed as approved by J(089)SZ No. 129918 Document issued on August 17, 2000.
 Note 3: The registration is changed as approved by J(090)SZ No. 09001319320 Document on August 23, 2001.
 Note 4: The registration is changed as approved by JSSZ No. 09101327810 Document on August 13, 2002.
 Note 5: The registration is changed as approved by JSSZ No. 09201178740 on June 6, 2003.
 Note 6: The registration is changed as approved by JSSZ No. 09301132390 on August 3, 2004.
 Note 7: The registration is changed as approved by JSSZ No. 09401166360 on August 24, 2005.
 Note 8: The registration is changed as approved by JSSZ No. 09401235430 on November 25, 2005.
 Note 9: The registration is changed as approved by JSSZ No. 09501004700 on January 11, 2006.
 Note 10: The registration is changed as approved by JSSZ No. 09501175090 on August 10, 2006.
 Note 11: The registration is changed as approved by JSSZ No. 09501223980 on October 3, 2006.
 Note 12: The registration is changed as approved by JSSZ No.09601157430 on July 12, 2007.
 Note 13: The registration is changed as approved by JSSZ No. 09701206420 on August 15, 2008.
 Note 14: The registration is changed as approved by JSSZ No. 09801183170 on August 14, 2009.
 Note 15: The registration is changed as approved by JSSZ No. 09901030660 on February 10, 2010.
 Note 16: The registration is changed as approved by JSSZ No. 09901149400 on July 15, 2010.
 Note 17: The registration is changed as approved by JSSZ No. 10001180590 Document on August 8, 2011.
 Note 18: The registration is changed as approved by JSSZ No. 10101157490 Document on August 3, 2012.
 Note 19: The registration is changed as approved by JSSZ No. 10101231840 Document on November 8, 2012.
 Note 20: The registration is changed as approved by JSSZ No. 10201158960 Document on August 6, 2013.
 Note 21: The registration is changed as approved by JSSZ No. 10301159450 Document on August 8, 2014.
 Note 22: The registration is changed as approved by JSSZ No. 10301228930 Document on November 7, 2014.
 Note 23: The registration is changed as approved by JSSZ No. 10401056110 Document on March 31, 2015.
 Note 24: The registration is changed as approved by JSSZ No. 10401163710 Document on August 7, 2015.
 Note 25: The registration is changed as approved by JSSZ No. 10701141320 Document on November 16, 2018.

Unit: Shares

Shareholding Category	Authorized Capital				Remark
	Issued Shares (Listed)		Un-issued Shares	Total	
	Registration changed	Registration yet to be changed			
Common shares	292,398,353	0	207,601,647	500,000,000	

Information regarding declaration

Type of Securities	Planned Issuing Number		Issued Amount		Purpose and Effect for Issued Shares	Scheduled Issuance Period of Shares Not Issued	Remark
	Total Shares	Authorized Amount	Shares	Price			
None							

(II) Status of Shareholders:

April 23, 2024

Quantity	Status of Shareholders							Total
	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions and Natural Persons	Individuals	Treasury stock		
Number	0	27	104	247	25,337	0	25,715	
Shareholding	0	29,114,685	61,606,144	64,183,666	137,493,858	0	292,398,353	
Shareholding Ratio	0.00%	9.96%	21.07%	21.95%	47.02%	0.00%	100.00%	

(III) Dispersion of equity:

April 23, 2024

Class of Shareholding	Number of Shareholders	Shareholding	Shareholding Ratio
1-999	6,000	1,178,396	0.40%
1,000-5,000	16,798	30,683,739	10.50%
5,001-10,000	1,477	11,670,613	3.99%
10,001-15,000	458	5,909,583	2.02%
15,001-20,000	250	4,658,901	1.59%
20,001-30,000	253	6,511,546	2.23%
30,001-40,000	88	3,182,743	1.09%
40,001-50,000	69	3,192,607	1.09%
50,001-100,000	116	8,325,116	2.85%
100,001-200,000	68	9,660,805	3.30%
200,001-400,000	50	14,954,970	5.11%
400,001-600,000	18	8,623,012	2.95%
600,001-800,000	10	6,880,035	2.35%
800,001-1,000,000	12	10,489,358	3.59%
1,000,001 股以上	48	166,476,929	56.94%
Total	25,715	292,398,353	100.00%

Preferred Shares

April 23, 2024

Class of Shareholding	Number of Shareholders	Shareholding	Shareholding Ratio
Classification is made depending on actual situation	None		
Total			

(IV) List of major shareholders: Shareholders who hold more than 5% of the total shares or whose proportion of equity is in the top 10

April 23, 2024

Name of Major Shareholders	Shareholding	Shareholding	%
New Labor Pension Funds		13,482,000	4.61
Yu Chieh Investment Limited		12,472,471	4.27
Wu, Kai-Yun		11,899,653	4.07
Wang, Ying-Nien		11,389,085	3.90
Capital Tip Customized Taiwan Select High Dividend ETF		8,017,000	2.74
Fubon Life Insurance Co., Ltd.		7,588,000	2.60
Cathay Life Insurance Co., Ltd.		7,251,000	2.48
Lin, Wen-Ching		5,914,789	2.02
Yuanta Taiwan High Dividend Low Volatility ETF		5,184,000	1.77
Wu, Yun-Chung		4,092,470	1.40

(V) Market Price, Net value, Earnings, Dividends and relevant information per Share for the last two years:

Item		Year	2022	2023	Current year as of April 24, 2024
Market Price per Share (Note1)	Highest		144.00	105.00	115.50
	Lowest		74.50	84.70	89.60
	Average		110.99	93.91	104.52
Net Value per Share (Note2)	Before distribution		67.09	67.78	—
	After distribution		60.09	62.78	—
Earnings Per Share	Weighted Average Shares		292,398 thousand shares	292,398 thousand shares	—
	Earnings per share (before adjustment) (Note3)		13.82	8.57	—
	Earnings per share (after adjustment) (Note3)		13.82	8.57	—
Dividends	Cash dividend		7.0	5.0	—
	Unpaid Dividends	Dividends from earning	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated unpaid dividends (Note4)		—	—	—
Investment Remuneration Analysis	Price/earnings ratio (Note5)		7.38	10.94	—
	Price/dividend ratio (Note6)		14.57	18.75	—
	Cash dividends yield (Note7)		6.86%	5.33%	—

*If retained earnings or capital reserves are used for capital increase, market prices and cash dividends that are retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of common shares in each year and calculate average market prices in each year based on the transaction values and volume in each year.

Note 2: It shall be filled out, based on the number of shares that have been issued at the end of the year, in accordance with the resolutions made on the distribution at the Board of Directors' Meeting or Shareholders' Meeting in the next year.

Note 3: If retroactive adjustment is required due to unpaid dividends distribution and so on, the earnings per share before adjustment and after adjustment shall be presented.

Note 4: If, subject to the conditions for issuance of equity securities, the unpaid current dividends shall be paid in the year in which there is an earning, the accumulated unpaid dividends as of the current year shall be disclosed.

Note 5: Price / Earnings Ratio = Average closing price per share of current year/Earnings per share (before adjustment).

Note 6: Price / Dividend Ratio = Average closing price per share of current year/cash dividend per share.

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: 2023 dividends distribution is approved by the Board of Directors on March 12, 2024, and planned to be reported at the regular shareholders' meeting on June 21, 2024.

(VI) The Company's dividend policy and implementation status:

1. Dividend policy formulated as per the Articles of Incorporation:

- (1) The Company's net income before tax before deducting the remuneration to employees and Directors should be used to make up for aggregated losses, no less than 5% of any remainder shall be allocated as the employees' remuneration and no more than 1% shall be allocated as the Directors' remuneration.

Employees' remuneration and Directors' remuneration may be distributed in the form of cash or stocks, subject to a resolution adopted by a majority vote at a Board meeting attended by two-thirds of the total number of Directors and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Employees' compensation shall be paid in stock or cash, including employees of affiliated companies who meet certain conditions.

- (2) The Company's surplus at the end of the accounting year shall be first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal capital reserve and special capital reserve by law or reversal. The remainder plus previous retained earnings shall be allocated by the Board's proposal and subject to approval at the shareholders' meeting. If it is done by issuing new shares, it shall be distributed after the resolution of the shareholders'

meeting; when it is done by way of cash distribution, in compliance with the provisions of Paragraph 5 of Article 240 of the Company Act, the Board of Directors shall be authorized to reach a resolution of the Board meeting from at least two-thirds of the directors in attendance and the approval from more than half of the attending directors, and the Board of Directors then report the said resolution to the shareholders' meeting.

The Company may, through a resolution the Board meeting from at least two-thirds of the directors in attendance and the approval from more than half of the attending directors, make all or part of the legal capital reserve and capital surplus stipulated in Article 241 of the Company Act be distributed in cash, and the Board of Directors then report the said resolution to the shareholders' meeting.

- (3) The Company adopts the policy of remaining dividends, and profit distribution proposal will be made by the Board of Directors, depending on the profits obtained by the Company and its funds status in the current year, according to the Company's future operation planning, business development, capital expenditure budget, capital requirements and other factors. The dividend may be distributed in the form of cash dividend or stock dividend, however, the ratio of cash dividend shall be no less than 20% of the total dividend distributed.
2. The dividend distribution resolved by the Board of Directors:
 - (1) The proposal of withdrawing NT\$1,461,991,765 from undistributed profits as cash dividends (NT\$5 per share) to shareholders was approved at the meeting of the Board of Directors held on March 12, 2024, and submitted to the 2024 regular shareholders' meeting.
 - (2) For this case, the yield had been calculated in accordance with the current outstanding shares of 292,398,353 shares.
- (VII) Impact on the Company's Business Performance and EPS Resulting from Unpaid Dividends Distribution Proposed at the shareholders' meeting: The Company did not distribute unpaid dividends this year, so it is not applicable.
- (VIII) Remuneration to employees and directors:
1. Percentage or range of the remuneration of employees and directors as set forth in the Articles of Incorporation:

The Company's net income before tax before deducting the remuneration to employees and Directors should be used to make up for aggregated losses, no less than 5% of any remainder shall be allocated as the employees' remuneration and no more than 1% shall be allocated as the Directors' remuneration.

Employees' remuneration and Directors' remuneration may be distributed in the form of cash or stocks, subject to a resolution adopted by a majority vote at a Board meeting attended by two-thirds of the total number of Directors and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Employees' compensation shall be paid in stock or cash, including employees of affiliated companies who meet certain conditions.
 2. The basis for estimating the amount of the remuneration to employees and directors for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period
 - (1) The basis for estimating the amount of the remuneration to employees and directors: After the profit before the employees' and directors' remuneration is deducted from the current income before tax offset prior accumulated unappropriated earnings, the Company shall estimate and present the remunerations within the amount stipulated in the Articles of Incorporation by referring the allotment and withdrawal condition of previous years.
 - (2) Basis for calculating the number of shares to be distributed as employee rewards: N/A.
 - (3) Accounting treatment for any difference between the actually distributed amount and estimated amount: It shall be treated as changes in estimation, and adjusted and recorded in the account of its payment year.
 3. The distribution of remuneration approved by the Board of Directors:
 - (1) The proposal for distributing NT\$183,000 thousand of employee remuneration and NT\$24,000 thousand of directors' remuneration in cash in 2023 was approved by the Board of Directors on March 12, 2024.
 - (2) If there is any discrepancy between the above-mentioned amount and current estimated amount of recognized expenses, the amount, causes and treatment of such discrepancy shall be disclosed: None.
 - (3) The amount of any employee remuneration distributed by shares, and its ratio in the sum of the after-tax net profit and employee remuneration as stated in current individual financial statements: N/A.

4. Actual distribution of remuneration to employees and directors (including the number, amount, and price of shares distributed), and where there was a difference with the recognized remuneration for employees and directors, the amount, cause, and treatment shall be described
 - (1) The Company actually distributed NT\$282,000 thousand of employee remuneration and NT\$30,000 thousand of Directors' remuneration in 2023 from the profits of 2022.
 - (2) Difference with the recognized remuneration for employees and directors, the amount, cause, and treatment: There is no difference with the recognized remuneration, thus it is not applicable.
- (IX) Buyback of The Company's Shares: The Company did not buy back its shares in the most recent year as of the publication of the Annual Report.
- II. Issuance of Corporate Bonds: None.
- III. Issuance of Preferred Shares: None.
- IV. Issuance of Global Depository Receipts: None.
- V. Issuance of Employee Warrants: None
- VI. New Shares Issued for M&A or Acceptance of Other Company's Shares: None
- VII. Implementation of Capital Utilization Plan: None

Chapter 5 Operation Overview

I. Business Activities

(I) Business Scope

1. Major contents of business activities:

- (1) Design, processing, manufacturing and trading of TFT-LCD panels and other electronic products and circuit board surface structure.
- (2) Import and export of the commodities referred to in the preceding items.
- (3) The businesses that are not prohibited or restricted by law, except for those which are subject to special approval.
- (4) For the main business scope of the Company's subsidiaries, please refer to the basic information of the affiliates in Chapter 8 Special Disclosures of this Annual Report (#pages 85~86#).

2. Operating proportion:

Unit: NT\$ thousand

Year \ Item	Optoelectronics Products		LED light bars (panels)		Other		Total	
	Operating income	Percentage (%)	Operating income	Percentage (%)	Operating income	Percentage (%)	Operating income	Percentage (%)
2022	22,643,007	33.08	26,962,266	39.39	18,849,322	27.53	68,454,595	100.00
2023	17,395,578	37.41	13,197,923	28.39	15,902,514	34.20	46,496,015	100.00

3. The Company's current products (services):

- (1) The design, processing and manufacturing of circuit board SMT for the electronic products such as the control panel of thin film liquid crystal display, the audio/video home appliance information products such as LED LIGHT BAR, LCD TVs motherboards, digital camera FPCB, home appliance control panel, and information products such as Wireless network.
- (2) The design, processing and manufacturing of substrate for automotive electronics products.
- (3) The design, processing and manufacturing for the products such as LED lighting for general consumer electronic, LED lighting and FPCB-COF related.
- (4) The design, processing and manufacturing for intelligence home appliance products.
- (5) The processing and manufacturing for touch module substrates.
- (6) The assembly and manufacturing for electric motorcycles module.
- (7) The design, processing and manufacturing for intelligence wearable devices products.
- (8) The assembly, processing and manufacturing for source / communication products.
- (9) The processing and manufacturing for medical equipment module.
- (10) The processing and manufacturing for intelligence electronic white-board modules.
- (11) The processing and manufacturing for smart phone modules.
- (12) The processing and manufacturing of memory modules, graphics card GPU modules.
- (13) The processing and manufacturing for new back-lit display module of Mini LED.

4. New products (services) that plan to develop:

- (1) The design, processing and manufacturing for IOT related applied devices
- (2) The processing and manufacturing for related sensing module of new energy vehicles.
- (3) The processing and manufacturing of micro mass transfer process.

(II) Industry overview

1. Current Status and Future Development of Industry:

The processing and manufacturing of PCB substrate is a process that processing and assembling microprocessor, memory and other related electronic components on substrate through SMT technique by using high-speed machines in order to interconnect distributing circuit on the substrate to utilize the design function of PCB substrate. Moreover, the current SMT technique has been widely applied in different kinds of electronic products such as communication, optoelectronics and consumer electronics. The Company is mainly engaged in PCB substrate processing and manufacturing as well as LED light bar production and sale.

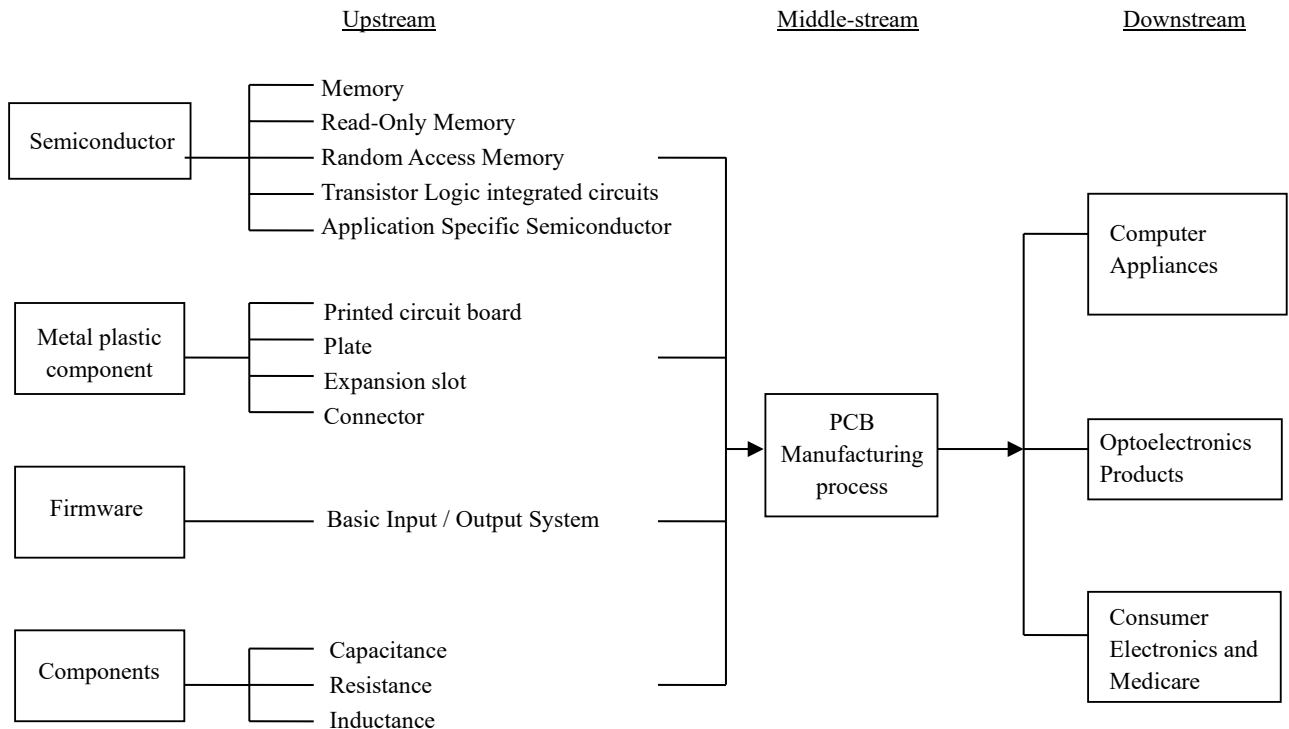
Therefore, the company's business is part of the electronic hardware industry, and its processing services cover information, optoelectronics, electric vehicles, and information appliances, etc.

