

Stock Code: 6278

 **TSMT Taiwan Surface Mounting Technology Corp.**

2024 Annual General Shareholder's Meeting
Meeting Agenda
(Translation)

June 21, 2024

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Chapter I. Meeting Procedure

Taiwan Surface Mounting Technology Corp.

Procedure for 2024 Annual General Shareholders' Meeting

- I. Meeting Called to Order (announcing when the quota represented by the attending shareholders satisfies the statutory requirement)
- II. Chairperson Takes the Chair
- III. Chairperson Remarks
- IV. Report Items
- V. Ratification Items
- VI. Extraordinary Motions
- VII. Adjournment

Chapter II. Meeting Agenda

Taiwan Surface Mounting Technology Corp.

Agenda of the 2024 Annual General Shareholders' Meeting

Time and Date: 9:00 a.m., Friday, June 21, 2024

Venue: 3F, No. 398, Taoying Rd., Taoyuan Dist., Taoyuan City

(Physical Shareholders' Meeting)

(3rd Floor Ju-I Hall of Chuto Plaza Hotel)

Attendance: All shareholders and representatives

Chairperson: Wu, Kai-Yun, Chairman of the Board

I. Chairperson Remarks

II. Report Items

(I) 2023 Business Report

(II) Audit Committee's Review Report on the 2023 Financial Statements

(III) Report on the Distribution of Remuneration for Employees and Directors of 2023

(IV) Report on Cash Dividend Distributions in 2023

III. Ratification Items

Proposal 1 2023 Business Report and Financial Statements.

Proposal 2 2023 Earnings Distribution Proposal.

IV. Extraordinary Motions

V. Adjournment

Report Items

(I) 2023 Business Report

Description: The 2023 Business Report (Please refer to #page 5# in Attachment 1).

(II) Audit Committee's Review Report on the 2023 Financial Statements

Description: Audit Committee's Review Report (Please refer to #page 7# in Attachment 2).

(III) Report on the Distribution of Remuneration for Employees and Directors of 2023

Description:

- I. The Company proposes to distribute NT\$183,000,000 as remuneration for employees and NT\$24,000,000 as remuneration for Directors of 2023, both in cash.
- II. This proposal is approved by the 5th meeting of 5th-term Remuneration Committee on March 12, 2024 and sent to and approved by 11th meeting of the 14th-term Board of Directors on March 12, 2024.

(IV) Report on Cash Dividend Distributions in 2023

Description:

- I. The proposed cash dividend is NT\$1,461,991,765, and the cash dividend per share is NT\$5.0, which will be rounded down to NT\$1, and the aggregated amount of bonus less than NT\$1 will be included as other revenue of the Company.
- II. For the cash dividend, the Board of Directors authorizes Chairman of the Board to stipulate the ex-dividend date and other related matters.
- III. If the number of outstanding shares has changed and caused an impact on the dividend yield, it is proposed that the Chairman of the Board should be authorized to adjust the yield base on the actual number of outstanding shares on the record date.

Ratification Items

Proposal 1

Case: Ratification of the 2023 Business Report and Audited Financial Statements
(Proposed by the Board)

Description:

- I. The Company's 2023 individual and consolidated financial statements have been audited by Mr. Lin, Kuan-Hung, and Mr. Chiu, Chao-Hsien of PricewaterhouseCoopers Taiwan.
- II. Please refer to Attachment 1 (#page 5#) and Attachment 3 ~ 4 (#pages 8 to 33#) for the business report, independent auditors' report, and financial statements.

Resolution:

Proposal 2

Case: Ratification of the Company's 2023 Earnings Distribution (Proposed by the Board)

Description: Please refer to Attachment 5 for the 2023 Earnings Distribution
(#page 34#).

Resolution:

Extraordinary Motions

Adjournment

Attachments I

Taiwan Surface Mounting Technology Corp.

Business Report

I. 2023 Business Report:

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.

Attachments II

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements and Proposal for Earnings Appropriation, among which the Financial Statements have been audited by PricewaterhouseCoopers Taiwan, by whom an audit report has been issued accordingly. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

To

2024 Annual General Shareholders' Meeting

Taiwan Surface Mounting Technology Corp.

