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Taiwan Mask Corporation

2023 Annual Report

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Attachment 2. Consolidated financial statement for the most recent fiscal year audited and attested by certified public accountants 1~102

One. Report to Shareholders

To begin with, I would like to express my appreciation to all shareholders for their support. Under the impacts from continuous international turbulence (geopolitics, the Russia-Ukraine war, the Israel-Palestine conflict) and inflationary factors, governments around the world have to combat inflationary pressure and sluggish consumption after the lockdowns are lifted. The destocking speed of the global semiconductor and electronics industries is not as good as expected. Although there is the topic of AI applications, under the slowdown of demand for consumer products with a large proportion of semiconductors, the scale of the global semiconductor market declined in 2023. However, it is fortunate that the global semiconductor industry will return to growth in 2024 and a double-digit growth is expected. Overall, the difference between semiconductor process technologies and applications will result in a different end demand. In this regard, TMC has a sound positioning, prudently planned to build new capacity and new technologies to cope with the overall demand in a timely and appropriate manner. The Company continuously strengthen operational management efficiency, deepen customer relationship management and services, for constantly growing with strategic customers. Other than the core business of photomask growing and expanding the strategic positioning, the subsidiaries of the Group also focus on the development of their own core businesses, while expanding related businesses with synergies, recruiting key talents to join in the expansion of new businesses and implement the execution strategies, seeking to constantly create value for shareholders with a stable positioning.

The operating results of TMC for 2023 are summarized as follows:

Operation and Finance

In 2023, the consolidated revenue of TMC was NT\$7.2 billion, down 7% from the previous year. However, we continue to upgrade technology, expand capacity, and improve quality. Through strengthening organizational functions and reforming management systems, we effectively shorten delivery time and improve customer satisfaction; we also have a robust deployment and increase high-end photomask manufacturing services to expand our photomask OEM services with strategic partners, and deepen cooperation with strategic partners.

1. 2023 consolidated revenue and net income, and the comparison with 2022:

Unit: NT\$Thousand			
General ledger account	2022	2023	Growth rate
Operating income	7,741,118	7,199,935	-7%
Net income (loss)	445,632	164,284	-63%

2. Profitability analysis

Unit: NT\$Thousand			
Item	2022	2023	Growth rate
Gross profit	2,098,625	1,836,369	-12%
Operating profit	1,248,276	748,631	-40%
Pre-tax profit	673,713	445,800	-34%
Net income	445,632	164,284	-63%
Basic after-tax EPS	3.37	1.75	-48%

Technology research and development

Based on the customer demands in the market and technology progress, TMC expands the capacity of 65/55/40nm key production machines according to the market demand, deepens the manufacturing technology service capability, and passes the verifications of customers and introduces mass production one by one; it invested in the development of technologies and capacity of 28nm photomasks in 2023 to strengthen technology service capability.

Production and manufacturing service

In the establishment of real-time B2B, TMC provides more immediate, accurate and traceable information to FABs, to facilitate customers' convenient and real-time WIP management, assist customers in supplier management, and increase customer trust.

In addition, the Company builds new capacity in a timely manner to increase the production ability, and apply it to the needs of advanced photomasks, for optimizing orders, achieving a balance between production and sales, and maximizing profits. In the future, we will continue to make sound investments to deploy new production capacity position, continuously increases production value and efficiency as the feedback to shareholders. In addition, each subsidiary performs manufacturing and other related services according to its business nature, and continues to expand its operations and improve its quality and manufacturing service capabilities through effective management in order to strengthen its competitive edge in the market.

Summary of 2024 Business Plan

1. The Company will continue to strengthen operations, deepen customer satisfaction and loyalty, continuously optimize quality and control costs through various CIP projects, and optimize orders to achieve balance between production and sales while increasing the Company's profits.

2. Continuously expanding the photomask business required for 40nm 12-inch wafer related technologies

After the successful mass production of 65nm photomasks, in 2024, we will actively expand photomask manufacturing services for 12-inch wafer fabs, by adding the 55-90nm manufacturing services and introducing the mass production of 40nm photomask and plan investment in manufacturing technology and production services for 28nm photomasks.

3. Integration and exertion of the Group's synergies

Under the foundation of photomask service, combining with its subsidiaries, including Miracle Tech's foundry agency service, Aptos Tech's flashing memory and testing service, Xsense Tech's high-power heat dissipation substrate production, Innova Vision's contact lens manufacturing, DIGITAL-CAN TECH's focus on lamination of aerospace metals for defense and industrial purposes, Pilot's all-round energy solutions of energy generation and energy storage provided, and Moment Semiconductor's self-owned brand consumer electronic products, there are expectations to create more values for shareholders through the Group's internal collaborations and the comprehensive resources management.

4. Continuous implementation of sustainable development:

Taiwan Mask adheres to the business philosophy of "respect for the sky, love for people, and protect the planet" and develops its business in the three major fields of semiconductor, green energy, and smart manufacturing. We pursue sustainable development with energy creation and

energy conservation. By focusing on core business development, managing the Group's total resources, aiming at innovation and sustainability, and working with strategic customers, suppliers, subsidiaries of the Group, and stakeholders to integrate resources, we will continue to invest in sustainability issues and implement sustainable development.