When electronic hardware products are manufactured, from design and component manufacturing to assembly and shipment, PCB substrate processing plays a crucial role in the manufacturing process. If this process is not handled properly, it is bound to affect product quality. In the past, information and electronics manufacturers built up their own processing line to process and manufacture PCB substrates. Only those with insufficient capacity could be outsourced and passed to professional processing manufacturers to undertake those sporadic orders, hence the size of this industry is generally small. Consequently, most of small professional processing manufacturers for PCB substrates are limited by their size and equipment. They can only work on the substrate surface mounting in the beginning stage or manual DIP in the following manufacturing process. Information and electronics manufacturers have gradually outsourced PCB processing and manufacturing in recent years due to the increasing specialization within the electronics industry. This trend aims to achieve rapid expansion of production capacity while minimizing investment and equipment-related risks. As a result, providing specialized assembly foundries has more potential for growth.

2. Relations among Up-, Middle- and Downstream Industries

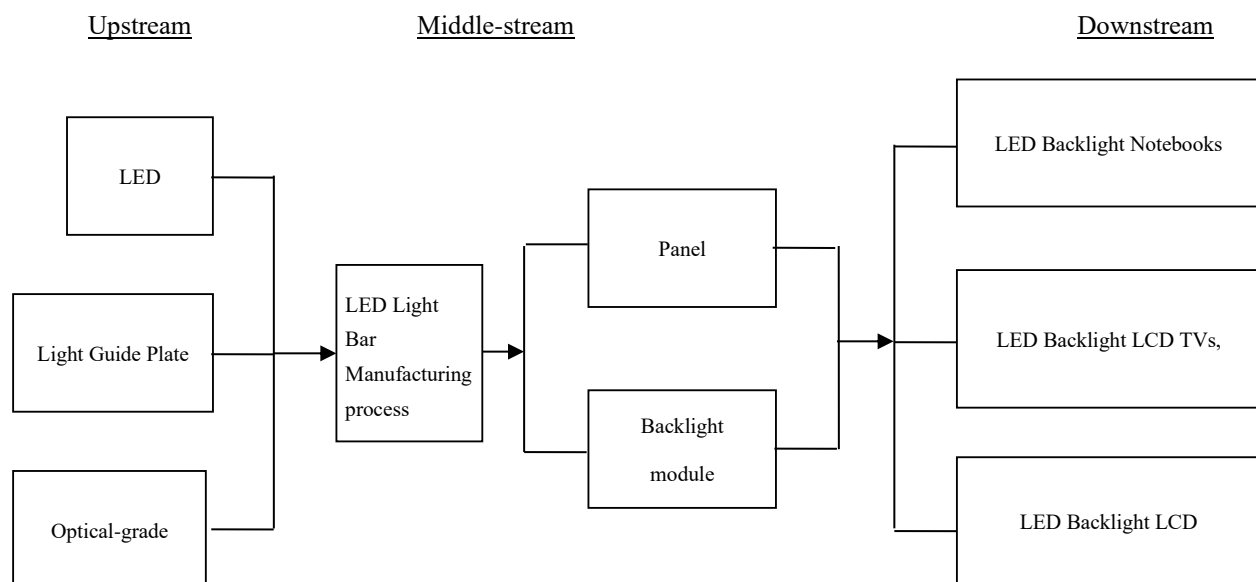
A. The relation among PCB with up-, middle- and downstream

In terms of the upstream and downstream linkages in the PCB assembly and manufacturing industry, the upstream is suppliers of semiconductors, metal plastic components, firmware and components, and the downstream is manufacturers of computers and peripherals, photoelectric products and consumer electronics. Due to the electronic hardware industry in Taiwan relies on the professional of division of labor system, up-, middle- and downstream of industries have cooperated together very well. At present, most of the major semiconductor, metal plastic component, and component products can be independently supplied by Taiwan's manufacturers. Furthermore, with the development of upstream and downstream techniques, the industry is becoming more mature. The relations among up-, middle- and downstream companies for the Company's PCB substrate assembly and processing industry are summarized as followed:



B. Relation among LED light bar and up-, middle- and downstream

The LED light bar products produced by the Company are the main components needed by mid-stream manufacturers for the panel, backlight module, and so on. The up-stream is LED, light guide plate and optical-grade suppliers and the down-stream is LED backlight notebooks and LCD products manufacturers. The relations among Up- and Downstream are summarized as follows:



3. Product Trends:

In recent years, as the development trend of electronics are light, thin, short, small, high function and low cost, the strategy of specialized foundry management is constantly developing new manufacture process and developing new technology as well as improving manufacturing process in yield quality, focusing on the develop trend of product market and striving for stable customers with high quality.

4. Competition in market:

The electronic industry has outsourced PCB substrate assembly, processing and manufacturing process. Considering that the outsourced manufacturers mainly focus on their SMT capacity, manufacturing technology, product quality and delivery speed, PCB substrate assembly and processing not only need to invest huge funds to purchase machines, but also need to cultivate a number of professionals and technical personnel to develop new manufacturing process, so that PCB substrate assembly and processing manufacturers have the trend of large-scale and capital-intensive. At present, there are many manufacturers entering into this industry in Taiwan, so it is very competitive. The orders of electronic products are all in the hands of well-known domestic and overseas manufacturers at the moment, so we can maintain long-term cooperative relationship with customers. In addition to productivity, technology and delivery speed, the quality of employees and the high stability of yield quality would be important competitive advantages.

(III) R&D Overview

1. R&D expenses invested in the most recent year as of the publication date of the Annual Report:

Year	Unit: NT\$ thousand	
	2022	2023
R&D expenses	862,792	774,420
Operating income	68,454,595	46,496,015
R&D as a percentage of operating revenue	1.26%	1.67%

2. Technologies and products developed successfully:
 - (1) In 2012, entering foundry business of LED Lighting:
 - (2) In 2012, entering foundry business of SSD due to the quality and technology has been recognized by the international manufacturers, and a variety of applications in the field of international well-known manufacturers attention and cooperation. Future prospects. TSMT will continuously endeavor to produce SSD products with leading technology and quality, and it also provides customers with more complete product lines and services.
 - (3) In 2012, TSMT began to engage in touch product OEM businesses:
In response to the trend of "touch whirlwind," making consumers all over the world experience how convenient and amazing it is that user-friendly touch panel bring to us, to that end, the Company pro-actively invests SMT production in touch panels related field as well as focuses on the R&D and innovation of SMT production technology related field, including smart phone touch panel FPC assembly + under fill manufacturing process and tablet touch control panel and windows 8 touch control panel assembly + UV resin production technology, which makes the Company successfully enter this new industry.
 - (4) In 2012, entering the foundry business of 2nd Lens full LED array back-lit LB products: From traditional LED LB assembly evolving into second manufacturing process, 2nd Lens SMT, meanwhile, introducing automatic dispenser to conduct thermosetting adhesives attached and Lens assembly production technology.
 - (5) In 2012, entering the foundry business of 3D panels and 4K2K high-resolution panels: With the coming digital family generation in new 3D digital media, in response to the rise and breakthrough in TV application aspect specifications in production technology, the Company thus has dedicated to R&D technology of related manufacturing process. In order to meet customers' need, the development of the display technology towards naked eye 3D and polarization 3D and of the SMT production technology towards 4K2K high-resolution panels. The production technology has been perfect and can provide customers completed SMT production line service.
 - (6) In 2013, entering the foundry business of electric scooter module:
 - A. The R&D technology that the Company has put into related manufacturing process towards the development of module assembly and production technology. In 2014, in addition to being perfect production technology and setting up one person with direct line and phone, the Company also passed TS16949 certification to increase the product value-added, improve the market reputation and competitiveness of manufacturers and distributors, and affirm product quality. The Company obtained certification from customers and became a qualified supplier, successfully entering the new industry.
 - B. In 2014, the Company dedicated itself to the electric scooter production-related field more pro-actively. In view of meeting the customer's needs, the Company continuously improves manufacturing process and invests in the related equipment R&D technology, which is used in BMS, ECU, Light control and vending machine module. The current production technology is perfect, which can provide customers completed SMT production line service.
 - C. In 2015, in order to meet customers' needs, the Company continuously invests the R&D technology and equipment manufacturing process, which is home charging electrical changing station module used in electric scooter production. The current production technology is perfect, which has passed customers' certification. It can provide customers completed SMT and module assembly production line service.
 - (7) In 2015, entering the foundry business of lighting and intelligence home appliance products assembly:
In response to these future world current trends in energy conservation, the Company involves in the technology of relevant lighting products from the aspects of R&D, manufacturing process, assembly and testing, in the meantime, meets customers' needs and has improving production technology. Besides, the Company has set up a post-assembly production line and a laboratory for improving product experiments. Moreover, the laboratory has passed relevant RA, FA, UL, UL and Energy Star Certification.

In response to the "Internet of Things," the consumers experience the intelligent convenience of life brought by the boundless. The Company proactively invests the field of Internet of Things related products manufacturing process as well as keeps focusing on the R&D and innovation of production technology related fields in new products, including smart watch (precision assembly and waterproof testing), wristband (ultrasonic plastic welding and waterproof testing), scale (using ultrasonic welding, which utilizes SUS solder wire and glass surface ITO to weld). The Company has successfully stepped into this new industry.

- (8) In 2016, entering the Bonding business of smart phone chip module

The Company pro-actively keeps investing the R&D technology and jig equipment in ACF Bonding manufacturing process, plus it has capability of the diversified and innovative SMT manufacturing process and COF Bonding technology. It current has passed pass the international electric telecommunication certification and become a qualified supplier. The current telecommunication chip module production technology is perfect enough to provide customers of all related fields complete back-end processes and assembly services.

In 2016, entering the foundry business of fingerprint recognition module

As the fingerprint recognition development has been a fad again these years, there is a breakthrough in the optical and capacitive sensing technology. The Company not only has perfect leading SMT technology, but also keeps investing the R&D technology and jig equipment in fingerprint recognition module related manufacturing process. It was finally recognized by the international manufacturers in 2016 and successfully introduced into mass production in 2017, which accelerates the penetration of fingerprint identification into the consumer electronics market to provide users a safer and more convenient certificated mechanism than password.

In 2016, entering the foundry business of medical module

The Company not only keeps improving manufacturing process, but also invests R&D technology and equipment without considering cost. In 2016, except for being perfect production technology, the Company has been assigned by customers to do foundry of human apparent temperature patch module. Furthermore, it has passed ISO13485 certification in 2017 Q4, which has made the products have value-added and the quality of product are also gaining recognition from ISO.

In 2016, entering the foundry business of dashcam vehicle module

Since 2014, it has entered the electric scooter-related field. In addition to keep improving the manufacturing process and investing in the related equipment R&D technology, it also passed TS16949 certification in the same year. With the advantage of leading SMT manufacturing process, Dashcam products have obtained recognition from customers in 2016. It is not only a big success in entering new industry, but it also starts a new milestone.

- (9) In 2017, entering the foundry business of fingerprint recognition vehicle module

As the fingerprint recognition development has been a fad again these years, the Company not only has perfect leading SMT technology, but also keeps investing fingerprint recognition module related manufacturing process. Expanding from mature electronic devices and mobile phone products to vehicle products, the Company keeps investing fingerprint recognition vehicle module manufacturing process. From R&D development to jig equipment related manufacturing process. It is expected to be successfully introduced into mass production through customer certification in 2019Q4, bringing a faster, safer and more convenient mechanism for car drivers than keys.

- (10) In 2017, entering the foundry business of electric vehicle module:

Since in 2014, the Company has invested related manufacturing process R&D technology of vehicle product module, and it has been developing assembly manufacturing process of vehicle product module. Moreover, passing TS16949 certification has made the products have more value-added, higher market reputation and competitiveness among manufacturers and distributors. In 2017, the Company in module manufacturing has expanded from electric scooter components to electric vehicle. The electric vehicle module was in progress on obtaining IATF16949 revision certification in the same year and passed the certification in 2018Q2, which made the quality of products of car recognized.

- (11) In 2018, entering the foundry business of smart phone module:

In 2017, the Group established a factory in India in order to cooperate with local Indian mobile phone brands and international ODM factories and enter the assembly and production manufacturing process of smart phone module.

In 2018, expanding capacity and entering the foundry business of high-class DRAM module.

In 2018, entering the foundry business of electric vehicle peripheral product module:

Since the Company entered the manufacturing process of electric scooter module in 2013, it has been focusing on the development of production technology in new module products. In 2018, the Company entered the manufacturing process of four-wheels electric vehicle peripheral product module. It is expected to pass the international electric vehicle certification in 2019 and then introduce to produce in 2019. Apart from the quality of vehicle products has been recognized by the international manufacturers, the Company will be more capable of providing customers of all related fields complete back-end processes and assembly services.

- (12) In 2019, successfully entering the foundry business of electric vehicle module and Mini LED SMT process

After entering the development field of manufacturing process for the peripheral product modules of four-wheel electric vehicles for the first time in 2018, the Company continued to improve its manufacturing and process planning, and applied them in vehicle door handle sensors, and its vehicle door handle sensors were finally accepted by major international customers in the fourth quarter of 2019, and it is expected to be put into mass production in the first quarter of 2020. In the future, the Company will cooperate with customers in their demands for diversified product, and continue to actively invest in the R&D of the modules related to electric vehicles to provide customers with more comprehensive services.

In 2019, entering the foundry business of Mini LED SMT process

The Company invested in the research of the manufacturing process of Mini LED in 2017, and continued to invest in the development of manufacturing process and equipment in 2018, and continued to cooperate with customers to optimize the manufacturing process and made a breakthrough in respect of technology in 2019~2021, and it has been put into mass production in 2021, which enables the Company to enter another new milestone regarding its manufacturing process.

- (13) In 2020, continuing to perfect the processes of sensing module of electric vehicles

In 2020, the Company continued to invest in new process and equipment and optimize processes, to improve the yield and efficiency on the sensor module for electric vehicle doors, and put the electric vehicle module into mass production in the second quarter. In the future, the Company will continue to actively invest in research and development of relevant module process and product verification in electric vehicle field.

- (14) In 2020, successfully entering the foundry business of GPU module

In 2020, the Company started to develop the graphics card module. In addition to continuously improving the processes, the Company actively cooperated with the customers to develop high-end graphics cards, and continued to invest in new R&D process and R&D equipment, and successfully made trial production in the fourth quarter of 2020, and put the module into mass production in the first quarter of 2021, setting a new milestone for its manufacturing processes.

- (15) In 2021, entering the foundry business of Mini LED module process successfully

The Company actively invest in research on Mini LED process in 2017, and continuously updated the process and increased equipment development in 2019~2020, and actively cooperated with customers in making development and verification, and as a leading manufacturer of SMT technology, the Company continuously optimized the process and broke through bottleneck constantly, and put the module into mass production in 2021 successfully, and in the future, it is expected that Mini LED will be able to introduce application of more products, and we will continue to optimize the process and simplify the cost to meet customers' requirements.

- (16) In 2021, entering electric vehicle lens module application commodity module successfully

In 2021, the Company perfected process and invested in new machines and equipment, and increased investment in software and hardware, so as to improve yield and efficiency of electric vehicle lens module, and in 2021 Q2, the Company obtained

certification from big American customers of electric vehicles and put into mass production successfully, and in the future, the Company will continue to improve investment in software and hardware equipment, and make active investment in research and development of related module process of new energy vehicles.

- (17) In 2022, entering the foundry business of Power Modules successfully

The company continued to invest in new equipment in 2022 to improve the process technology, and actively increased the development of software and hardware to improve production yield. In 2022, it entered the OEM of Power Modules products for the first time (its products are only the size of a NT\$1 coin), in addition to the SMT production technology, the company has continuously invested in advanced and sophisticated production equipment and testing equipment to meet the customer's process needs. The process was difficult but eventually overcame all bottlenecks and obtains the best production parameters. The shipment of samples was completed in the second quarter of 2023, and mass production was successful in the second quarter of 2023. We used the most advanced production technology to meet the needs of customers and create momentum for the company's operational growth.

- (18) In 2023, entering the small-pitch LED display PCBA SMT manufacturing process outsourcing

In 2023, we continued to enhance the manufacturing process for small-pitch LED and invested in related R&D equipment and tools to improve the yield and production efficiency of mass transfer. This technology was applied to the trial production of large displays starting in the third quarter of 2023, with samples completed by early 2024. Mass production is expected to begin in Q3 2024. We will continue to optimize the process and extend its application to other products.

- (19) In 2023, entering the contract manufacturing of DDR5 module SMT processes successfully

In 2023, we continued to improve the process optimization of our existing DDR4 product line. Leveraging our high-yield production processes and leading SMT technology advantages, we secured customer projects for DDR5 production. We completed all stages of validation and approval, and by the end of 2023, we delivered product samples. Mass production is expected to begin in the first quarter of 2024. Moving forward, we will invest further in the SMT and testing processes for memory modules to meet the demands of more customers.

The electronic products have changed quickly, and the production process has kept upgrade. Since its establishment, the Company has been adhering to the spirit of service by utilizing state-of-the-art production technology to satisfy customers' needs. The Company also has been recognized by the world's major electronics factories. From the past cornerstone, looking forward to the future.

The Company specializes in electronic products of professional manufacturing technology, the improvement and upgrading of test fixture and other related engineering technology. It also engages in the manufacturing process of automated production and intelligent process to meet the customers' needs and conform to the market trends, and then enhances the competitiveness of the Company in the overall industry and achieves a win-win goal.

(IV) Long-term and Short-term Business Development Plans

1. Short-Term Business Development Plans:

Production Management and Technology Development	<ol style="list-style-type: none"> 1. Actively engaging in the improvement of manufacturing process, and improving producing efficiency by enhancing process-related capability. 2. Promoting quality control for the overall process, improving quality inspection capability and quality, and reducing defect rate. 3. Introducing new manufacturing process and curtailing production and delivery time to increase customer's satisfaction. 4. Increasing investment in equipment, replacing old equipment with new ones, and improving production and sales process as well as the configuration of production lines to reduce material wastes and improve production capacity and efficiency. 5. Introducing automated production equipment and optimizing manufacturing process to boost production efficiency and reduce cost of production.
Marketing	<ol style="list-style-type: none"> 1. Establishing strategic alliance with customers and achieve positive interaction. 2. Continuing to develop well-known customers both at home and abroad, and striving for getting orders from major international companies, in order to improve the Company's producing and technical capabilities as well as its reputation. 3. Keeping abreast of the market trend for product planning.
Operation and Development Strategy	<ol style="list-style-type: none"> 1. Strengthening the management team, expanding business scale, and dispersing sales risk. 2. Actively cultivating backbone officers to meet the Company's needs for management talents for its future growth. 3. Implementing ISO, internal control and other relevant system to enable the Company to develop steadily under systematic operation. 4. Strengthening the relationship with major banks to enhance funding capability.