Convener of the Audit Committee:

Chen, Meng-Ping

March 12, 2024

Attachments III

Independent Auditors' Report and 2023 Parent Company Only Financial Statements

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 significant 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						
3110	Share capital - common stock	6(15)	2,923,984	7	2,923,984	7
Capital surplus						
3200	Capital surplus	6(16)	2,505,920	6	2,505,888	5
Retained earnings						
3310	Legal reserve	6(17)	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						
Significant events after the balance sheet date						
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)

		Year ended December 31					
		2023		2022			
Items	Notes	AMOUNT	%	AMOUNT	%		
4000	Sales revenue	\$ 15,268,490	100	\$ 29,810,471	100		
5000	Operating costs	(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						
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	224,308	2	55,491	-		
7010	Other income	80,308	1	77,408	-		
7020	Other gains and losses	61,332	-	135,023	1		
7050	Finance costs	(111,670)	(1)	(64,895)	-		
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	<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	(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	\$ 8,122	-	\$ 2,018	-		
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	(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	(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	(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	(\$ 258,462)	(2)	\$ 1,478,445	5		
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						
9750	Total basic earnings per share	<u>\$ 8.57</u>		<u>\$ 13.82</u>			
	Diluted earnings per share						
9850	Total diluted earnings per share	<u>\$ 8.50</u>		<u>\$ 13.65</u>			

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

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

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

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

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

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,770,517	\$ 4,614,519
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(8)(9)(23)	202,814	177,857
Loss on valuation of financial liabilities at fair value through profit or loss	6(2)	5,129	8,606
Interest expense	6(22)	111,670	64,895
Interest income	6(19)	(224,308)	(55,491)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)		
Gain on disposal of property, plant and equipment	6(21)	(1,820,941)	(3,177,916)
Gain on impairment on property, plant and equipment	6(10)(21)	(2,466)	(3,647)
		-	(614)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(201)	-
Accounts receivable, net		2,856,583	1,571,429
Accounts receivable - related parties		75,699	(80,647)
Other receivables		24,534	(32,294)
Other receivables - related parties		1,488,085	1,790,643
Inventories		442,411	(249,134)
Prepayments		38,470	(24,498)
Changes in operating liabilities			
Current contract liabilities		8,462	(16,601)
Notes payable		(7,323)	87
Accounts payable		(2,051,197)	324,937
Accounts payable - related parties		(583,304)	(2,095,696)
Other payables		22,604	308,310
Other payables - related parties		(311)	317
Other current liabilities, others		(638)	3,129,889
Net defined benefit liabilities - non-current		37	(102)
Cash inflow generated from operations		<u>3,356,326</u>	<u>6,254,849</u>
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)	\$ 3,343,762	\$ 5,185,644

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

Attachments IV

Independent Auditors' Report and 2023 Consolidated Financial Statement

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 significant 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		20,251	-	13,336	-
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)

				Year ended December 31			
				2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%		
4000	Sales revenue	\$ 46,496,015	100	\$ 68,454,595	100		
5000	Operating costs	(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)	-		
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	(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	462,095	1	126,408	-		
7010	Other income	402,643	1	460,410	1		
7020	Other gains and losses	(73,722)	-	(695,727)	(1)		
7050	Finance costs	(194,607)	(1)	(187,691)	-		
7060	Share of loss of associates and joint ventures accounted for under equity method	-	-	(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	(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	8,122	-	2,018	-		
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	(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)

	Notes	Equity attributable to owners of the parent									
		Retained Earnings					Other equity interest				
		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		6,346,464	10,515,935

(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		(7,466,003)	(3,807,697)
<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		(3,526,227)	(4,780,053)
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)	\$ 6,779,921	\$ 11,440,893

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

Attachments V

Taiwan Surface Mounting Technology Corp.