2. Long-term development plans:

Production Management and Technology Development	<ol style="list-style-type: none"> 1. Recruiting top-notch talents and strengthening organization's capability in research and development 2. Cultivating production technology team and improving the Company's ability of coping with production issues effectively and efficiently. 3. Actively cooperating with domestic and foreign manufacturers in the development of technologies to improve the Company's ability to research and develop key technologies. 4. Investing in the research and development of dust-free manufacturing process and expanding the fields of products produced.
Marketing	<ol style="list-style-type: none"> 1. Seeking for cooperating with major overseas companies and striving for orders with huge quantity but less variety, in order to increase the effect of economies of scale. 2. Planning for overall marketing strategy and actively developing the international market in addition to existing customers.
Operation and Development Strategy	<ol style="list-style-type: none"> 1. Dispersing customers and production locations in order to minimize the risk of concentrated sales. 2. Continuously developing and producing different types of products for reducing the risk of product life cycle succession, and diversifying operation to improve the Company's competitiveness to ensure sustainable development. 3. Exploring the overseas markets outside Taiwan to enhance future operating growth momentum.

II. Market, Production and Sales Overview:

(I) Market Analysis:

1. Sales regions of major products:

The Company is engaged in the processing and assembly of consumer electronics, and mainly provides products and services by getting close to customers' production bases. In recent years, the Company's production base has moved overseas to keep up with downstream manufacturers. At present, the main areas that the Company sells its products are Taiwan, the United States, Japan, India, Vietnam, and mainland China.

Unit: NT\$ thousand

Item \ Year	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
China	58,528,858	89.06	56,382,305	82.36	39,172,925	84.25
Taiwan	2,147,789	3.27	5,825,091	8.51	2,641,846	5.68
Europe	647,219	0.98	562,076	0.82	418,674	0.90
Asia	3,228,978	4.91	3,891,261	5.69	3,123,341	6.72
America	1,137,096	1.73	1,775,586	2.59	1,138,947	2.45
Other	30,552	0.05	18,276	0.03	282	0.00
Total	65,720,492	100.00	68,454,595	100.00	46,496,015	100.00

2. Market share:

The Company is engaged in the assembly and processing business of PCB substrates and the production and sale of LED Light Bars. Since the Company was founded in 1990, it has been dedicating itself to managing its core business and, in addition to endeavoring to develop production technologies and improve manufacturing processes, the Company catches the opportunities in market, and proactively enters the mainstream information electronics market, therefore, it is not only able to quickly get customers and orders, but also establish a good cooperative relationship with customers. PCB substrate assembly and processing service is widely used in all electronics-related products. There are numerous suppliers, and there is no relevant comparison basis to estimate market share, however, according to the member list provided by Taiwan Electrical and Electronic Manufacturers' Association, small-and-medium-sized enterprises account for more than half of all the companies engaged in PCB substrate processing and assembly industry and, in addition to the Company, Global Brands Manufacture Ltd. and Universal Scientific Industrial (Shanghai) Co., Ltd. are the companies with a large scale.

3. Supply, demand and growth in future market:

The Company is currently mainly engaged in the processing and manufacturing of PCB substrates used for TFT-LCDs, therefore, TFT-LCD panel industry has significant influence on the Company. TFT-LCD panels are classified into large, medium, and small sizes based on their size, large-sized TFT-LCD panels are mainly used in LCD TVs, LCDs, notebooks and other products, whereas medium-and small-sized portable displays are mainly used in mobile phones and digital cameras at present. In addition, in consideration of the trend that LED backlight will replace CCFL, the Company, since 2008, started the production and sale of LED light bars used for TFT-LCD, the application and development of which are mainly based on LED backlight tablets, notebooks, LCD TVs, and LCDs. The future market demand growth of the TFT-LCD is described as follows:

According to WitsView research, international brands will continue to strengthen the arrangement for the application of 8K, QLED, OLED, and other high-end TVs, while, Chinese brands will continue to develop in overseas markets further and increase the proportion of large-sized TVs, in the circumstances of shrinking market size and insufficient demands. Brand factories can show their brand-related technologies only by improving specifications or promoting different products, in order to drive performance growth.

The overall demand for TFT-LCDs is slowing down, and the demands from the end product manufacturers reduce, thus panel manufacturers may maintain utilization rate only by adjusting their product portfolio; In addition, because Korean and Japanese panel manufacturers reduce their LCD production lines, supply chain and the market share of the panels may change at a future time, and there may be an increase in the market share of the panels manufactured in mainland China in global market.

4. Competitive niches, favorable and unfavorable factors for long-term development, and countermeasures:

(1) Competitive niches

A. All-round layout of production lines to meet customer's needs

TFT-LCD panel products have a wide range of application, and can be applied in laptops, computer monitors, TVs and other small-and-medium-sized portable displays, etc. In view of this, the Company focuses on the manufacturing and processing of PCB boards for TFT-LCD panels and electronic products and, since it has got various engineering capabilities and practical experience on an accumulated basis for a long time, it can provide complete solutions for various sizes of products. In addition, the Company is committed to providing customers with complete and high-quality services to meet customer's needs, with its service scope including the procurement and management of raw materials, process engineering design, SMT processing, quality assurance and after-sales service.

B. Production with scale economies effect, and maintenance of cost competitiveness

In general, a large amount of investment is required for manufacturing and processing industry, so it is necessary to maintain a high utilization of equipment and mass production to reduce unit fixed costs, so as to achieve scale economies effect. In terms of processing and manufacturing of PCB substrates, generally speaking, it is difficult for electronics manufacturers to reduce unit producing costs by maintaining a high utilization of equipment due to the seasonal fluctuations of their downstream products and the unique characteristics and specifications of each product. The Company has been engaged in the processing and manufacturing of PCB substrates for a long term, and has accumulated technical expertise and experience on a continuous basis, which enables it to adjust its equipment in a short period of time depending on different products, and to optimize its producing process and reduce equipment using time, which further improves the overall utilization rate of its equipment. In addition, the Company attaches great importance to its product quality, and adopts strict quality control during its producing process. Therefore, the Company can maintain production with a scale economies effect, while providing high producing efficiency and high-quality services, to achieve cost competitiveness.

C. Setting producing bases near customers, and appropriate location strategy

The Company has been engaged in the industry for more than 30 years, and it keeps close and stable cooperation with major international manufacturers, and it has producing bases in Taiwan, Dongguan, Suzhou, Ningbo, Xiamen, Hefei, Chongqing, Xianyang, India, Vietnam, Mexico, etc., by following its strategy of being adjacent to customer's producing sites, to meet customer's increasing demands, so as to keep a good long-term interaction relation with customers, grasp business opportunities, and expand its capacity timely to meet customer's needs for timely supply.

D. Continuous innovation of process technologies

Since its establishment, the Company proactively researches and develops new technologies, improves producing processes, and introduces new

processes by following the development trend of technologies and products to improve its competitiveness. In addition, the Company also continues to improve its ability to increase the accuracy of components and the thickness of PCB substrates by following the development trend of light, thin and short electronic products, and it invests in the development of the manufacturing process of Mini LED in recent years, from which it can be obviously seen that the Company has grasped advanced processes, and can provide customers with excellent services.

(2) Favorable factors

A. Good prospects and great development space in the industry

PCBs are the main supports for the installation and interconnection of and between/among various electronic components, and also the indispensable basic parts for all electronic products, thus, the products of PCB substrate manufacturers can be used in all the electronic products, and memory modules and electric vehicles are also the main fields in which substrate processing-related major products are applied, therefore, there are development spaces for PCB substrate processing and manufacturing as driven by the future growth of the downstream industry.

B. Trusted technologies, and good interaction with customers

The Company is engaged in PCB substrate processing and manufacturing, so the arrangement capability in respect of its technology and manufacturing process is the key factors for customers to place orders and, if the orders can be supplied by a stable delivery time, the Company would be able to become the long-term business partner of downstream customers. As far as the Company is concerned, since it has been established for a long time, its R&D personnel has accumulated abundant experience in the improvement of manufacturing process, and it can meet downstream customers' demands and rapidly develop the efficient manufacturing process required for new products. Furthermore, the main management personnel of the Company all have rich experience in management of PCB substrate processing and manufacturing companies, thus, they can coordinate business and manufacturing departments in an efficient way, and adjust production schedule flexibly, in order to ensure delivery by the time required by customers to meet customer's demands.

C. Establishment of production bases near customers

For PCB substrate processing and manufacturing companies, being adjacent to downstream customers not only can reduce delivery costs and shorten delivery time, but also can supply products to customers timely with Bill to Order (BTO) services, and establish relationship of solidarity with customers. For this reason, the Company has established production sites in Dongguan, Suzhou, Ningbo, Xiamen, Hefei, Chongqing, and Xianyang in mainland China, India, Vietnam, and Mexico, etc., one by one to serve for local customers in a short distance and obtain real-time information, in order to establish long-term strategic cooperative relation with customers.

(3) Unfavorable factors

A. Business centralized in a single industry, and centralized risk of sales

The Company's revenue from the processing and manufacturing business of PCB substrates for TFT-LCD fluctuates depending on its downstream TFT-LCD panel market, and its business performance will be affected indirectly in case of oversupply or decreasing demands in the market, and its operating income sources are centralized on major customers.

The Company's countermeasures:

The Company maintains a good business development foundation by virtue of long-term cooperation with customers, and places its manufacturing equipment at the locations closing to customer's locations, by keeping a long-term cooperation relations with customers and a good business development basis and adopting the strategy of common location, so as to keep a good business cooperation relation, and it provides flexible, fast and effective product solutions as per customers' requirements, and strives to deliver proper quantity of proper products to customers in a proper time, in order to maintain a high degree of trust from customers, and the Company has rich experience in PCB substrate processing and assembly, and it is highly sensitive to any changes in the industry, and it actively develops towards other fields, by taking advantage of its rich experience and technical ability, in addition to adjustment to its strategies by following the development trend of the industry, for the purpose of reducing any risks to be brought by centralized customers.

- B. Fierce competition among information electronic products, and less profits from processing

Due to the short life cycle of information electronic products and the rapid changes in product technologies, there is a trend of decrease in product sales price, thus, the electronic hardware manufacturers in the downstream, due to their decreasing profits, reduces the profits of PCB substrate manufacture.

The Company's countermeasures:

Facing the rapid changes in information electronics industry, the Company actively keeps long-term cooperative relation with existing information electronics manufacturers, so as to obtain orders on a long-term and stable basis, in addition to continuing to strengthen its manufacturing capabilities to reduce producing costs and improve its competitiveness; Besides, the Company seeks the opportunities to purchase raw materials for customers, and obtain electronic components at a relatively preferential price, by taking advantage of the major manufacturing region of the components in Taiwan and of its convenience, in order to increase processing profits.

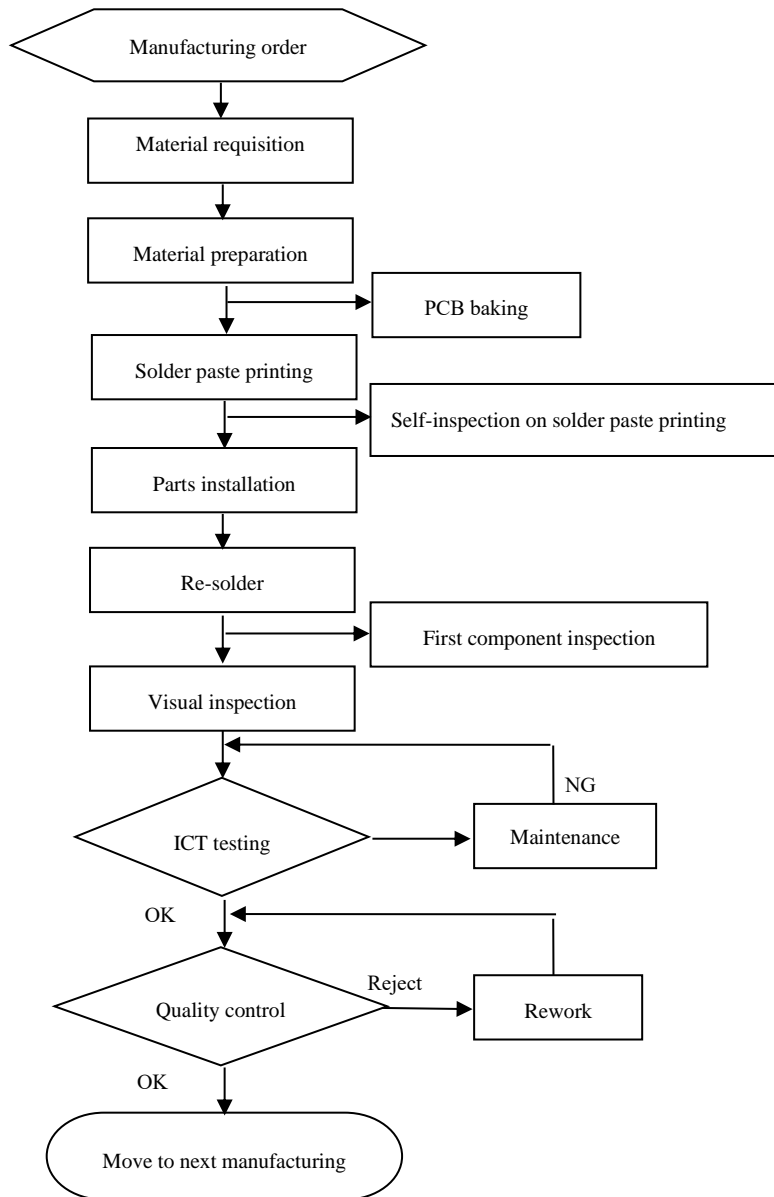
(II) Main Use and Manufacturing Process of Major Products:

1. Main use:

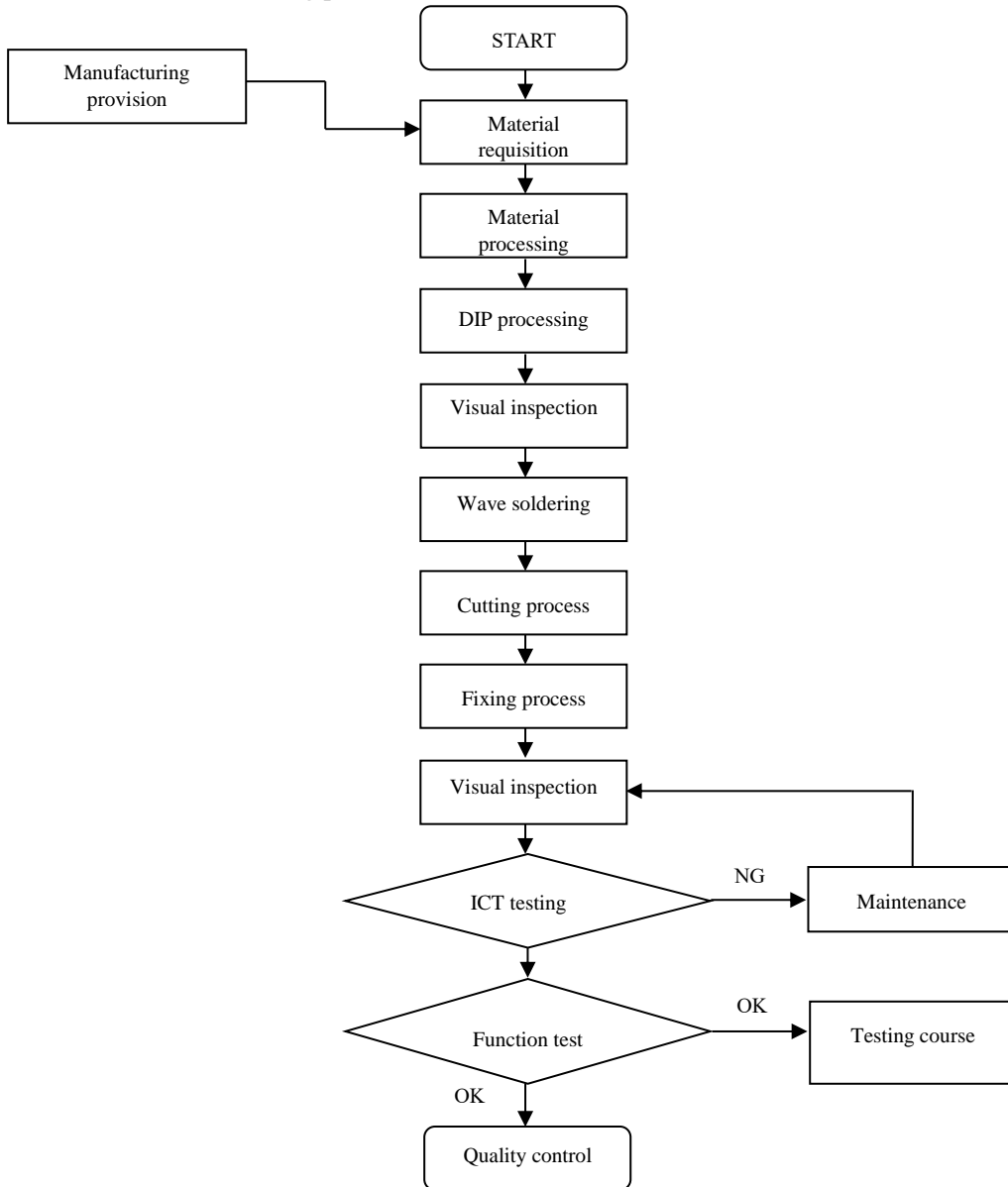
Major Products	Main usage
Peripherals motherboards	Used for Desktop monitors, Laptops, Tablets and other peripherals of motherboards
Optoelectronics products control panel	Used for liquid crystal display panel, LCD TVs, automotive display panels, mobile phones, tablet, digital camera and laptops.
LED Light Bar	Light source for LCD panels, LCD TVs, tablet PCs, laptops, automotive display panels, and mobile phones.

2. Major manufacturing process:

(1) Manufacturing process of SMT:



(2) Manufacturing process of DIP:



(III) Supply of Major Materials:

Major Raw Materials	Major Suppliers	Supply Situation
IC	WT、UNITED LINK、EDOM、TEXAS、MICROCHIP	Good
PCB	DYNAMIC、TRIPOD、TECHIGH、TPT、OLYMPIC	
Resistance Capacitance	MURATA、TAIYO、TDK、GLORISON、HUIJIN	
LED	TOYODA、SSC、NICHIA、SANAN	
DIODE	WT、ZENITRON、AVNET、FAITHCHIP	

(IV) Major Suppliers and Customers in the Most Recent Two Years

- Names of the suppliers who accounted for more than 10% of the total purchase of the Company in either year of the most recent two years, their purchase amount and proportion:

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Proportion to the net purchase of the entire year (%)	Relation with Issuer	Name	Amount	Proportion to the net purchase of the entire year (%)	Relation with Issuer
1	D	6,291,043	12.61	-	-	-	-	-
2	Other	43,609,431	87.39	-	Other	33,147,054	100.00	-
	Net purchase	49,900,474	100.00		Net purchase	33,147,054	100.00	

- Names of the customers who accounted for more than 10% of the total sales of the Company in either year of the most recent two years, their sales amount and proportion:

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Proportion to the net sales of the entire year (%)	Relation with Issuer	Name	Amount	Proportion to the net sales of the entire year (%)	Relation with Issuer
1	A	8,793,320	12.85	-	A	7,775,113	16.72	-
2	B	15,431,194	22.54	-	B	4,809,880	10.34	-
3	C	10,360,238	15.13	-	C	7,684,514	16.53	-
	Other	33,869,843	49.48	-	Other	26,226,508	56.41	-
	Net Sales	68,454,595	100.00		Net Sales	46,496,015	100.00	

The Company's major sales objects are the manufacturers of electronic products, and it adjusts its products depending on the sales condition of the main products in the market and their changes. In addition to long-term cooperative customers, the Company also actively develops its business and strives for opportunities to cooperate with new customers.