2023 Earnings Distribution

Unit: NT\$

Item	Sub-total	Total
Retained earnings available for distribution at the beginning of 2023		\$9,263,639,327
Add: 2023 actuarial gains of defined benefit plans	8,121,671	
Retained earnings available for distribution after adjustment		9,271,760,998
Add: Net Income after tax of 2023	2,507,016,341	
Less: 10% legal capital reserve	(251,513,801)	
Less: Amount appropriated as special reserve	(266,583,776)	1,988,918,764
Accumulated distributable earnings		\$11,260,679,762
Allocation items:		
Cash dividends of common stock (NT\$5.0 per share)	(1,461,991,765)	(1,461,991,765)
Undistributed earnings at the end of the period		\$9,798,687,997

Note 1: For this case, the yield had been calculated in accordance with the current outstanding shares of 292,398,353 shares.

Note 2: If the number of outstanding shares has changed and caused an impact on the dividend yield, it is proposed that the Chairman of the Board should be authorized to adjust the yield base on the actual number of outstanding shares on the record date.

Note 3: The calculation was rounded down to the closest dollar and the sum of changes was included in other revenue of the Company.

Appendix I

Taiwan Surface Mounting Technology Corp.

Rules and Procedures of Shareholder's Meeting

(Amendment passed by the annual shareholders' meeting on July 29, 2021)

- I. Unless otherwise specified by law or the Articles of Incorporation, the Company shall proceed its shareholders' meetings according to the terms of the Rules.
- II. The shareholders' meeting shall furnish the attending shareholders with an attendance log to sign, or attending shareholders may hand in a sign-in cards in lieu of signing in. The number of shares represented during the meeting is calculated based on the total amount registered in the attendance log or the sign-in cards collected, where voting rights are exercised in writing or through electronic means, those numbers shall be added.
- III. Votes and attendance in a shareholders' meeting are determined by the number of shares represented during the meeting.
- IV. The location of shareholders' meetings shall be the Company's current location or such other place that is convenient for shareholders to attend. The meetings shall not commence earlier than 9 a.m. or later than 3 p.m.
- V. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the Managing Directors to act as the chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as the chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one person to serve as the chair.
For shareholders' meetings convened by any authorized party other than the Board of Directors, the convener will act as the meeting chair.
- VI. The Company's lawyers, certified public accountants, and any relevant personnel may be present at the shareholders' meeting.
Organizers of the shareholders' meeting must wear proper identification or arm badges.
- VII. Entire proceedings of shareholders' meeting shall be recorded on audio or video tape and preserved for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

- VIII. The chair shall call the meeting to order at the appointed meeting time while announcing relevant information such as the number of non-voting rights and the number of shares present. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of current outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of current outstanding shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- IX. If the shareholders' meeting is convened by the board of directors, the board of directors shall determine the meeting proceedings. The proceedings shall not be changed unless resolved during the shareholders' meeting.
- The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.
- After a meeting adjourned, shareholders may not elect another chair to continue the proceeding of the meeting at the same or a new place, provided that, if the chair declares the adjournment of the meeting in a manner in violation of the rules of procedure, a new chair may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceeding of the meeting.
- X. Shareholders who wish to speak during the meeting must produce a speech note detailing the topics and the shareholder's account number (or the attendance card serial number). The order of shareholders' comments shall be determined by the chair.
- A shareholder who has submitted an opinion slip but does not actually speak shall be deemed to have not spoken. If the contents of speech are inconsistent with the contents of opinion slip, the contents of speech shall prevail.
- When a shareholder attends the shareholders' meeting, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor. The chair shall stop any violation.
- XI. Each shareholder shall speak no more than twice, for five minutes each, on the same agenda item unless otherwise agreed by the chair.

The chair may stop shareholders from speaking if they violate the rules or speak outside the agenda item under discussion.

- XII. When a juristic person is appointed to attend the shareholders' meeting, it may designate only one person to attend on its behalf.

Where a corporate shareholder has appointed two or more representatives to attend the shareholders' meeting, only one representative may speak per agenda item.

- XIII. After the shareholder has finished speaking, the chair may answer to the shareholder's queries personally or appoint any relevant personnel to do so.