(V) Output in the Most Recent Two Years:

Unit: NT\$ thousand; thousand units

Major Products	2022			2023		
	Capacity	Output	Amount	Capacity	Output	Amount
Manufacturing	700,000	547,362	71,936,863	650,000	449,154	60,157,621
Other	111,147	111,147	2,165,774	98,349	98,349	1,864,656
Total	811,147	658,509	74,102,637	748,349	547,503	62,022,277

(VI) Sales in the Most Recent Two Years:

Unit: NT\$ thousand; thousand units

Major Products	2022				2023			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Manufacturing	29,990	5,694,603	501,741	57,655,575	15,083	2,521,813	405,075	40,413,908
Other	193	130,488	93,854	4,973,929	196	119,500	91,913	3,440,794
Total	30,183	5,825,091	595,595	62,629,504	15,279	2,641,313	496,988	43,854,702

III. Employee Information in the Most Recent Two Years:

Item	2022	2023	Current year as of April 24, 2024	
Total Number of Employees	10,247	10,124	10,948	
Average Age	35.8	35	35.1	
Average Years of Service	6.5	6.8	6.9	
Distribution of education (%)	Above Masters	3%	4%	4%
	Bachelor's Degree	66%	65%	65%
	Senior High School	24%	27%	27%
	Below Senior High School	7%	7%	7%

IV. Environmental Protection Expenditure:

(I) Any Loss Caused by Environmental Pollution in the Most Recent Two Year as of the Publication Date of the Annual Report:
None. Based on the Company's industry characteristics, it does not involve the impact of the European Union's Restriction of Hazardous Substances (RoHS).

(II) Future countermeasures: N/A.

V. Labor Relations:

(I) The Company's employee benefit policies, continuing education, training, retire systems and implementation status, the agreement between employees and employer, and employees' rights and interests:

1. Benefit measures:

- (1) Employees are entitled to labor insurance, National Health Insurance, and group insurance at the first day of work.
- (2) The Company allots benefit funds to Staff Benefit Committee in accordance with laws, provides gifts for Chinese new year and holidays, and offers marriage and funeral allowances, as well as domestic and overseas traveling activities and allowances. The Company has employee restaurant, convenience store, medical office, breast-feeding room, employee training room, large-sized indoor and outdoor parking spaces, expectant mother parking spaces, and other facilities.
- (3) The Company provides staff with annual health check-ups, and arranges doctors to offer consulting services on site, to allow its staff to feel the care, thus, the Company has a harmonious labor relation since its establishment.

2. Training for employee:

In order to allow all employees to discover their potential and to fully take advantage of their expertise at work, the Company provides a variety of learning courses to help them to get knowledge, skills and innovation ability, for the Company's use.

(1) Information about training:

2023	Internal training	External Training
Number of trainees	33,513 persons	115 persons
Course Name	<p>New general education training, new functional training, company general education training, post training, post functional training, in-factory training by manufacturer, explanation of IATF 16949 Clauses and Overview of Five Major Tools for Occupational Safety and Health, SPC statistical process control, failure mode and effect analysis of FMEA, analysis of MSA measurement system, 8D problem analysis and solution steps and practical drilling, 5 why, 2020 Version of Incoterms, introduction and operation of ESD measurement equipment, SFC system inquiry training, Seven Disciplines of Customer Issue Resolution, tutorial on commonly used commands in AutoCAD, introduction to a 2-hour production capacity report, improvement and advancement of knowledge process outsourcing (KPO) office, factory employs error prevention and error proofing techniques, practical training to eliminate the recurrence of problems, Keysight ICT operation and troubleshooting, manufacturing site problem analysis and effective root cause resolution techniques application, SAP system operation workflow tutorial and English business letter writing, DRAMDRAM bonded warehouse operation process explanation, Excel basic functions, Value Analysis/Value Engineering (VAVE) education training and practical exercises, Excel application tutorial (basic class), job instruction and guidance skills enhancement, job training promotion versus interactive communication, self-defense against and group training of firefighting; and emergency response planning drill.</p>	<p>Latest regulations and audit practices for information security, introduction to important internal audit practices and discussions, pre-service training workshop for new internal auditors in enterprises, how companies can legally save taxes, essential financial and tax regulations for corporate responsible persons and tax planning, decoding corporate financial statements issues and practical enterprise diagnostics, practical self-preparation for financial reports: investment under the equity method, "IFRS financial statements," and "ESG sustainability" disclosure trends, maximizing the functions of corporate governance executives effectively—discussing legal responsibilities of managerial officers, practical seminar on the latest annual corporate income tax declaration, performance evaluation of enterprises on "ESG sustainability" and "risk management" related issues, procedural and legal case analysis of corporate tax administrative remedies, legal responsibilities and case analysis related to corporate "management rights disputes", practical topics in corporate finance and taxation: disputes and prevention and resolution of "cross-border transactions", legal responsibilities of "whistleblowers" in economic crimes and financial fraud cases, IFRS regulations and accounting practices related to "organizational restructuring", financial and tax issues and tax governance practices for Taiwanese overseas investments, Certified Quality Technician (CQT), application of problem analysis and effective root cause resolution techniques in manufacturing sites, effective daily performance management for production management cadres, practical training course on error prevention and error proofing techniques for factory operations, ESD measurement methods and practical explanations, radiation protection education training, in-service education training for occupational safety managers, in-service education training for Class A occupational safety and health supervisors, forklift operators with a load capacity of over one ton, in-service education training for supervisors of hazardous operations (organic, specialized, dust, lead, oxygen-deficient operations), initial training for supervisors of organic solvent operations, enhancement of work instruction and supervisory skills for frontline managers, seed teacher training course on cardiovascular disease prevention and control, essential skills for newcomers in the workplace, in-depth study and practical workshop on ESD S20.20: 2021, ISO 50001 course series - clauses, ISO 50001 course series - internal audits</p>

- (2) Personnel related to the transparency of financial information, and the certificates or licenses designated by competent authority obtained by them:
 - A. International Internal Auditor License: 1 person in Internal Audit Office.
 - B. ROC Domestic Auditor: 1 person in Internal Audit Office.
 - C. ROC CPA: 1 person in Financial Department.
3. Retirement system and its implementation:
 - (1) Subject to "Labor Standards Act," the Company has formulated the measures for retirement, which applies to all formal employees before "Labor Pension Act" is implemented on July 1, 2005. The Company engages actuary to evaluate and calculate labor retirement pension reserve in accordance with ROC Financial and Accounting Rules - No. 18 Announcement, makes actuarial evaluation report, establishes Labor Retirement Reserve Supervision Committee, and allots retire funds on monthly basis in the amount equaling to 2% to 15% of the total salaries of each month, which are deposited in the special account Trust Department Bank of Taiwan in the name of Labor Retirement Reserve Supervision Committee.
 - (2) Since July 1, 2005, new labor pension system is be implemented in accordance with the law. The Company has established a defined contribution retirement plan in accordance with the "Labor Pension Act," which is applicable to the employees with ROC nationality. The Company withdraws labor pension in the amount no lower than 6% of salary for each month for the employees to whom the retirement system stipulated by "Labor Pension Act" applies.
4. Labor contract:

The Company attaches importance to humanized management, considers that employees and employer co-exist and develop together, thus, it provides various channels for employees to make suggestions and comments, such as setting reporting mailbox for employees, and regularly holding communication and coordination meetings and labor meetings, etc., to get to know the degree of employees' satisfaction with the Company's systems and management, so as to keep a good labor relation.
5. Protective measures at work environment and for employees' personal safety:
 - (1) The Company has obtained ISO45001 certification, and it carries out protection in terms of working environment and staff's personal safety, and has detailed procedures and management measures.
 - (2) The Company implements safety and health management, complies with safety and health laws and regulations and other requirements, undertakes to make improvement continuously by following the ideas of prevention of danger and participation by staff, and strives to create a safe and healthy working environment.
 - (3) The Company provides trainings.
 - (4) There are 24-hour security personnel in the factory, and safety management is carried out for the personnel entering and going out of factory.
 - (5) The Company has formulated a set of specifications for electronics industry or the industries with electronics as their main components and for its or their supply chain in accordance with Responsible Business Alliance's (RBA) Code of Conduct, so as to ensure the safety in the working environment, that workers are respected with dignity, and that business operation is environmentally friendly and ethical. The Company adopts the Code of Conduct basically for the purpose that all of its business and operating activities must comply with the laws, rules and regulations of the state where it operates. In addition to compliance with laws, the Code of Conduct encourages participants to pro-actively use internationally recognized standards to promote social and environmental protection responsibilities as well as business ethics. The Code of Conduct is based on UN Guiding Principles on Business and Human Right, and its contents are taken from different key international human right standards, including the International Labor Organization's ("ILO") "Declaration on Fundamental Principles and Rights at Work" and "UN Universal Declaration of Human Rights." RBA undertakes to regularly collect feedback from stakeholders, and implementing and continuously developing its Code of Conduct.

The Code of Conduct is composed of five parts. Chapters A, B, and C respectively outline labor, health, and safety issues, as well as environmental standards. Standards on business ethics are provided in Part D; Part E outlines the elements necessary for an appropriate management system to implement the Code of Conduct.

(II) Any losses suffered by the company due to labor-management disputes in the most recent year and in the current year as of the publication date of the Annual Report (including any violations of Labor Standards Act as found in labor inspection, the penalty dates, penalty documents numbers, the articles of laws violated, and the contents of penalty shall be disclosed), and an estimate of possible expenses that could be incurred currently and in the future as well as countermeasures shall be disclosed. If a reasonable estimate cannot be made, an explanation about the fact that why it cannot be estimated shall be provided:

1. Loss due to labor disputes:

Company Name	Description	Amount of Penalty or Compensation (NT\$ ten thousand)	Countermeasures and Improvement
Taiwan Surface Mounting Technology Corp.	1. Date of penalty: June 13, 2023 2. Penalty document No.: 2023 FLJZ No. 1120159719 3. Violation of: Paragraph 2, Article 32 of the Labor Standards Act 4. Contents of violation: Exceeding legal limits on working hours. 5. Contents of penalty: Failure to comply with the legal limits on working hours of colleagues as per regulations was detected by Taoyuan municipal government upon the labor inspection carried out by it.	15	Implementation of and compliance with relevant laws and regulations.
	1. Date of penalty: December 08, 2023 2. Penalty document No.: 2023 FLTZ No. 11203387911 3. Violation of: Paragraph 2, Article 32 of the Labor Standards Act 4. Contents of violation: Exceeding legal limits on working hours. 5. Contents of penalty: Failure to comply with the legal limits on working hours of colleagues as per regulations was detected by Taoyuan municipal government upon the labor inspection carried out by it.	15	Implementation of and compliance with relevant laws and regulations.
	1. Date of penalty: December 08, 2023 2. Penalty document No.: 2023 FLTZ No. 1120338791 3. Violation of: Paragraph 2, Article 24 of the Labor Standards Act 4. Contents of violation: Failure to provide remuneration for working on rest days as required by regulations. 5. Contents of penalty: Failure to comply with regulations regarding the payment of wages for working on rest days was detected by Taoyuan municipal government upon the labor inspection carried out by it.	15	Implementation of and compliance with relevant laws and regulations.

2. Except for the above matters, the Company and its subsidiaries are not fined for any other violations against the relevant regulations in the most recent year and in the current year as of the publication date of this Annual Report.

(III) Estimated Amount against Current and Possible Future Occurrence, and Countermeasures:
In the future, under the circumstances that the Company continuously and pro-actively promotes and implements various employee benefits, there are no losses that occurred due to labor disputes.

VI. Cyber Security Management :

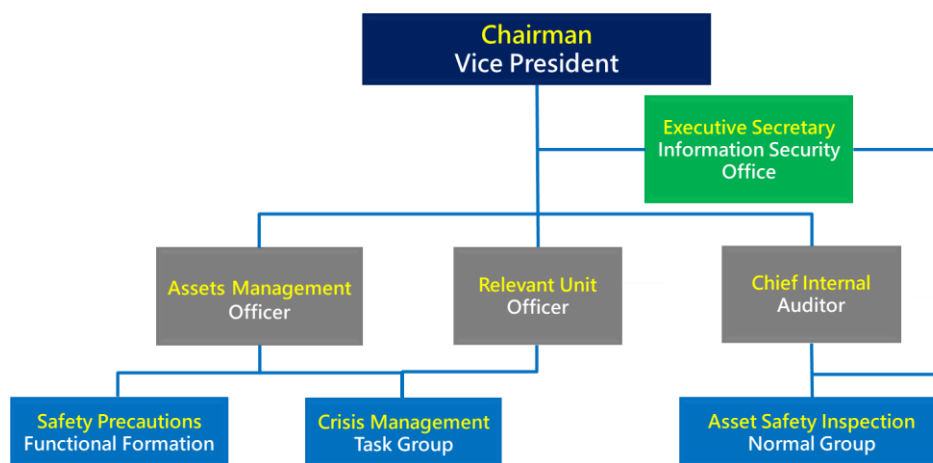
(I) Cyber security risk management structure, cyber security policy, specific management plan and resources invested in cyber security management:

1. Cyber Security Risk Management Structure:

In order to guarantee that cyber security is implemented in business execution, the Company sets "Cyber Security Management Committee", of which supervisors of each division and department are members, and the deputy president is the meeting convener as the chairman of the committee, to be responsible for regularly reviewing tasks and organization of the Company's cyber security management strategy, objectives and

business; the Company's Cyber Security Management Office is the executive secretary, responsible for managing and supervising planning, promotion and execution of the cyber security work, and complying with cyber security management act and customer requirements for cyber security, and the implementation status is described as follows:

- (1) The Deputy President serves as chairman of the Cyber Security Management Committee as well as chairman of review meeting, responsible for holding meeting regularly every year to review the cyber security development direction and strategy, so as to guarantee continuous and stable operation of the cyber security management system, and responsible for reporting the cyber security implementation achievements to the Board of Directors regularly every year.
- (2) The chairman appointed supervisors of each division and department to serve as cyber security representative, and convened "Cyber Security Management Implementation Meeting" in 2023 to report the cyber security implementation achievements, development plan, cyber security policy, and key implementation points.
- (3) Cyber Security Management Structure Diagram:



2. Cyber Security Policy:
The Company initiated the ISO 27001 Information Security Management System implementation plan on October 3, 2023. In response to this project, the cyber security policy will be revised, and the revised version is scheduled to be completed and issued in 2024.
3. Specific management plan:
In order to properly management and control the Company's information asset security such as data, system, equipment and network, etc., which are guarantee for optimal interest of the Company, shareholders, employees, customers and suppliers, therefore, in addition to continuously introducing and enhancing cyber security protection capacity, improving the employees' correct consciousness and alertness toward cyber security protection, and reducing information operation negligence related risks, the Company also asks all outsourcing service providers and visitors, etc. to act in compliance with relevant security management regulation of the Company, and for violators, the Company will resort to appropriate disposal procedures or legal action, besides, it should be understood by all employees of the Company that, all information obtained during their working period shall be the Company's assets, and without permission, they are forbidden from using such information for any other unauthorized purpose, and the Company has established the following specifications and management plan regarding cyber security objectives:
 - (1) Set Cyber Security Management Organization.
 - (2) Enhance training on employees' security management and cyber security consciousness.
 - (3) Improve management of computer system security and networking security.

- (4) Implement system and network access control.
 - (5) Security management of development and maintenance of application system.
 - (6) Classification and grading management of information asset security.
- (II) Any losses suffered by the Company due to major cyber security event, possible impact and corresponding measures to be taken in the most recent year and the current year as of the publication date of the Annual Report, if a reasonable estimate cannot be made, an explanation about the fact that why it cannot be estimated shall be provided:
- In the most recent year as of the publication date of the Annual Report, the Company did not see any cyber security event that has had adverse impact on the Company's business, operation or goodwill.

VII. Important Contracts: The Company has not currently signed any important contract in addition to general business transaction act.

Chapter 6 Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Years

(I) Condensed Consolidated Balance Sheet Prepared Based on IFRS

Unit: NT\$ thousand

Item	Year	Financial Information of the Most Recent Five Years				
		2019	2020	2021	2022	2023
Current assets		24,784,396	26,449,603	38,543,966	39,552,461	35,365,059
Property, Plant and Equipment		6,881,715	8,738,159	12,669,565	12,848,554	11,324,136
Intangible assets		0	0	0	0	0
Other assets		1,500,303	2,841,924	4,240,078	2,770,474	1,939,657
Total assets		33,166,414	38,029,686	55,453,609	55,171,489	48,628,852
Current liabilities	Before distribution	17,384,786	20,173,638	34,843,224	29,602,246	23,742,982
	After distribution	17,764,904	20,992,352	35,808,138	31,356,636	25,789,770
Non-current liabilities		3,039,216	4,360,694	4,757,337	5,939,587	5,047,501
Total liabilities	Before distribution	20,424,002	24,534,332	39,600,561	35,541,833	28,790,483
	After distribution	20,804,120	25,353,046	40,565,475	37,296,223	30,837,271
Equity Attributable to Owners of the Parent Company		12,731,889	13,490,482	15,859,569	19,616,320	19,818,118
Capital stock		2,923,984	2,923,984	2,923,984	2,923,984	2,923,984
Capital surplus		2,515,001	2,515,059	2,515,112	2,505,888	2,505,920
Retained earnings	Before distribution	8,307,958	9,664,575	12,039,986	14,329,534	14,797,884
	After distribution	7,927,840	8,845,861	11,075,072	12,575,144	12,751,096
Other equity		(1,015,054)	(1,613,136)	(1,619,513)	(143,086)	(409,670)
Treasury stock		0	0	0	0	0
Non-controlling interest		10,523	4,872	(6,521)	13,336	20,251
Total equity	Before distribution	12,742,412	13,495,354	15,853,048	19,629,656	19,838,369
	After distribution	12,362,294	12,676,640	14,888,134	17,875,266	17,791,581

Note 1: The above financial information has been audited or verified by CPAs, and there is no asset revaluation and appreciation.

Note 2: The distribution of earnings for 2023 has been approved by the Board of Directors.