- XIV. When the chair at a Board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

- XV. The chair will appoint a ballot scrutineer and a ballot counter; the ballot scrutineer must be a shareholder. The outcome of the vote shall be documented and announced on site.

- XVI. The chair may put the meeting in recess at appropriate times.

If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including special motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

- XVII. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

Matters regarding the shareholders attending the shareholders' meeting by proxy obtained through solicitation and non-solicitation means shall be governed by the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies propagated by the securities competent authority.

Unless otherwise regulated by the Company Act or the Articles of Incorporation, an agenda item is passed when supported by shareholders who represent more than half of the total voting rights in the meeting.

An agenda is considered passed if the chair receives no objections from any attendants. This voting method is as effective as does the conventional ballot method.

- XVIII. When there are any amendments or alternative solutions for the same proposal, the chair

shall combine these amendments/alternative solutions with the original proposal and decide their priority for voting. If any resolution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

- XIX. The Chairman may instruct pickets (or security staff) to help maintain order in the meeting. The pickets (or security personnel) shall wear armbands with the word "picket" when trying to maintain order.
- XX. The Rules and any amendments hereto shall be implemented after adoption by shareholders' meetings.

Appendix II

Taiwan Surface Mounting Technology Corp. Articles of Incorporation

Chapter I. General Provisions

- Article 1: The Company is organized in accordance with the Company Act and named Taiwan Surface Mounting Technology Corp.
- Article 2: The scope of business of this Company shall be as follows:
- I. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
 - II. CC01040 Lighting Facilities Manufacturing
 - III. CC01060 Wired Communication Equipment and Apparatus Manufacturing
 - IV. CC01070 Telecommunication Equipment and Apparatus Manufacturing
 - V. CC01080 Electronic Parts and Components Manufacturing
 - VI. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
 - VII. CC01110 Computers and Computing Peripheral Equipment Manufacturing
 - VIII. F401010 International Trade
 - IX. IG03010 Energy Technical Services
 - X. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The headquarters of the Company is located in Taoyuan County, Taiwan. The Company may establish branches or subsidiaries in Taiwan or overseas as the Company may require upon resolution by the board of directors of the Company.
- Article 4: The Company shall be exempt from the restrictions on the total investment amount specified in Article 13 of the Company Act. The Company may provide endorsements and guarantees to outside parties as needed to facilitate its business activities.

Chapter II. Shareholding

- Article 5: The Company's capital shall be set at NT\$5 billion, divided into 500 million shares with each share having a par value of NT\$10.
- The unissued shares may be issued in installments at the discretion of the Board of Directors. Among which, the amount of NT\$200 million, 20 million shares in total, may be used to issue share subscription warrant, special shares subscribable under outstanding ancillary special share subscription warrants or shares subscribable under outstanding corporate bonds vested with share subscription rights.
- If the issued subscription price of the Company is lower than the subscription warrant of employees of the closing price of common stock of Japanese companies, they can only be issued after obtaining the consent from more than two thirds of voting power of attending shares at shareholders' meeting to be attended by more than half shareholders representing the total number of issued shares.
- The shares legally bought back by the Company may be transferred to the employees at

a price lower than the average price paid for the shares by resolution of the most recent shareholders' meeting prior to the fact. The resolution for such transfer shall be adopted with the concurrence of over two-thirds of votes exercised by the shareholders present at the shareholders' meeting who represent a majority of the issued shares of the Company.

Where the Company plans to withdraw its stocks from public offering, the Company shall submit such proposal to the shareholders' meeting for resolution. This provision shall not be altered during the listing period.

Article 6: (Deleted)

Article 7: The Company's shares shall be registered and numbered, and shall bear the signatures or personal seals of at least three directors, and be issued upon certification in accordance with the law. When issuing the shares, the Company may opt not to print any share certificates, or to print the separately-issued shares on a combined basis. The shares shall however be kept or registered in accordance with the law.

Article 7-1: The Company shall administer all the stock-related affairs in accordance with the relevant regulations.