(II) Condensed Consolidated Comprehensive Income Statement Prepared Based on IFRS

Unit: NT\$ thousand

Item \ Year	Financial Information of the Most Recent Five Years				
	2019	2020	2021	2022	2023
Operating income	37,906,373	41,405,758	65,720,492	68,454,595	46,496,015
Gross operating profit	4,729,725	5,009,349	8,103,597	8,830,956	5,276,416
Operating profit (loss)	2,590,921	2,500,065	4,701,652	5,812,098	2,489,252
Non-operating income and expenditures	134,724	387,812	222,585	(296,798)	596,409
Net profit before tax	2,725,645	2,887,877	4,924,237	5,515,300	3,085,661
Current net profit from continued operation	2,029,578	2,188,249	3,700,150	4,052,342	2,513,906
Loss from discontinued operation	0	0	0	0	0
Current net profit (loss)	2,029,578	2,188,249	3,700,150	4,052,342	2,513,906
Current other comprehensive income (loss) (net of tax)	(493,736)	(616,651)	(377,595)	1,478,618	(258,437)
Total comprehensive income (loss) for the current period	1,535,842	1,571,598	3,322,555	5,530,960	2,255,469
Net Income Attributable to Owners of the Parent	2,035,222	2,193,738	3,713,185	4,041,920	2,507,016
Net Income Attributable to Non-controlling Interests	(5,644)	(5,489)	(13,035)	10,422	6,890
Total comprehensive income (loss) attributable to the owners of parent company	1,545,021	1,577,249	3,333,948	5,520,365	2,248,554
Total comprehensive income (loss) attributable to non-controlling interests	(9,179)	(5,651)	(11,393)	10,595	6,915
Earnings Per Share	6.96	7.50	12.70	13.82	8.57

Note 1: The above financial information has been audited or verified by CPAs.

Note 2: There is no capitalization of interest in the years presented above.

Note 3: The loss from discontinued operation, extraordinary gain or loss, and the accumulative amount affected by the changes in accounting policy shall be presented by net amount after deducting income tax.

Note 4: Earnings per share shall be calculated based on the shares after adjustment.

(III) Condensed Balance Sheet Prepared Based on IFRS

Unit: NT\$ thousand

Item	Year	Financial Information of the Most Recent Five Years				
		2019	2020	2021	2022	2023
Current assets		2,973,816	4,412,312	18,228,784	18,553,406	13,116,909
Property, Plant and Equipment		1,312,872	1,644,218	1,613,043	1,612,964	1,640,336
Intangible assets		0	0	0	0	0
Other assets		15,121,704	16,049,962	18,686,020	24,032,328	26,885,677
Total assets		19,408,392	22,106,492	38,527,847	44,198,698	41,642,922
Current liabilities	Before distribution	4,509,778	5,754,788	19,742,139	20,687,293	18,796,504
	After distribution	4,889,896	6,573,502	20,707,053	22,441,683	20,843,292
Non-current liabilities		2,166,725	2,861,222	2,926,139	3,895,085	3,028,300
Total liabilities	Before distribution	6,676,503	8,616,010	22,668,278	24,582,378	21,824,804
	After distribution	7,056,621	9,434,724	23,633,192	26,336,768	23,871,592
Equity Attributable to Owners of the Parent Company		12,731,889	13,490,482	15,859,569	19,616,320	19,818,118
Capital stock		2,923,984	2,923,984	2,923,984	2,923,984	2,923,984
Capital surplus		2,515,001	2,515,059	2,515,112	2,505,888	2,505,920
Retained earnings	Before distribution	8,307,958	9,664,575	12,039,986	14,329,534	14,797,884
	After distribution	7,927,840	8,845,861	11,075,072	12,575,144	12,751,096
Other equity		(1,015,054)	(1,613,136)	(1,619,513)	(143,086)	(409,670)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	12,731,889	13,490,482	15,859,569	19,616,320	19,818,118
	After distribution	12,351,771	12,671,768	14,894,655	17,861,930	17,771,330

Note 1: The annual financial information above has been audited by CPA, and asset revaluation increment did not proceed.

Note 2: The distribution of earnings for 2023 has been approved by the Board of Directors.

(IV) Condensed Comprehensive Income Statements Prepared Based on IFRS

Unit: NT\$ thousand

Item \ Year	Financial Information of the Most Recent Five Years				
	2019	2020	2021	2022	2023
Operating income	6,536,043	6,770,049	24,055,932	29,810,471	15,268,490
Gross operating profit	1,105,059	771,361	1,630,216	1,979,195	1,348,737
Operating profit (loss)	681,165	241,178	970,529	1,233,576	695,298
Non-operating income and expenditures	1,490,990	2,072,467	3,070,913	3,380,943	2,075,219
Net profit before tax	2,172,155	2,313,645	4,041,442	4,614,519	2,770,517
Current net profit from continued operation	2,035,222	2,193,738	3,713,185	4,041,920	2,507,016
Loss from discontinued operation	0	0	0	0	0
Current net profit (loss)	2,035,222	2,193,738	3,713,185	4,041,920	2,507,016
Current other comprehensive income (loss) (net of tax)	(490,201)	(616,489)	(379,237)	1,478,445	(258,462)
Total comprehensive income (loss) for the current period	1,545,021	1,577,249	3,333,948	5,520,365	2,248,554
Net Income Attributable to Owners of the Parent	2,035,222	2,193,738	3,713,185	4,041,920	2,507,016
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Total comprehensive income (loss) attributable to the owners of parent company	1,545,021	1,577,249	3,333,948	5,520,365	2,248,554
Total comprehensive income (loss) attributable to non-controlling interests	0	0	0	0	0
Earnings Per Share	6.96	7.50	12.70	13.82	8.57

Note 1: The above financial information has been audited by CPAs.

Note 2: There is no capitalization of interest in the years presented above.

Note 3: The loss from discontinued operation, extraordinary gain or loss, and the accumulative amount affected by the changes in accounting policy shall be presented by net amount after deducting income tax.

Note 4: Earnings per share shall be calculated based on the shares after adjustment.

(V) Names and Opinions of the CPAs Audited Financial Statements for the Most Recent Five Years:

Year	Name of accounting firm	Name of CPA	Audit Opinion
2019	PricewaterhouseCoopers Taiwan	Chiu, Chao-Hsien, Lee, Hsiu-Ling	No qualified opinion
2020	PricewaterhouseCoopers Taiwan	Chiu, Chao-Hsien, Lee, Hsiu-Ling	No qualified opinion
2021	PricewaterhouseCoopers Taiwan	Chiu, Chao-Hsien, Lee, Hsiu-Ling	No qualified opinion
2022	PricewaterhouseCoopers Taiwan	Lin, Kuan-Hung, Chiu, Chao-Hsien	No qualified opinion
2023	PricewaterhouseCoopers Taiwan	Lin, Kuan-Hung, Chiu, Chao-Hsien	No qualified opinion

II. Financial Analysis for the Last Five Years
(I) IFRS - Consolidated Financial Analysis

Item of Analysis		Year	Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023	
Financial structure (%)	Liability-to-asset ratio	61.58	64.51	71.41	64.42	59.20	
	Long-term capital-to-property, plant and equipment ratio	229.33	204.35	162.68	199.00	219.76	
Solvency (%)	Current ratio	142.56	131.11	110.62	133.61	148.95	
	Quick ratio	122.27	112.57	92.02	117.27	135.93	
	Interest coverage ratio	35.41	55.46	50.64	30.38	16.86	
Operating ability	Accounts receivable turnover (times)	3.00	3.20	3.70	3.33	2.76	
	Average collection days	121.66	114.06	98.64	109.60	132.24	
	Inventory turnover (times)	10.70	10.93	12.01	10.65	9.96	
	Accounts payable turnover (times)	2.85	2.84	3.36	3.00	2.56	
	Average days in sales	34.11	33.39	30.39	34.27	36.64	
	Property, plant and equipment turnover (times)	5.65	5.30	6.14	5.37	3.85	
	Total assets turnover (times)	1.21	1.16	1.41	1.24	0.90	
Profitability	Return on assets (%)	6.66	6.27	8.09	7.60	5.14	
	Return on equity (%)	16.67	16.68	25.22	22.84	12.74	
	Pre-tax net profit-to-paid-in capital ratio (%) (Note 7)	93.22	98.77	168.41	188.62	105.53	
	Net profit ratio (%)	5.35	5.28	5.63	5.92	5.41	
	Earnings per share (NT\$)	6.96	7.50	12.70	13.82	8.57	
Cash flow	Cash flow ratio (%)	27.95	17.00	11.30	35.52	26.73	
	Cash flow adequacy ratio (%)	132.28	115.94	87.21	117.60	142.88	
	Cash reinvestment ratio (%)	24.12	12.62	12.75	28.64	13.05	
Leverage	Operating leverage	1.34	1.40	1.40	1.57	2.35	
	Financial leverage	1.03	1.02	1.02	1.03	1.08	

Analysis of financial ratio differences for the last two years:

- Interest coverage ratio (%): Change in the ratio is -44.50%, which is caused by the decrease in net income before income tax and interest expenses.
- Average collection days (%): Change in the ratio is 20.66%, which is mainly caused by the decrease in operating income and average accounts receivable.
- Property, plant and equipment turnover (%): Change in the ratio is -28.31%, which is mainly caused by the decrease in operating income.
- Total assets turnover (%): Change in the ratio is -27.42%, which is mainly caused by the decrease in operating income.
- Return on assets (%): Change in the ratio is -32.37%, which is mainly caused by the decrease in net income after tax and average total assets.
- Return on equity (%): Change in the ratio is -44.22%, which is mainly caused by the decrease in net profit after tax.
- Pre-tax net profit-to-paid-in capital ratio (%): Change in the ratio is -44.05%, which is mainly caused by the decrease in net income before tax.
- Earnings per share (NT\$): Change in the ratio is -37.99%, which is mainly caused by the decrease in current net profit.
- Cash flow ratio (%): Change in the ratio is -24.75%, which is mainly caused by the decrease in the net cash inflow from operating activities.
- Cash flow adequacy ratio (%): Change in the ratio is 21.50%, which is mainly caused by the increase in the net cash inflow from operating activities.
- Cash reinvestment ratio (%): Change in the ratio is -54.43%, which is mainly caused by the decrease in the net cash inflow from operating activities.
- Operating leverage: Change in the ratio is 49.68%, which is mainly caused by the decrease in operating income and operating profit.

Note 1: The above financial information has been audited or verified by CPAs.

Note 2: Earnings per share shall be calculated based on the shares after adjustment.

Note 3: Please refer to the following sheet (II) for the calculation formula for financial analysis.

(II) IFRS - Individual Financial Analysis

Item of Analysis		Year	Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023	
Financial structure (%)	Liability-to-asset ratio	34.40	38.98	58.84	55.62	52.41	
	Long-term capital-to-property, plant and equipment ratio	1,134.81	994.50	1,164.61	1,457.65	1,392.79	
Solvency (%)	Current ratio	65.94	76.67	92.33	89.69	69.78	
	Quick ratio	51.57	65.44	86.95	83.22	65.23	
	Interest coverage ratio	64.98	67.44	105.78	72.11	25.81	
Operating ability	Accounts receivable turnover (times)	6.11	6.91	5.86	4.51	3.47	
	Average collection days	59.74	52.82	62.29	80.93	105.19	
	Inventory turnover (times)	9.39	9.30	26.27	21.70	10.87	
	Accounts payable turnover (times)	3.45	3.39	2.85	2.11	1.28	
	Average days in sales	38.87	39.25	13.89	16.82	33.58	
	Property, plant and equipment turnover (times)	5.53	4.58	14.77	18.48	9.39	
	Total assets turnover (times)	0.35	0.33	0.79	0.72	0.36	
Profitability	Return on assets (%)	10.89	10.70	12.35	9.90	6.05	
	Return on equity (%)	16.74	16.73	25.30	22.79	12.71	
	Pre-tax net profit-to-paid-in capital ratio (%) (Note 7)	74.29	79.13	138.22	157.82	94.75	
	Net profit ratio (%)	31.14	32.40	15.44	13.56	16.42	
	Earnings per share (NT\$)	6.96	7.50	12.70	13.82	8.57	
Cash flow	Cash flow ratio (%)	51.04	17.99	7.09	28.56	19.92	
	Cash flow adequacy ratio (%)	116.37	101.73	99.14	141.46	136.15	
	Cash reinvestment ratio (%)	11.65	1.22	2.11	15.95	5.83	
Leverage	Operating leverage	1.18	1.65	1.20	1.16	1.35	
	Financial leverage	1.05	1.17	1.04	1.06	1.19	
Analysis of financial ratio differences for the last two years:							
1. Current ratio (%): Change in the ratio is -22.20%, which is mainly caused by the decrease in total assets.							
2. Quick ratio (%): Change in the ratio is -21.62%, which is mainly caused by the decrease in current assets.							
3. Interest coverage ratio (%): Change in the ratio is -64.21%, which is caused by the decrease in net income before income tax and interest expenses.							
4. Accounts receivable turnover (%): Change in the ratio is -23.06%, which is mainly caused by the decrease in operating income and average accounts receivable.							
5. Average collection days (%): Change in the ratio is 29.98%, which is mainly caused by the decrease in operating income and average accounts receivable.							
6. Inventory turnover (%): Change in the ratio is -49.91%, which is mainly caused by the decrease in operating costs.							
7. Accounts payable turnover (%): Change in the ratio is -39.34%, which is mainly caused by the decrease in operating cost and average inventory.							
8. Average days in sales (%): Change in the ratio is 99.64%, which is mainly caused by the decrease in operating costs.							
9. Property, plant and equipment turnover (%): Change in the ratio is -49.19%, which is mainly caused by the decrease in operating income.							
10. Total assets turnover (%): Change in the ratio is -50.00%, which is mainly caused by the decrease in operating income.							
11. Return on assets (%): Change in the ratio is -38.89%, which is mainly caused by the decrease in net income after tax and average total assets.							
12. Return on equity (%): Change in the ratio is -44.23%, which is mainly caused by the decrease in net profit after tax.							
13. Pre-tax net profit-to-paid-in capital ratio (%): Change in the ratio is -39.96%, which is mainly caused by the decrease in net income before tax.							
14. Net profit ratio (%): Change in the ratio is 21.09%, which is mainly caused by the decrease in net profit after tax and operating income.							

- | | |
|-----|---|
| 15. | Earnings per share (NT\$): Change in the ratio is -37.99%, which is mainly caused by the decrease in current net profit. |
| 16. | Cash flow ratio (%): Change in the ratio is -30.25%, which is mainly caused by the decrease in the net cash inflow from operating activities. |
| 17. | Cash reinvestment ratio (%): Change in the ratio is -63.45%, which is mainly caused by the increase in long-term investments. |

Note 1: The above financial information has been audited or verified by CPAs.

Note 2: Earnings per share shall be calculated based on the shares after adjustment.

Note 3: The calculation formula for financial analysis is presented as follows:

1. Financial structure
 - (1) Liability-to-asset ratio = Total liabilities / Total assets.
 - (2) Long-term capital-to-property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepayments) / Current liabilities.
 - (3) Interest coverage ratio = Net profit before income tax and interest cost / Current interest costs.
3. Operating ability
 - (1) Accounts receivable (including receivables, and the notes receivable from operating) turnover = Net sales / balance of average accounts receivable (including receivables, and the notes receivable from operating).
 - (2) Average collection days = 365 / Accounts receivable turnover.
 - (3) Inventory turnover = Sales costs / Average inventory value.
 - (4) Accounts payable (including payables, and the notes payable from operating) turnover = Sales costs / balance of average accounts payable (including payables, and the notes payable from operating).
 - (5) Average days in sales = 365 / Inventory turnover.
 - (6) Property, plant and equipment turnover = Net Sales / Average net property, plant and equipment.
 - (7) Total assets turnover = Net Sales / Average total assets.
4. Profitability
 - (1) Return on assets (ROA) = [Profit or loss after tax + Interest cost * (1 - tax rate)] / Average total assets.
 - (2) Return on equity = Profit or loss after tax / Average total equity value.
 - (3) Net profit rate = Profit or loss after tax / Net sales.
 - (4) Earnings per share (EPS) = (Profit (loss) attributable to the owners of the parent - Dividends for preferred shares) / Weighted average of issued shares. (Note 4)
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities of the most recent five years / (Capital expenditure + Increase in inventory + Cash dividends) of the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investments + Other non-current assets + operating capital). (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net Operating income - Variable operating costs and expenses) / Operating profit (Note 6).
 - (2) Financial leverage = Operating profit / (Operating profit - Interest costs)

Note 4: Special attention shall be paid to the following matters when using the above formula for calculating earnings per share:

1. The calculation shall be based on the weighted average shares of ordinary shares, instead of the number of shares outstanding as of the end of the year.
2. When calculating the weighted average shares after cash increase in capital or treasury stock trade, their effective term shall be taken into consideration.
3. Where surplus reserves or capital surplus are transferred to ordinary shares, retrospective adjustment shall be made, in proportion to the quantity of shares issued, in calculating the semiannual or annual EPS of the year. The period for issuance of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred shares, dividend for the year (whether it is being distributed or not) shall be subtracted from net profit after income tax or added to net loss after income tax. If the preferred shares are not cumulative, dividends thereon

shall be subtracted from the net profit after income tax if net profit after tax is earned, or no adjustment is required if loss arises.

- Note 5: Special attention should be paid to the following matters when measuring cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the Statement of Cash Flows.
 2. Capital expenditure refers to the cash outflow from annual capital investment.
 3. The increase in inventory is included only if ending balance is larger than opening balance. If the inventory decreases at the end of the year, it shall be calculated as zero.
 4. Cash dividends include the cash dividends of ordinary shares and preferred shares.
 5. Gross value of property, plant and equipment are measured at the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.
- Note 6: Issuers shall differentiate operating costs and operating expenses by their nature into fixed and variable categories. If estimation or subjective judgment is involved, special attention shall be paid to their reasonableness, and consistency shall be maintained.
- Note 7: If the Company's shares have no par value, or their par value is not NT\$10, any calculation involving the ratio of paid-in capital shall be replaced by the calculation using the ratio of the equity attributable to the owners of parent company, as shown in the Balance Sheet.

III. Audit Committee's Report on the Financial Report of the Most Recent Year:

Audit Committee Review Report

The Board of Directors has submitted the 2023 Business Report, Financial Statements and Profit Distribution Proposal of the Company. The CPAs from PricewaterhouseCoopers Taiwan have audited and certified the Financial Statements and issued an Audit Report. After having audited the above-mentioned Business Report, Financial Statements and Profit Distribution Proposal, the Audit Committee does not consider that there is any discrepancy. Therefore, an Audit Committee's Report is made as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2024 annual shareholders' meeting of the Company

Taiwan Surface Mounting Technology Corp.

Convener of the Audit Committee:

Chen, Meng-Ping

March 12, 2024

IV. Consolidated Financial Statements and Independent Auditors' Report of the Most Recent Year: Please refer to Appendix I.

V. Parent Company Only Financial Statements and Independent Auditors' Report of the Most Recent Year: Please refer to Appendix II.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent year and in the current year as of the publication date of the annual report, the impact of the said difficulties on the Company's financial status: None.