Article 8: No registration of transfer of shares shall be made within sixty days (60) prior to an annual shareholder meeting, nor within thirty days (30) prior to a special (extraordinary) shareholder meeting, nor within five (5) days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

Chapter III. Board of Shareholders

Article 9: There are two types of shareholders' meeting, including regular meeting and extraordinary meeting. Annual meetings shall be convened by the Board of Directors annually within six (6) months after the end of each fiscal year. The extraordinary shareholders' meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.

The shareholders' meeting of the Company can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 10: If a shareholder is unable to attend the shareholders' meeting in person, a proxy can be appointed to attend on his/her behalf by submitting a proxy form in accordance Article 177 of the Company Act.

Article 11: Except where the voting right of the shareholder is restricted or in the circumstances set forth in provisions of Article 179 under the Company Act, a shareholder shall have one voting power in respect of each share in his/her possession.

Article 12: Except otherwise regulated by the Company Act, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting. In accordance with regulations of the competent authorities, shareholders of this company may exercise their voting rights by way of electronic transmission, exercising such rights by way of electronic transmission shall be deemed to have attended the said

shareholders' meeting. Other relevant matters shall be handled in accordance with the laws and regulations.

Chapter IV. Directors and Audit Committee

- Article 13: The Company shall have 7 to 11 Directors, who are elected during shareholders' meetings from persons of adequate capacity to serve a term of 3 years. Their terms of service may be renewed if they are re-elected in the following election. The election adopts a candidate nomination system in accordance with the Company Act.
- As stipulated in Article 14-2 of the Securities and Exchange Act, there shall be no less than 3 Independent Directors in the aforementioned quota of Directors, and the number of Independent Directors shall not be less than one-fifth of the total Directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, attendance by proxy and other matters for compliance with respect to Independent Directors shall follow prescriptions of the securities competent authority.
- Total registered shares held by the Company's entire Board of Directors shall be in compliance with the regulations propagated by the securities competent authority.
- The Company has established an Audit Committee comprising of Independent Directors. The audit committee and the members of the Audit Committee are responsible for executing the authority of the Supervisors according to the Company Act, Securities and Exchange Act and other relevant regulations.
- Article 13-1: The Company may purchase liability insurance for the Directors within their terms of office.
- Article 14: The Board of Directors is composed of Directors. The directors shall elect a chairman from among themselves in the Board meeting with the consent of the majority of attending Directors, which represents more than two-thirds of all Directors. The Chairman shall have the authority to represent the Company.
- The reasons for convening a Board meeting shall be notified to each Director at least 7 days in advance. However, in the event of an emergency, the meeting may be convened at any time.
- The Board meetings may be convened in the form of letters, e-mail or fax.
- Article 15: If the Chairman of the Board is unable to perform his/her duties due to leave of absence or any reason, a delegate shall be appointed in accordance with Article 208 of the Company Act.
- If a Director is unable to attend a Board meeting in person, another Director may be appointed to act on behalf of the absent Director in attending the meeting. The Directors' proxies in attending the Board meeting shall be governed by Article 205 of the Company Act.
- Article 16: When the Directors of the Company perform their duties, regardless of the gains and loss of the Company, the Company shall pay remuneration, and the Board of Directors shall be authorized to determine the amount of remuneration with reference to the participation and contribution to the Company's operations and by reference to the standard of the industry domestic or abroad.

Chapter V. Managerial officer

Article 17: The Company shall have one President and several Vice Presidents. The appointment, discharge and remuneration shall be done in accordance with Article 29 of the Company Act. The competence of managers to manage the Company's affairs and sign on behalf of the Company and the scope of such competence shall be determined by the Board of Directors.

Chapter VI. Accounting

Article 18: The fiscal year of the Company shall begin on January 1 and end on December 31 of the year. The Company's Board of Directors shall prepare (1) business report, (2) financial statements, and (3) earning distribution or deficit compensation proposal after the end of each fiscal year and forward them to the annual shareholders' meeting for approval.

Article 19: 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.

Those receiving employees' remuneration in stocks or cash include employees of subordinate companies meeting certain criteria.

Article 19-1: 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.