Chapter 7 Review, Analysis and Risk Assessment on Financial Status and Financial Performance

I. Financial Status:

Unit: NT\$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	39,552,461	35,365,059	(4,187,402)	(10.59)
Property, Plant and Equipment	12,848,554	11,324,136	(1,524,418)	(11.86)
Other non-current assets	2,770,474	1,939,657	(830,817)	(29.99)
Total assets	55,171,489	48,628,852	(6,542,637)	(11.86)
Current liabilities	29,602,246	23,742,982	(5,859,264)	(19.79)
Non-current liabilities	5,939,587	5,047,501	(892,086)	(15.02)
Total liabilities	35,541,833	28,790,483	(6,751,350)	(19.00)
Capital stock	2,923,984	2,923,984	0	0.00
Capital surplus	2,505,888	2,505,920	32	0.00
Retained earnings	14,329,534	14,797,884	468,350	3.27
Other equity	(143,086)	(409,670)	(266,584)	186.31
Equity attributable to owners of the parent company	19,616,320	19,818,118	201,798	1.03
Non-controlling interest	13,336	20,251	6,915	51.85
Total shareholders' equity	19,629,656	19,838,369	208,713	1.06
Description about major changes:				
1. The decrease in non-current assets was mainly caused by the decrease in deferred expenses.				
2. The decrease in current liabilities was mainly caused by the decrease in accounts payable.				
3. The increase in other equity was mainly caused by the change in the translation of financial statements of foreign operating institutions.				
4. The decrease in non-controlling interests was mainly caused by the decrease in non-controlling interests.				

II. Financial Performance:

Unit: NT\$ thousand

Item \ Year	2022	2023	Amount of increase (decrease)	Percentage of change (%)
Operating costs	59,623,639	41,219,599	(18,404,040)	(30.87)
Gross operating profit	8,830,956	5,276,416	(3,554,540)	(40.25)
Operating expenses	3,018,858	2,787,164	(231,694)	(7.67)
Operating profit	5,812,098	2,489,252	(3,322,846)	(57.17)
Non-operating income and expenditures	(296,798)	596,409	893,207	(300.95)
Net profit before tax	5,515,300	3,085,661	(2,429,639)	(44.05)
Income tax expense	1,462,958	571,755	(891,203)	(60.92)
Current net profit from continued operation	4,052,342	2,513,906	(1,538,436)	(37.96)
Description about major changes:				
1. Change in gross operating profit is -40.25%, which is mainly caused by the decrease in operating income and the adjustment to product portfolio sold.				
2. The change in operating expenses is -7.67%, which was mainly caused by the decrease in administrative expenses.				
3. The change in non-operating income and expenses is -300.95%, which was mainly caused by the decrease in foreign currency exchange losses.				

III. Cash flow:

(I) Analysis on the Changes in the Consolidated Statement of Cash Flows of the Most Recent Year

Unit: NT\$ thousand

Cash, Beginning of Year	Net Cash Flow from Operating Activities in the Whole Year	Cash Inflow/Outflow for the Year	Cash Surplus	Leverage for Cash Deficit	
				Investment Plans	Financing Plans
11,440,893	6,346,464	(11,007,436)	6,779,921	-	-
1. Analysis on the changes in current cash flows: <ol style="list-style-type: none"> (1) Operating activities: Decrease in the cash inflow is mainly caused by the decrease in the operating income and net profit before tax in 2023. (2) Investing activities: NT\$7,466,003 thousand of cash outflow was mainly caused by the acquisition of financial assets measured at amortized cost and the increase in financial assets and liabilities measured at fair value through profit or loss. (3) Financing activities: Net cash outflow NT\$3,526,227 thousand was mainly caused by a decrease in short-term borrowings. 					
2. Remedy for cash deficit and liquidity analysis: None.					

(II) Cash Flow Analysis for the Coming Year: N/A.

IV. Impact of Major Capital Expenditures in the Most Recent Year on Finance and Business

(I) Major Capital Expenditure Items and Source of Capital: None

(II) Expected Benefits: None

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:

The aim of the Company in its investment policy is to consider the Company's business development strategy and operating needs, and seek long-term strategic partners. In terms of the investment plans for the coming year, the Company also will focus on long-term strategic investment, and continue to evaluate investment plans carefully.

VI. Risk Analysis and Assessment:

(I) Effects of Changes in Interest Rate, Exchange Rate and Inflation on the Company's Profit and Loss, and Future Countermeasures:

1. Change in interest rate and interest expenditures of the most recent two years:

Unit: NT\$ thousand; %

Item	Year	2022	2023
Interest income		94,843	221,514
Interest expenses		187,691	194,607
Net operating income		68,454,595	46,496,015
(Interest expenses - interest income) ÷ net operating income		0.1356%	-0.0579%

Change in Interest Rate - Policies and Response Measures:

In response to the normalization of COVID-19 as a flu-like illness, countries are gradually lifting restrictions and reopening. A series of ultra-easy monetary policies around the world are being tightened, and many countries are beginning to anticipate interest rate cuts. Due to the unheralded war conflict between Russia and Ukraine in February 2022, supply of important raw materials is blocked, and the shortage and supply chain bottleneck problems of global chips are worsened. However, lack in important raw materials in the international, rapid rise of large commodity price, production and consumption and other economic activities impacting many economic entities all over the globe, have further promoted global inflation.

Since March 16, 2022, the U.S. Federal Reserve has initiated a series of interest rate hikes, raising rates a total of 9 times by 19 basis points, bringing the rate to a range of 4.75% to 5.00%. This has had a significant impact on financial and economic markets. However, after using interest rate hikes to combat inflation, inflation has been moderately controlled. The market expects that the loose monetary policies in the U.S. and Europe will gradually phase out. The U.S. Federal Reserve has also repeatedly signaled the continuation of its tightening monetary policy.

Interest rate risk of the Company mainly comes from financial liabilities undertaken by floating interest rate. Change in interest rate has influence on the Company's cash and equivalent cash & interest income generated from wealth management and structured products and interest expenses ought to be paid for financial liabilities. In response to future interest rate

cuts due to tightening monetary policies, the Company will continue to take the following measures:

- (1) Improving the Company's financial structure and credit, and cooperating with financial institutions closely, to obtain preferential conditions for loan.
 - (2) Making effective use of financing hedging instruments or fixed or floating financing interest rate. Adapt flexibly to respond to and mitigate the risk of interest rate changes.
2. Exchange profit or loss in the most recent two years:

Unit: NT\$ thousand; %

Item	Year	2022	2023
Net exchange profit (loss)		(623,556)	(95,585)
Net operating income		68,454,595	46,496,015
Net exchange profit (loss) ÷ Net operating income		(0.91%)	(0.21%)

Change in Exchange Rate - Policies and Response Measures:

The COVID-19 pandemic has spread for over three years, and China, as the world's factory, has had a significant impact on global economic growth. In 2023, as the pandemic neared its end, China lifted its zero-COVID policy in March 2023. However, the post-reopening economic environment and consumer market have already had a tangible impact on China's economic growth rate and people's livelihoods, leading to a weakening of the RMB due to the economic downturn in China.

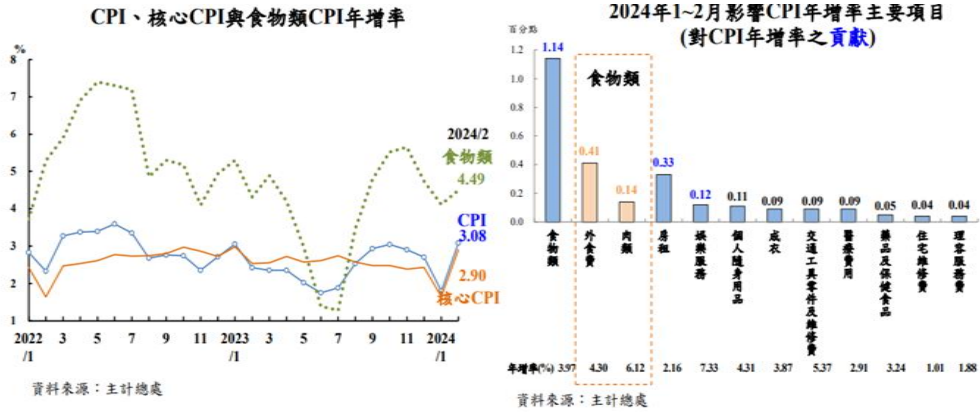
Taiwan, due to its successful management of the pandemic and control measures, has benefited to a certain extent in its economy. This is largely attributed to its control over important industries, allowing it to gain a degree of pandemic dividend. However, with global consumer demand weakened and economic growth slowing down, Taiwan's economic indicator remained in the "blue" for nine consecutive quarters in 2023. Amidst the fluctuating control of inflation, the exchange rate has exhibited significant and unstable volatility, leading to a depreciation trend in the Taiwanese currency.

Considering these factors, with the US dollar remaining firmly entrenched as the dominant global currency and its importance in the global payment system difficult to challenge, our company's net exchange loss for 2023 decreased from NT\$623,556 thousand in 2022 to NT\$95,585 thousand. In response to change in exchange rate, the Company will continue to take the following measures:

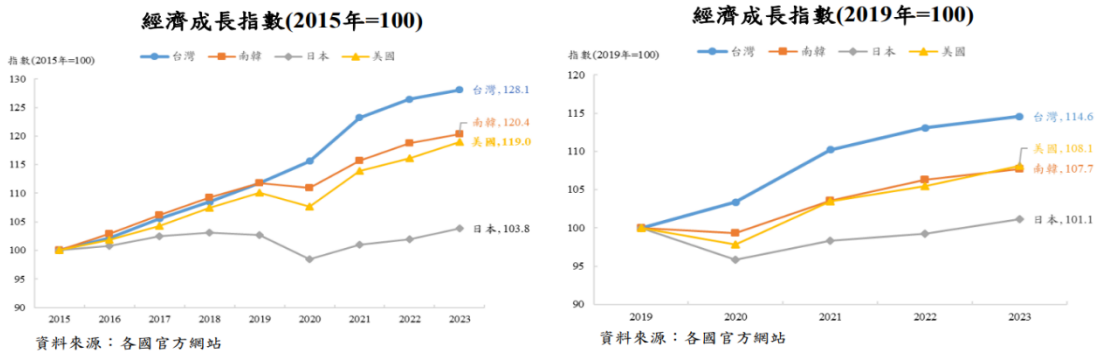
- (1) Staying vigilant to the changes in market conditions and closely monitor fluctuations in exchange rates.
 - (2) Fully understanding and analyzing the trend of exchange rate, and determining the time for disposing the hedging instruments of the foreign currencies, or keeping the foreign currencies, by referring the professional information provided by financial institutions, to reduce exchange rate risk.
3. Impact of inflation on the Company's profit or loss in the most recent two years, and future countermeasures:

According to the joint meeting of the Board of Directors and Supervisors of the Central Bank of our country on March 21, 2024, it was stated that in order to curb domestic inflation expectations, it was decided to raise the policy interest rate by half a percentage point, bringing the interest rate to 2%.

According to the Central Bank, Taiwan's inflation rate continues to show a gradual downward trend, with both the Consumer Price Index (CPI) and core CPI expected to have lower year-on-year growth rates in 2024 compared to 2023. In early 2024, due to the different timing of the Lunar New Year, there were significant fluctuations in the inflation rate for January and February. The average year-on-year growth rates for CPI and core CPI for January to February were 2.43% and 2.27%, respectively. The rise in prices of food items such as dining out, as well as increases in rent and entertainment service prices, collectively contributed to a 1.59 percentage point increase in the CPI year-on-year growth rate, accounting for approximately 65% of the overall increase.



Comparing economic growth performances among various countries from 2015 to the previous year, Taiwan has outperformed South Korea, the United States, and Japan. Observing the economic growth index, Taiwan's cumulative economic growth since 2015 and 2019 has been 28.1% and 14.6% respectively. This performance is significantly better than other countries, indicating a steady performance.



Although domestic inflation rates remain relatively high, compared to major economies, Taiwan's inflation remains relatively moderate. It is expected that Taiwan's inflation rate will gradually decline on a quarterly basis in 2024, and the full-year rate will be lower than that of 2023. However, due to higher price increases since 2021 and the proposed electricity price hike in April 2024, there may be higher inflation expectations. Considering the proposed electricity price hike in April, the Central Bank has revised upward its forecast for the annual CPI and core CPI for this year to 2.16% and 2.03%, respectively. These figures are lower than the 2023 rates of 2.49% and 2.58%, respectively.

In summary, the domestic economic growth in 2024 is expected to pick up. The Central Bank has slightly revised upward its forecast for the 2024 economic growth rate to 3.22%, surpassing the 2023 rate of 1.31%. Economic growth contribution remains stable while striving for growth.

The Company will keep a close and good interaction with suppliers and customers, and pay attention to any fluctuation of the market price of raw materials at any time, so as to make corresponding adjustment in case of any dramatic changes in the purchase and sales prices of products caused by the changes in the price of raw materials, in order to reduce any impacts caused by inflation and changes.

(II) Policies on high-risk or highly leveraged investments, loans to others, endorsements and guarantees, as well as derivatives trading, the main reasons for profits or losses, and future countermeasures:

1. The Company was not engaged in any high-risk or high-leverage investments in the most recent year.
2. The Company is engaged in loans to others, endorsements and guarantees, as well as derivatives trading fully in accordance with its "Operational Procedures for Loaning of Company Funds," "Operational Procedures for Endorsements and Guarantees," and "Operational Procedures for Acquisition and Disposal of Assets."
3. Engagement in derivative goods: Due to frequent international conflicts in recent years, the financial market is subject to intensified impact and fluctuation, and the fundamental and rational factors for various market price fluctuations are weakening, therefore, when

operating such products as derivative goods with leverage effect, the Company mainly considers the actual hedging requirement based on the foreign currency positions generated from the Company's operations, and will perform in a more conservative and cautious way for purpose of evading market risk and reducing the Company's operation risk.

In 2023, the Company's strategy of derivative goods was operated by means of zero cost, therefore, the total realized benefits from derivative financial instruments amounted to NT\$4,825 thousand, while the total unrealized valuation losses amounted to NT\$5,842 thousand, and the Company has an appropriate risk-avoidance policy. The Company will regularly evaluate and adjust risk-avoidance policy at any time, depending on its operating status as well as the condition and trend of market fluctuation, to avoid risks which might arise from exposed portions.

(III) Future R&D Plan and Corresponding Budget:

In the coming year, the Company will continue to devote itself to the improvement of its manufacturing processes, and the R&D of test equipment and automated process, etc., and the estimated R&D expenditures to be invested through the year will be over NT\$400 million in total.

(IV) Impact of Changes in Major Overseas Policies and Laws on the Company's Finance and Business, and Countermeasures: None.

(V) Effects of and Response to Changes in Technology (including Cyber Security Risk) and the Industry Relating to Corporate Finance and Sales:

The Company is a professional foundry, which keeps itself updated on the developments electronic technology market. In line with the trend of market specialization, we try our best to strive for the opportunities related to manufacturing and processing businesses for high-end electronic products by cooperating with customers as a strategic alliance, besides, the Company pays close attention to science and technology change in relevant industry and situation and development of cyber security related risks, grasps the market beat and evaluates the positive and negative impacts on operation of the Company. In the most recent year as of the publication date of the annual report, the changes in science and technology and industry had no negative impact on operation of the Company.

(VI) Impact of Changes in Corporate Image on Corporate Risk Management, and the Countermeasures: None.

(VII) Expected Benefits from Merger and Acquisition, Possible Risks, and Countermeasures: None

(VIII) Expected Benefits from Factory Expansion, Possible Risks, and Countermeasures: None

(IX) Risks Related to and Countermeasures for Excessively Centralized Purchase or Customer:

1. Risks related to centralized purchase or sale:

The Company's PCB substrate manufacturing and processing business for TFT-LCD may fluctuate depending on the supply, demands and price in the downstream TFT-LCD panel market. In case of price decrease caused by oversupply or demand reduction in market, the Company's business performance will be affected indirectly. As compared the Company's sales conditions in the most recent three years, there is no such a condition that the income of TFT-LCD from a single customer reaches 20% of its total revenue, due to the continued increase in the dispersed customers in China.

2. Countermeasures:

Continuing to develop new customers to disperse the concentrated sales risk.

(X) Impact Brought by Transfer of Large Amount of Equity by, or Replacement of, Directors, Supervisors, or Major Shareholders Holding over 10% of the Company's Shares, Related Risks, and Countermeasures: None.

(XI) Impact of the Changes in Management on the Company, Related Risks, and Countermeasures: None.

(XII) For any Litigation or Non-litigation Events, Any Settled or Pending Significant Litigation, Non-litigation or Administrative Dispute Involving the Company and its Directors, Supervisors, President, Actual Persons in Charge, Major Shareholders Holding More than 10% Shares, and Affiliates shall be Disclosed and, If Any Result thereof May Have Material Impact on Shareholders' Equity or Securities Price, the Disputable Fact, Object Amount, Commencement Date of Litigation, Major Involved Parties, and the Dealing Conditions as of the Publication Date of the Annual Report shall be disclosed: None.

(XIII) Other Major Risks and Countermeasures: None.

VII. Other Important Issues: None.

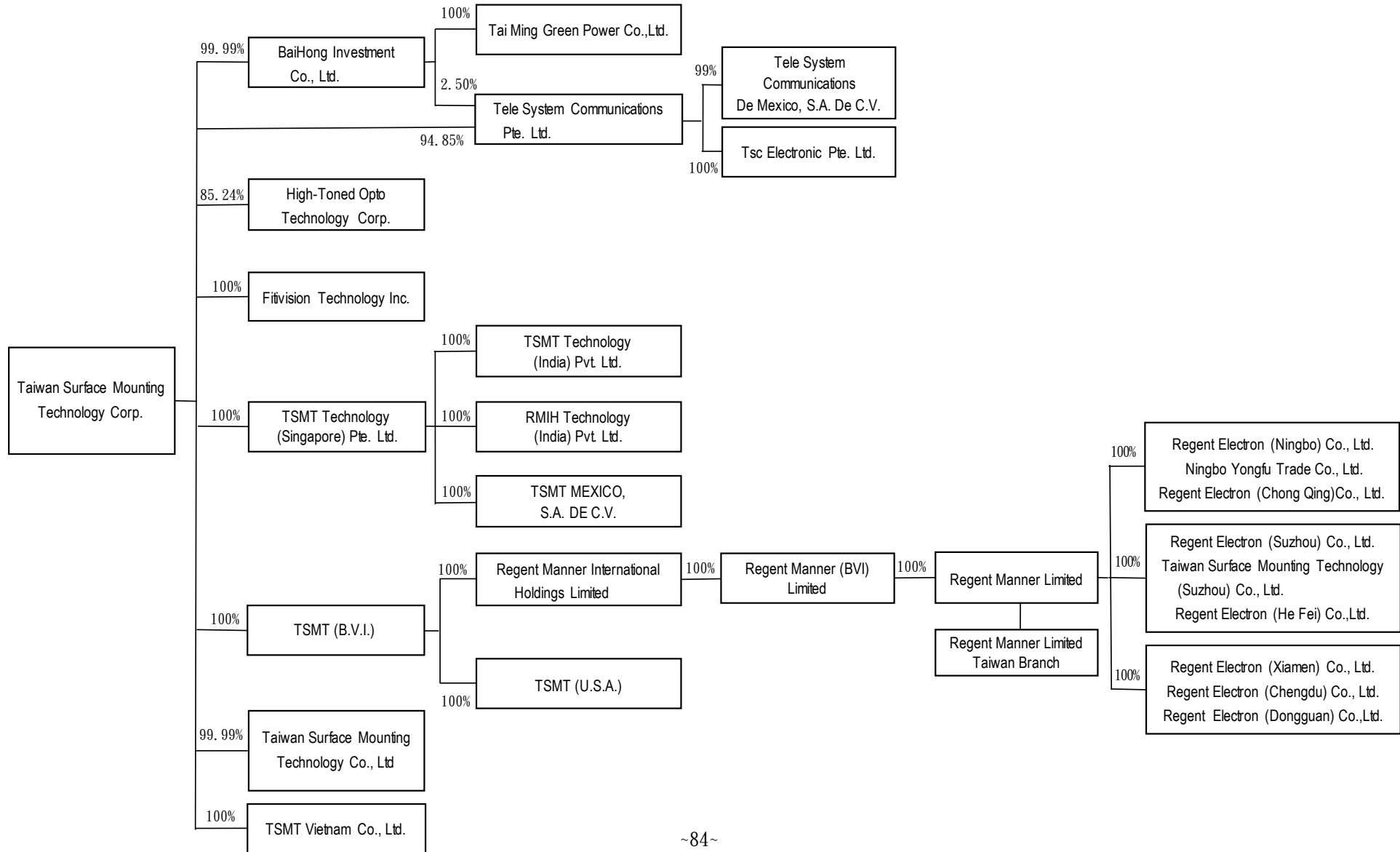
Chapter 8 Special Disclosures

I. Related Information about Affiliates:

(I) Business Reports of Affiliated Companies

December 31, 2023

1. Organizational Chart of Affiliated Companies:



2. Information on Affiliated Companies:

Unit: NT\$ thousand; December 31, 2023

Company Name	Date of Incorporation	Address	Paid-in Capital	Main Activity	
Taiwan Surface Mounting Technology Co., Ltd.	1997.03.24	Unit 31, 11/F, Thriving Industrial Centre, 26-38 Sha Tsui Road, Tsuen Wan N.T.	HKD 10	Contract services	
TSMT(U.S.A.)	2002.04.15	505 ALMANOR STREET PETALUMA, CA 94954	USD 100	Manufacturing and process of computer motherboards and peripherals interface cards	
TSMT(B.V.I.)	1998.07.08	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 104,000	Holdings Limited	
Regent Manner International Holdings Limited	2006.08.09	Unit 31, 11/F, Thriving Industrial Centre, 26-38 Sha Tsui Road, Tsuen Wan N.T.	HKD 10,749		
Regent Manner (BVI) Limited	2006.08.10	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 34,631		
Regent Manner Limited	1997.04.11 (The Company made the investment on September 28, 1998)	Unit 31, 11/F, Thriving Industrial Centre, 26-38 Sha Tsui Road, Tsuen Wan N.T.	HKD 573,996	Manufacturing and process of computer motherboards and peripherals interface cards	
Regent Electron (Suzhou) Co., Ltd.	1999.08.09	No. 199, East Jiangxing Road, Wujiang Economic and Technological Development Zone, Jiangsu Province, P.R.C.	USD 92,500		
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd	2002.06.24	No. 888, East Ganquan Road, Wujiang Economic and Technological Development Zone, Jiangsu Province, P.R.C.	USD 35,000		
Regent Electron (Ningbo)	2006.01.25	No. 71, Yan Shan He North Road, Beilun District, Ningbo, Zhe Jiang, China.	USD 17,000		
Regent Electron (Xiamen) Co., Ltd.	2006.04.10	No. 3689, North Xiang'an Road, Xiang'an Branch, Touch Hi-tech Industrial Development Zone, Xiamen City, Fujian Province	USD 20,000		
Regent Electron (Chengdu) Co., Ltd.	2008.01.28	Guixi Industrial Park, Chengdu High-tech Zone, Sichuan Province, P.R.C.	USD 12,000		
Regent Electron (Dongguan) Co., Ltd.	2009.09.15	No. 753, Liaobu Section, Shida Road, Liaobu Town, Dongguan City, Guangdong Province, P.R.C.	USD 20,000		
Ningbo Yongfu Trade Co., Ltd.	2009.09.18	Room 7-198A, Xinnong Tower, Ningbo Free Trade Zone	USD 2,800		
Regent Electron (Hefei) Co., Ltd.	2010.01.08	No. 1551, PengLai Road, Economic Development Zone, HeFei City, Anhui Province, P.R.C.	USD 24,000		
Regent Electron (Chongqing) Co., Ltd.	2010.07.13	No. 1, Songshan Road, Yubei Zone, Chongqing, P.R.C.	USD 22,000		
High-Toned Opto Technology Corp.	2007.12.19	3F., No.437, Taoying Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	NTD 310,000		LED packaging and products manufacturing
TSMT TECHNOLOGY (SINGAPORE) PTE. LTD.	2016.03.15	207A THOMSON ROAD GOLDHILL SHOPPING CENTRE SINGAPORE 307640	USD 90,000		Holdings Limited
TSMT TECHNOLOGY (INDIA) PRIVATE LIMITED	2016.09.21	Plot No.6, 8th Avenue, 1st Cross Road Mahindra World City, Chengalpattu Taluk Kancheepuram Kancheepuram TN 603004 IN	INR 8,508		Manufacturing and process of computer motherboards and peripherals interface cards
RMIH TECHNOLOGY (INDIA) PRIVATE LIMITED	2022.04.27	Plot No.6, 8th Avenue, 1st Cross Road Mahindra World City, Chengalpattu Taluk Kancheepuram Kancheepuram TN 603004 IN	INR 7,345	Manufacturing and process of computer motherboards and peripherals interface cards	
TSMT MEXICO, S.A. DE C.V.	2022.08.12	AVENIDA MIGUEL ALEMAN NUMERO 200 OFICINA 110, COLONIA LA FE, SAN NICOLAS DE LOS GARZA, NUEVO LEON, C.P. 66477	MXP 400,000	Manufacturing and process of computer motherboards and peripherals interface cards	

Company Name	Date of Incorporation	Address	Paid-in Capital	Main Activity
TSMT VIETNAM CO., LTD.	2023.02.13	Lot CN01, Thai Ha Industrial Zone, Ly Nhan District, Ha Nam Province, Vietnam	USD 15,000	Manufacturing and process of computer motherboards and peripherals interface cards
BaiHong Investment Co., Ltd.	2010.05.25	No. 7, Xinghua Road, Dashuli, Taoyuan District, Taoyuan City	NTD 110,000	Investment Company
Tai Ming Green Power Co., Ltd.	2010.06.07	1F., No. 290, Sec. 1, Shengli 7th St., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	NTD 50,000	Trading of products for application of LEDs
Fitivision Technology Inc.	2006.11.13 (The Company made the investment on November 25, 2015)	2F., No. 22, Section 6-13, Minquan East Road, Neihu District, Taipei	NTD 50,000	Manufacturing and selling of digital security monitor and wireless communication equipment
Tele System Communications Pte. Ltd.	2013.11.22 (Listed as affiliate from November 2017)	No. 437, Taoying Rd., Dashuli, Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	NTD 100,000	Manufacturing of built-in receiving modules for digital TVs and high-speed mobile DVB-T receiving box for vehicles
TELESYSTEM COMMUNICATIONS DE MEXICO, S.A. DE C.V.	2013.10.04 (Listed as affiliate from November 2017)	Tultipark IV Hacienda los Portales Parcela 194 Interior 2B Col. Santiago Teyahualco Tultepec, Estado de México, C.P. 54980. México	MXP 20	Manufacturing of built-in receiving modules for digital TVs and high-speed mobile DVB-T receiving box for vehicles
TSC ELECTRONIC PTE. LTD.	2017.07.06	207A Thomson Road #02-01 Goldhill Shopping Centre Singapore (307640)	USD 50	Manufacturing of built-in receiving modules for digital TVs and high-speed mobile DVB-T receiving box for vehicles

3. Shareholders of the companies presumed to have a control and affiliation relation: None.
4. The industries overall covered by the businesses of affiliates: manufacturing and process of computer motherboards and peripherals interface cards, LED packaging and products manufacturing, manufacturing of built-in receiving modules for digital TVs and high-speed mobile DVB-T receiving box for vehicles, as well as manufacturing and trading of digital security monitors and wireless communication equipment.
5. Information of directors, supervisors and presidents of affiliates:

December 31, 2023

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
Taiwan Surface Mounting Technology Co., Ltd.	Director	Wu, Kai-Yun	-	-
	Director	Wu, Kai-Hsiung	-	-
TSMT(U.S.A.)	Responsible Person	Wang, Ying-Nien	-	-
TSMT(B.V.I.)	Director	Wu, Kai-Yun	-	-
Regent Manner International Holdings Limited	Director	Wu, Kai-Yun	-	-
	Director	Tseng, Yu-Ling	-	-
	Director	Han Min	-	-
	President	Wu, Kai-Yun	-	-
REGENT MANNER (BVI)LIMITED	Director	Wu, Kai-Yun	-	-
Regent Manner Limited	Director	Wu, Kai-Yun	-	-
	Director	Wang, Szu-Kuan	-	-
	President	Wu, Kai-Yun	-	-
Regent Electron (Suzhou) Co., Ltd.	Director	Wu, Kai-Yun	-	-
	Director	Wu, Yun-Chung	-	-
	Director	Han Min	-	-
	Supervisor	Tseng, Yu-Ling	-	-
	President	Han Min	-	-

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Director	Wu, Kai-Yun	-	-
	Director	Wu, Yun-Chung	-	-
	Director	Han Min	-	-
	Supervisor	Tseng, Yu-Ling	-	-
	President	Han Min	-	-
Regent Electron (Ningbo) Co., Ltd.	Director	Wu, Kai-Yun	-	-
	Director	Wu, Yun-Chung	-	-
	Director	Wang, Chia-Chen	-	-
	Supervisor	Tseng, Yu-Ling	-	-
	President	Han Min	-	-
Regent Electron (Xiamen) Co., Ltd.	Director	Wu, Kai-Yun	-	-
	Director	Wu, Yun-Chung	-	-
	Director	Wang, Chia-Chen	-	-
	President	Wu, Yun-Chung	-	-
Regent Electron (Chengdu) Co., Ltd.	Executive director	Wu, Kai-Hsiung	-	-
	Supervisor	Wang, Chia-Chen	-	-
	President	Wu, Kai-Hsiung	-	-
Regent Electron (Dongguan) Co., Ltd.	Executive director	Wu, Yun-Chung	-	-
	Supervisor	Tseng, Yu-Ling	-	-
	President	Han Min	-	-
Ningbo Yongfu Trade Co., Ltd.	Executive director	Wu, Yun-Chung	-	-
	Supervisor	Wu, Wen-Su	-	-
	President	Wu, Yun-Chung	-	-
Regent Electron (HE FEI) Co., Ltd.	Executive director	Wu, Yun-Chung	-	-
	Supervisor	Wu, Wen-Su	-	-
	President	Wu, Yun-Chung	-	-
Regent Electron (Chong Qing) Co., Ltd.	Executive director	Wu, Yun-Chung	-	-
	Supervisor	Wu, Wen-Su	-	-
	President	Wu, Yun-Chung	-	-
High-Toned Opto Technology Corp.	Chairman	TSMT- Lin, Hung-Sen	26,423,291	85.24
	Director	TSMT - Wu, Kai-Yun	26,423,291	85.24
	Director	TSMT- Wang, Szu-Kuan	26,423,291	85.24
	Supervisor	Wang, Chia-Chen	85,714	0.28
	President	Lin, Hung-Sen	85,714	0.28
TSMT TECHNOLOGY (SINGAPORE) PTE. LTD.	Director	Wu, Kai-Yun	-	-
	Director	Wang, Chia-Chen	-	-
	Director	Lau Kau Chin	-	-
TSMT TECHNOLOGY (INDIA) PRIVATE LIMITED	Director	Wang, Chia-Chen	-	-
	Director	Lin, Hung-Sen	-	-
	Director	Wang, Yao-Yi	-	-
	Director	Praveen Kumar	-	-

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
RMIH TECHNOLOGY (INDIA) PRIVATE LIMITED	Director	Wang, Chia-Chen	-	-
	Director	Lin, Hung-Sen	-	-
	Director	Wang, Yao-Yi	-	-
	Director	Praveen Kumar	-	-
TSMT MEXICO, S.A. DE C.V.	Sole director	Wu, Yun-Chung	-	-
	Supervisor	Wang, Szu-Kuan	-	-
TSMT VIETNAM CO., LTD.	Director	Wu, Yun-Chung	-	-
BaiHong Investment Co., Ltd.	Director	Wang, Chia-Chen	-	-
	Director	Lin, Hung-Sen	-	-
	Director	Shih, Chih-Hsiung	1,000	0.01
	Supervisor	Wang, Chung-Hui	-	-
	President	Wang, Chia-Chen	-	-
Tai Ming Green Power Co., Ltd.	Director	BaiHong Investment Co., Ltd. - Wang, Chia-Chen	5,000,000	100
	Director	BaiHong Investment Co.,Ltd. - Lin, Hung-Sen	5,000,000	100
	Director	BaiHong Investment Co., Ltd. - Shih, Wan-Ju	5,000,000	100
	Supervisor	BaiHong Investment Co., Ltd. - Wang, Szu-Kuan	5,000,000	100
Fitivision Technology Inc.	Director	TSMT - Wu, Kai-Yun	5,000,000	100
	Director	TSMT- Lin, Hung-Sen	5,000,000	100
	Director	TSMT - Wu, Yun-Chung	5,000,000	100
	Supervisor	TSMT - Wang, Chia-Chen	5,000,000	100
	President	Wu, Yun-Chung	-	-
Tele System Communications Pte. Ltd.	Director	TSMT - Wang, Mie-Nan	9,485,000	94.85
	Director	TELESYSTEMGROUP PTE.LTD-De Poli Flavio	250,000	2.50
	Director	BaiHong Investment Co., Ltd. - Wu, Yun-Chung	250,000	2.50
	Supervisor	Wang, Szu-Kuan	-	-
	President	Wang, Mie-Nan	-	-
TELESYSTEM COMMUNICATIONS DE MEXICO, S.A. DE C.V.	Director	DIEGO KREUZER	200	1
	Director	Luis Enrique Rodriguez	-	-
TSC ELECTRONIC PTE. LTD.	Director	Wang, Mie-Nan	-	-
	Director	Yeo Soon Huat	-	-

6. Operation overview of affiliates:

Unit: NT\$ thousand; December 31, 2023

Company Name	Paid-in Capital (Note 1)	Total Assets (Note 1)	Total liabilities (Note 1)	Net Value (Note 1)	Operating income (Note 2)	Operating profit (Note 2)	Current profit and loss (after tax) (Note 2)	Earnings per share (NT\$) (after tax)
TSMC	2,923,984	41,642,922	21,824,804	19,818,118	15,268,490	695,298	2,507,016	8.57
TSMC(B.V.I.)	3,193,840	23,057,449	-	23,057,449	-	-93	1,834,457	NA
Taiwan Surface Mounting Technology Co., Ltd.	39	4,056	-	4,056	-	-16	46	NA
TSMC(U.S.A.)	3,071	2,233	-	2,233	-	-4	-4	NA
Regent Manner Limited	2,255,229	28,981,244	5,987,055	22,994,189	11,219,551	333,661	1,834,062	NA
Regent Electron (Suzhou) Co., Ltd.	2,840,675	17,877,085	8,780,186	9,096,899	21,299,456	-561,807	156,321	NA
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	1,074,850	4,455,812	1,673,106	2,782,706	3,149,241	434,460	316,674	NA
Regent Electron (Ningbo)	522,070	487,141	66,537	420,604	122,815	-16,021	75,370	NA
Regent Electron (Xiamen) Co., Ltd.	614,200	1,897,797	806,516	1,091,281	2,317,028	210,819	184,450	NA
Regent Manner (B.V.I.)	1,063,504	23,006,190	11,888	22,994,302	-	-	1,834,062	NA
Regent Manner International Holdings Limited	42,233	23,011,151	106	23,011,045	-	-1,585	1,832,470	NA
High-Toned Opto Technology Corp.	310,000	80,894	1,057	79,837	4,588	-107	35,036	NA
Regent Electron (Chengdu) Co., Ltd.	368,520	331,296	-2,501	333,797	-	-15,597	-11,739	NA
Regent Electron (Dongguan) Co., Ltd.	614,200	561,220	7,798	553,422	-	-12,910	14,204	NA
Ningbo Yongfu Trade	85,988	2,203,320	308,091	1,895,229	1,149,460	24,296	240,303	NA
Regent Electron (Hefei) Co., Ltd.	737,040	3,627,799	1,002,238	2,625,561	2,955,460	346,335	413,973	NA
Regent Electron (Chongqing) Co., Ltd.	675,620	3,267,325	1,353,178	1,914,147	3,700,807	167,089	163,039	NA
Tsmc Technology (Singapore) Pte. Ltd.	2,763,900	1,961,639	-	1,961,639	-	-201	-87,338	NA
Tsmc Technology (India) Pvt. Ltd.	3,143	2,134,076	2,308,699	-174,623	800,904	-76,364	-97,176	NA
RMIH Technology (India) Pvt. Ltd.	2,713	181,756	3	181,753	-	-3,104	-3,104	NA
TSMC MEXICO	724,400	718,544	959	717,585	-	-4,677	-6,237	NA
TSMC Vietnam Co., Ltd.	460,650	488,264	34,368	453,896	-	-5,443	-4,805	NA
BaiHong Investment Co., Ltd.	110,000	6,673	8,637	-1,964	4,661	4,647	6,270	NA
Tai Ming Green Power Co., Ltd.	50,000	8,546	17,183	-8,637	6,928	1,446	1,538	NA
Fitivision Technology Inc.	50,000	16,088	111,995	-95,907	29,422	-18,176	-19,054	NA
Tele System Communications Pte. Ltd.	100,000	519,453	364,948	154,505	389,708	59,567	64,840	NA
TELESYSTEM(MEXICO)	36	-	-	-	-	-	-	NA
TSC Electronic Pte. Ltd.	1,536	5,355	3,355	2,000	122	-21	755	NA

Note 1: The exchange rate for conversion from (B/S) to NT\$ is USD30.71, HKD3.929, RMB4.3359, INR0.3694, MXP1.811, and VND1/773.55.