Article 20: For the Company's dividend policy, the Company adopts the residual dividend policy, the board of directors will draft earnings distribution proposals based in the profitability and the capital status for the current year, taking the Company's future operational planning, business development, capital expenditure budget and capital requirements

into consideration. The issuance of stock dividends takes precedence over the payment of cash dividends or stock dividends. In principle, cash shall not be less than 20% of total dividends distributed.

Chapter VII. Supplementary Provisions

Article 21: Any other issues not covered in the Articles of Incorporation shall be governed by the Company Act.

Article 22: The original Articles of Incorporation were established on March 10, 1990.

The 1st amendment was on August 23, 1990.

The 2nd amendment was on September 17, 1991.

The 3rd amendment was on October 8, 1991.

The 4th amendment was on August 1, 1994.

The 5th amendment was on March 1, 1995.

The 6th amendment was on May 7, 1997.

The 7th amendment was on August 11, 1997.

The 8th amendment was on September 30, 1997.

The 9th amendment was on March 15, 1998.

The 10th amendment was on June 17, 1998.

The 11th amendment was on July 17, 1998.

The 12th amendment was on June 10, 1999.

The 13th amendment was on June 15, 2000.

The 14th amendment was on June 15, 2001.

The 15th amendment was on June 24, 2002.

The 16th amendment was on April 4, 2003.

The 17th amendment was on April 30, 2004.

The 18th amendment was on June 14, 2005.

The 19th amendment was on June 9, 2006.

The 20th amendment was on May 15, 2007.

The 21st amendment was on June 13, 2008.

The 22nd amendment was on June 19, 2009.

The 23rd amendment was on May 14, 2010.

The 24th amendment was on June 17, 2011.

The 25th amendment was on June 18, 2014.

The 26th amendment was on June 15, 2015.

The 27th amendment was on June 15, 2016.

The 28th amendment was on June 22, 2018.

The 29th amendment was on June 17, 2022.

Appendix III

Shareholding of Directors

Base date: April 23, 2024

Title	Name	Date of being elected	Shareholding when elected			Current shareholding			Remarks
			Category	Shares	Shareholding ratio (%)	Category	Shares	Shareholding ratio (%)	
Chairman of the board	Wu, Kai-Yun	2022.06.17	Ordinary shares	11,931,653	4.08%	Ordinary shares	11,899,653	4.07%	
Director	Lin, Wen-Ching	2022.06.17	Ordinary shares	5,914,789	2.02%	Ordinary shares	5,914,789	2.02%	
Director	Wang, Chia-Chen	2022.06.17	Ordinary shares	567,030	0.19%	Ordinary shares	567,030	0.19%	
Director	Shen, Shian-Ho	2022.06.17	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Director	Wu, Yun-Chung	2022.06.17	Ordinary shares	4,060,470	1.39%	Ordinary shares	4,092,470	1.40%	
Director	Lin, Wen-Chang	2022.06.17	Ordinary shares	2,500,883	0.86%	Ordinary shares	2,502,883	0.86%	
Director	Hsiao, Hsueh-Fong	2022.06.17	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Independent Director	Hwu, Shoou-Chyang	2022.06.17	Ordinary shares	338,888	0.12%	Ordinary shares	338,888	0.12%	
Independent Director	Chang, May-Yuan	2022.06.17	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Independent Director	Chen, Meng-Ping	2022.06.17	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Independent Director	Shih, Yu-Hua	2023.06.16	Ordinary shares	0	0.00%	Ordinary shares	0	0.00%	
Total			Ordinary shares	25,313,713		Ordinary shares	25,315,713		

Total number of shares issued on Jun. 17, 2022: 292,398,353 shares

Total number of shares issued on Jun. 16, 2023: 292,398,353 shares

Total number of shares issued on Apr. 23, 2024: 292,398,353 shares

Note: The statutory requirement for the aggregated shareholding of all Directors is: 12,000,000 shares; the aggregated shareholding of all Directors as of April 23, 2024 is 24,976,825 shares.

Note: The Company had established an Audit Committee, so the statutory requirement for the aggregated shareholding of all Supervisors does not apply.

© The shareholding of Independent Directors are not calculated in the shareholding of Directors.