Note 2: The exchange rate for conversion from (I/S) to NT\$ is USD31.16, HKD3.98, RMB4.4253, INR0.3773, MXP1.759, and VND1/759.3038.

(II) Consolidated Financial Statements of Affiliates: (Please refer to Appendix I.)

The entities that are required to be included in the combined financial statements of Taiwan Surface Mounting Technology Corp. for the year ended December 31, 2023 (January 1 to December 31, 2023), under the "Criteria Governing the Preparation of Affiliated Enterprise Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Surface Mounting Technology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

(III) Affiliation Reports: N/A.

- II. The Status of Private Placement Securities shall be Disclosed the Date Approved by Shareholders' Meeting or the Board of Directors and Amount, the Basis and Rationale for Price Setting, the Selection Method of specified parties and the reasons for Private Placement, and From the Stock or Market Price Collected to the Completion of the Use of Funds, the Use of Funds from Private Placement and Progress of Proposed Plans in the Latest Year and up to the Printing Date of this Annual Report: None.
- III. The Company's shares held or disposed of by its subsidiaries in the most recent year and in the current year as of the publication date of the Annual Report: None.
- IV. Other Necessary Supplementary Information: None.
- V. Any Matters Specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act Occurred in the Most Recent Year as of the Publication Date of the Annual Report which Has Significant Impact on Shareholders' Interests or Securities Price: None.

Appendix I

Consolidated Financial Statements and Independent Auditors' Report of the Most Recent Year

**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						
3110	Share capital - common stock	6(15)	2,923,984	6	2,923,984	5
Capital surplus						
3200	Capital surplus	6(16)	2,505,920	5	2,505,888	4
Retained earnings						
3310	Legal reserve	6(17)	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						
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		<u>5,276,416</u>	<u>11</u>	<u>8,830,956</u>	<u>13</u>
	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		<u>(2,787,164)</u>	<u>(6)</u>	<u>(3,018,858)</u>	<u>(5)</u>
6900	Operating profit		<u>2,489,252</u>	<u>5</u>	<u>5,812,098</u>	<u>8</u>
	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		<u>596,409</u>	<u>1</u>	<u>(296,798)</u>	<u>-</u>
7900	Profit before income tax		<u>3,085,661</u>	<u>6</u>	<u>5,515,300</u>	<u>8</u>
7950	Income tax expense	6(25)	(571,755)	(1)	(1,462,958)	(2)
8000	Profit for the year from continuing operations		<u>2,513,906</u>	<u>5</u>	<u>4,052,342</u>	<u>6</u>
	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		<u>(43,137)</u>	<u>-</u>	<u>(86,373)</u>	<u>-</u>
	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		<u>(215,300)</u>	<u>-</u>	<u>1,564,991</u>	<u>2</u>
8300	Total other comprehensive (loss) income for the year		<u>(\$ 258,437)</u>	<u>-</u>	<u>\$ 1,478,618</u>	<u>2</u>
8500	Total comprehensive income for the year		<u>\$ 2,255,469</u>	<u>5</u>	<u>\$ 5,530,960</u>	<u>8</u>
	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	-
			<u>\$ 2,513,906</u>	<u>5</u>	<u>\$ 4,052,342</u>	<u>6</u>
	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	-
			<u>\$ 2,255,469</u>	<u>5</u>	<u>\$ 5,530,960</u>	<u>8</u>
	Basic earnings per share	6(26)				
9750	Total basic earnings per share		<u>\$ 8.57</u>		<u>\$ 13.82</u>	
	Diluted earnings per share	6(26)				
9850	Total diluted earnings per share		<u>\$ 8.50</u>		<u>\$ 13.65</u>	

The accompanying notes are an integral part of these 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	\$ 4,838,883	\$ 1,993,068
<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

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

- 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:

	Years ended December 31,	
	2023	2022
<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) \$ 2,859,467

(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>

	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		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,041,920	292,398	\$ 13.82
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,041,920	292,398	
Assumed conversion of all dilutive potential ordinary shares			
Employees' 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,	
	<u>2023</u>	<u>2022</u>
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,	
	<u>2023</u>	<u>2022</u>
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	<u>\$ 19,818,118</u>	<u>\$ 19,616,320</u>
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>				
USD:NTD	1%	\$	44,314	\$ -
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>				
USD:NTD	1%	\$	169,296	\$ -
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>				
USD:NTD	1%	\$	61,567	\$ -
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	31,378
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	\$ 6,504	\$ 6,615

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative 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	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
					outstanding 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	TSMT Technology (Singapore) Pte. Ltd.	TSMT Technology (India) Pvt. Ltd.	Other receivables	Y	194,580	184,260	141,266	6.65149% (Based on the contract terms)	2	-	Additional operating capital	-	None	-	1,961,640	1,961,460	
9	Regent Manner Limited	Fitivision Technology Inc.	Other receivables	Y	70,000	-	-	1.20	2	-	Additional operating capital	-	None	-	5,963,955	9,542,328	

Table 1

Expressed in thousands of NTD

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

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

Business association is labeled as "1"

Short-term financing is labeled as "2".

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

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

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

(3) Limit on TSMT 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	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 parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
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

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023					
				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)	Transaction					Description and reasons of difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	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)	Transaction				Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms		
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	Percentage of consolidated total operating revenues or total assets	
						Transaction terms	(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	TSMT Technology (Singapore) Pte. Ltd.	TSMT 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			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 (%)	Book value			
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			Investment income(loss) recognised by the Company for the year ended		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	December 31, 2023	
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			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 (%)	Book value			
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 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
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	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.

Appendix II

Parent Company only Financial Statements and Independent

Auditors' Report of the Most Recent Year

**TAIWAN SURFACE MOUNTING
TECHNOLOGY CORP.
PARENT COMPANY ONLY 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Existence of revenues of the newly top 10 significant customers

Description

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

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

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

How our audit addressed the matter:

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

- A. Obtained the evaluation data of the newly top 10 significant customers, completed an understanding of the Company's transaction counterparties, and assessed new transaction counterparties based on the internal controls.

- B. Obtained detailed listing of sales revenue, performed detailed tests for the newly top significant customers and verified relevant evidences including customer sales invoices, purchase orders and delivery documents.
- C. Inspected contents and relevant evidences of the newly top 10 significant customers in relation to sales returns and discounts occurring subsequent to the reporting period
and assessed the reasonableness of respective sales revenue recognised.

Valuation of allowance for inventory valuation losses

Description

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

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

How our audit addressed the matter

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LIN, KUAN-HUNG

Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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

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

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

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

(Continued)

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

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

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

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

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

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

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

	Notes	Retained Earnings				Other equity interest			Total equity
		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	
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
Profit for the year		-	-	-	-	4,041,920	-	-	4,041,920
Other comprehensive income (loss) for the year		-	-	-	-	2,018	1,564,818	(88,391)	1,478,445
Total comprehensive income (loss)		-	-	-	-	4,043,938	1,564,818	(88,391)	5,520,365
Appropriation and distribution of 2021 retained earnings:	6(17)								
Legal reserve		-	-	334,033	-	(334,033)	-	-	-
Special reserve		-	-	-	6,375	(6,375)	-	-	-
Cash dividends		-	-	-	-	(1,754,390)	-	-	(1,754,390)
Unclaimed dividends past due	6(16)	-	38	-	-	-	-	-	38
Changes in investees' capital not recognized by shareholding percentage under equity method	6(7)(16)	-	(9,262)	-	-	-	-	-	(9,262)
Balance at December 31, 2022		<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>
Year 2023									
Balance at January 1, 2023		\$ 2,923,984	\$ 2,505,888	\$ 2,171,627	\$ 1,919,512	\$ 10,238,395	(\$ 2,407)	(\$ 140,679)	\$ 19,616,320
Profit for the year		-	-	-	-	2,507,016	-	-	2,507,016
Other comprehensive income (loss) for the year		-	-	-	-	8,122	(215,325)	(51,259)	(258,462)
Total comprehensive income (loss)		-	-	-	-	2,515,138	(215,325)	(51,259)	2,248,554
Appropriation and distribution of 2022 retained earnings:	6(17)								
Legal reserve		-	-	404,394	-	(404,394)	-	-	-
Special reserve		-	-	-	(1,476,427)	1,476,427	-	-	-
Cash dividends		-	-	-	-	(2,046,788)	-	-	(2,046,788)
Unclaimed dividends past due	6(16)	-	32	-	-	-	-	-	32
Balance at December 31, 2023		<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>

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

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

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

(Continued)

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

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

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

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

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

1. HISTORY AND ORGANISATION

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

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

(4) Classification of current and non-current items

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

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

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

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

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

(7) Financial assets at amortised cost

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

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

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

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

(11) Inventories

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

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

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

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

(13) Property, plant and equipment

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

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

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

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

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

Lease payments are comprised of the following:

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

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

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

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

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

(15) Intangible assets

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

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Accounts and notes payable

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

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Derecognition of financial liabilities

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Termination benefits

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

D. Employees' and directors' remuneration

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

(22) Income tax

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

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

(23) Share capital

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

(24) Dividends

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

(25) Revenue recognition

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Financial assets at amortised cost

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

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

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

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

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

E. In accordance with IFRS Q&A amended by the Competent Authority on January 15, 2024, the Company reclassified the undrawn balance of deposits account for offshore funds which applies "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" as cash and cash equivalents. As of December 31, 2022 and January 1, 2022, the Company decreased financial assets at amortised cost-current by \$414,863 and increased cash and cash equivalents by \$119,415.

(5) Accounts receivable

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

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

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

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$7,310,702.

C. The Company has no accounts receivable pledged to others as collateral.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$201 and \$0 ; \$2,879,753 and \$5,736,336, respectively.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(6) Inventories

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

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

The cost of inventories recognised as expense for the year:

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

(7) Investment accounted for using equity method

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

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

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

(8) Property, plant and equipment

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

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

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

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

(9) Leasing arrangements — lessee

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

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

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

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

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

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

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

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

(10) Impairment of non-financial assets

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

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

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

(11) Short-term borrowings

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

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

(12) Other current liabilities

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

(13) Long-term borrowings

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

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

(14) Pensions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(15) Share capital

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

(16) Capital surplus

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

B. Changes in capital surplus are provided as follows:

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

(17) Retained earnings

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

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

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

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

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

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

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

(18) Operating revenue

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

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

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

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

(a) Significant changes in contract assets and liabilities

None.

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

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

(19) Interest income

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

(20) Other income

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

(21) Other gains and losses

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

(22) Finance costs

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

(23) Expenses by nature

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

(24) Employee benefit expense

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

- A. In accordance with the Articles of Incorporation of the Company, a ratio of profit before tax without deducting employees' remuneration and directors' remuneration of the current year, after covering accumulated losses, shall be distributed as employees' remuneration and directors' remuneration. The ratio shall not be lower than 5% for employees' remuneration and shall not be higher than 1% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$183,000 and \$282,000, respectively; while directors' remuneration was accrued at \$24,000 and \$30,000, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the ratio specified in the Company's Articles of Incorporation for the year ended December 31, 2023. Employees' compensation and directors' remuneration as resolved by the Board of Directors in March 12, 2024 were \$183,000 and \$24,000, respectively. The employees' remuneration will be distributed in the form of cash. Employees' remuneration and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2022. Information about employees' remuneration and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 215,258	\$ 349,714
Tax on undistributed surplus earnings	153,459	62,276
Prior year income tax (over) under estimation	(1,171)	17,937
Total current tax	<u>367,546</u>	<u>429,927</u>
Deferred tax:		
Origination and reversal of temporary differences	(104,045)	142,672
Income tax expense	<u>\$ 263,501</u>	<u>\$ 572,599</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	\$ 554,103	\$ 922,904
Effect of amount not allowed to recognise under regulations	(442,890)	(552,414)
Tax on undistributed surplus earnings	153,459	62,276
Change in assessment of realisation of deferred tax assets	-	121,896
Prior year income tax (over) under estimation	(1,171)	17,937
Income tax expense	<u>\$ 263,501</u>	<u>\$ 572,599</u>

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

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

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

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

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

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

(26) Earnings per share

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

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

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

B. Financing activities with no cash flow effects

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

(28) Changes in liabilities from financing activities

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

Note: Shown as operating cash flows.

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

Note: Shown as operating cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

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

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

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

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

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

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

(2) Significant related party transactions

A. Operating revenue

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

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

B. Purchases

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

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

C. Receivables from related parties

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

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

D. Other receivables

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

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

E. Payables to related parties

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

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

F. Other payables

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

Other payables arise from purchased equipment from subsidiaries.

G. Property transactions

(a) Acquisition of property, plant and equipment

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

(b) Disposal of property, plant and equipment

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

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

(a) For the years ended December 31, 2023 and 2022, the Company purchased raw material on behalf of Regent Manner Limited and Regent Electron (Suzhou) Co., Ltd. amounting to \$3,184,488 and \$7,539,353, respectively, based on the purchase contracts under Taiwanese suppliers' requirement. For the years ended December 31, 2023 and 2022, revenue from raw material purchased on behalf of others amounted to \$13,374 and \$2,365, respectively, which was recognised in miscellaneous income. The transactions of raw materials purchased on behalf of others are not included in the Company's sales revenue and purchases. The payment terms are 90 days to 120 days after monthly billing, and they were recognised in "other receivables - related parties" and "accounts payable".

(b) For the years ended December 31, 2023 and 2022, the Company received patent royalties from Regent Manner Limited amounting to \$12,068 and \$13,892, respectively, and those amounts were recognised in "other income". The collection terms are 90 days to 120 days after monthly billing. As of December 31, 2023 and 2022, receivables amounted to \$12,671 and \$14,587, respectively, and were recognised in "other receivables - related parties".

(c) For the years ended December 31, 2023 and 2022, the Company's revenue from providing Regent Manner Limited with management service was \$21,634 and \$11,883, respectively, which was shown as 'other income'. The collection term was 90 to 120 days after monthly billings. As of December 31, 2023 and 2022, the Company's receivables amounted to \$0 and \$12,477, respectively, which were shown as 'other receivables due from related parties'.

I. Endorsements and guarantees provided to related parties:

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

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

(3) Key management compensation

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

8. PLEGGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

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

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital management

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

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

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

(2) Financial instruments

A. Financial instruments by category

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

B. Financial risk management policies

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

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

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

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

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

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

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

Price risk

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

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

Cash flow and fair value interest rate risk

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

(b) Credit risk

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

- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2023 and 2022, the loss rate methodology is as follows:

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

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

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

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

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration of the compliance with balance sheet ratio targets and external regulatory and legal requirements.

- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities</u>		Between 1	
December 31, 2023	<u>Within 1 year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 4,439,920	\$ -	\$ -
Notes payable	6,671	-	-
Accounts payable	9,573,026	-	-
Other payables	1,111,092	-	-
Lease liability	7,704	9,541	-
Long-term borrowings (including current portion)	63,737	1,741,471	-

<u>Non-derivative financial liabilities</u>		Between 1	
December 31, 2022	<u>Within 1 year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,774,035	\$ -	\$ -
Notes payable	13,994	-	-
Accounts payable	12,207,527	-	-
Other payables	1,088,021	-	-
Lease liability	9,607	2,935	-
Long-term borrowings (including current portion)	44,973	2,561,537	-

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

(3) Fair value information

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

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

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

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

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

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

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

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

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(f) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:

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

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

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

Taiwan Surface Mounting Technology Corp. and subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum	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
					balance during the year ended December 31, 2023								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	TSMT Technology (Singapore) Pte. Ltd.	TSMT Technology (India) Pvt. Ltd.	Other receivables	Y	194,580	184,260	141,266	6.65149% (Based on the contract terms)	2	-	Additional operating capital	-	None	-	1,961,640	1,961,460	
9	Regent Manner Limited	Fitivision Technology Inc.	Other receivables	Y	70,000	-	-	1.20	2	-	Additional operating capital	-	None	-	5,963,955	9,542,328	

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at		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			
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 TSMT 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	Relationship with the endorser/ guarantor (Note 1)	Party being endorsed/guaranteed			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 parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
				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								
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

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023					
				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)	Transaction					Description and reasons of difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	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)	Transaction				Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms		
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	TSMT Technology (Singapore) Pte. Ltd.	TSMT 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			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 (%)	Book value			
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			Investment income(loss) recognised by the Company for the year ended		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	December 31, 2023	
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			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 (%)	Book value			
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 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
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan							
Regent Electron (Suzhou) Co., Ltd	Processing and manufacturing of computer motherboard and interface card of peripheral devices	\$ 2,840,675	Reinvested in Mainland China companies through investing in existing companies in the third area	\$ 1,540,456	\$ -	\$ -	\$ 1,540,456	\$ 156,321	100	\$ 156,321	\$ 10,318,142	\$ 935,578	Note 1
Taiwan Surface Mounting Technology (Suzhou) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	1,074,850	Reinvested in Mainland China companies through investing in existing companies in the third area	824,635	-	-	824,635	316,674	100	316,674	2,876,586	108,684	Note 1
Regent Electron (Ningbo) Co., LTD.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	522,070	Reinvested in Mainland China companies through investing in existing companies in the third area	1,654,476	-	-	1,654,476	75,370	100	75,370	420,603	861,195	Note 1
Regent Electron (Xiamen) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	614,200	Reinvested in Mainland China companies through investing in existing companies in the third area	1,170,265	-	-	1,170,265	184,450	100	184,450	1,113,183	1,338,755	Note 1
Regent Electron (Chengdu) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	368,520	Reinvested in Mainland China companies through investing in existing companies in the third area	393,971	-	-	393,971	(11,739)	100	(11,739)	333,797	-	Note 1
Regent Electron (Dongguan) Co.,Ltd	Processing and manufacturing of computer motherboard and interface card of peripheral devices	614,200	Reinvested in Mainland China companies through investing in existing companies in the third area	686,284	-	-	686,284	14,204	100	14,204	553,422	-	Note 1
Ningbo Yongfu Trade Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	85,988	Reinvested in Mainland China companies through investing in existing companies in the third area	148,822	-	-	148,822	240,303	100	240,303	1,895,227	-	Note 1
Regent Electron (He Fei) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	737,040	Reinvested in Mainland China companies through investing in existing companies in the third area	476,556	-	-	476,556	413,973	100	413,973	2,625,558	-	Note 1
Regent Electron (Chong Qing) Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	675,620	Reinvested in Mainland China companies through investing in existing companies in the third area	679,641	-	-	679,641	163,039	100	163,039	1,914,146	-	Note 1
Dongguan Zuefu Electron Co., Ltd.	Processing and manufacturing of computer motherboard and interface card of peripheral devices	130,077	Reinvested in Mainland China companies through investing in existing companies in the third area	-	-	-	-	244,240	100	244,240	1,588,169	-	Note 3

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

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

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

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

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

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

Taiwan Surface Mounting Technology Corp.

Representative: Wu, Kai-Yun