Future development strategies, impact of the competitive environment, regulatory environment, and the overall business environment

1. Future development strategies

The Company continues to heighten its operations capability and deepen its customer service for its core business of photomask. Due to the alignment technology requirements of integrated circuits, Optical Proximity Correction Mask (OPC) and PSM (Phase Shift Mask) are widely used in 8" and 12" foundries due to the alignment technology of ICs, and they vary with the equipment and technology of each foundry. These require close cooperation with the foundry to produce products and services required by customers.

Therefore, it is our development strategy to establish and deepen good mutual cooperation with foundries, and become the cooperation partner of strategic customers, and to increase the proportion of related sales.

2. Impact of the competitive environment, regulatory environment, and the overall business environment

There is a close relationship between the development of the photomask industry and semiconductor industry. In recent years, the markets and applications of 5G and 6G, AI, IOT, automotive electronics, high-speed computing and energy-saving continue to grow, thus driving the prosperity of the semiconductor and related industries. The protectionism and geopolitics in many countries have brought about new business opportunities and growth, despite the impact and increased uncertainty. TMC increased its production capacity in a timely and appropriate manner, and steadily and progressively invested in new facilities to develop new technologies to assist customers and develop with them for mutual benefit.

Best wishes to all valued shareholders.

Chairperson: Sean Chen



Two. Company Profile

I. Date of incorporation

October 21, 1988

II. Company History

- April 1, 1988 Initiated by Industrial Technology Investment Corporation (ITIC), the Preparatory Committee selected Mr. Chin-Tai Shih as the Chairperson and hired Mr. Parkson Chen as Director of Preparatory Office.
- May 4, 1988 Approved by the Science and Industrial Park for meeting the requirements as stipulated in Article 3 on “Approval for investment and establishment within the Science and Industrial Park” of the Industrial Park’s Establishment Management Regulations.
- October 7, 1988 The organizers approved the Company Charter and elected directors and supervisors during the meeting. The nine elected directors are Chung-Mou Chang, Chin-Tai Shih, Ching-Chu Chang, Pao-Hsi Chang, Fan-Cheng Tseng, Hsien-Hsiung Huang, Chi-Lin Chiang, Jui-Yu Kuo, Parkson Chen, and three elected supervisors are Min-Chan Chen, K.J. Wu, and Mei-Li Tsai. The Board of Directors selected Mr. Chin-Tai Shih as Chairperson and hired Mr. Parkson Chen as General Manager.
- October 21, 1988 Acquired official company license.
- March 4, 1989 Obtained approval from Hsinchu Science Park for a land of 0.96 hectares for use of factory construction.
- March 24, 1989 Obtained certificate of business registration approved by the Local Tax Bureau Hsinchu City, and the first business invoice (Government Uniform Invoice) was issued on the same day on March 31.
- August 18, 1989 Chairperson Mr. Chin-Tai Shih resigned from the chairperson position and was succeeded by Mr. Chi-Mo Wang.
- September 18, 1989 Groundbreaking ceremony for the Company’s new factory site in Hsinchu Science Park.
- November 1989 The Company purchased its second electron beam exposure system.
- March 16, 1980 Approved by Securities and Futures Bureau (SFB) as a company with initial public offering of stocks.
- April 3, 1980 Joint meeting of directors and supervisors during the 1st Term 5th Meeting passed the resolution for cash capital increase of NT\$262,500,000 and collected in full on June 5 of the same year.
- April 2, 1991 Changing the company’s authorized capital stock to NT\$500,000,000 due to long-term development needs of the company was approved at the Shareholders’ Meeting.
- July 22, 1991 The Company’s newly-built factory in Hsinchu Science Park was completed for use.
- June 1992 Completed outsourced manufacturing of 4 M DRAM photomask by Electronics Institute of Industrial Technology Research Institute (ITRI), proven the strength and ability of submicron development in Taiwan.

August 24, 1992	Entered into a contract agreement with Japan's ICA company to purchase CORE-2564 laser-beam mask/reticle lithography system made by ETEC company to meet the requirements in industrial developments of integrated circuit for 16 M DRAM and 64 M DRAM.
October 1993	ICS company of the United States came to Taiwan to present the Zero-Defect Quality Award to the Company, in recognition of the Company's speedy delivery of goods and great quality with zero defects.
January 1994	Collaborated with Electronics Institute of Industrial Technology Research Institute (ITRI) to co-develop finished photomask products for Liquid Crystal Display (LCD) usage and to formally supply them to LCD manufacturers.
May 1994	The newly purchased CORE-2564 laser-beam mask/reticle lithography system arrived at the factory. It was the newest model at that time with added computerized rapid processing function and it allowed development of Phase Shift Mask.
November 21, 1994	The Company was approved by the 235th Meeting of the Marketable Securities Listing Committee of the Taipei Stock Exchange Corporation (TWSE) and agreed for the Company's stock to be listed as Class II stocks. Officially listed on April 17, 1995.
February 13, 1995 - March 14, 1995	The Company's stocks were co-handled with the eleven securities underwriter of CTBC Securities on matters of public sale prospectus prior to listing, the negotiated sale price was NT\$47 per share. All matters of the sale were completed on March 14, 1995, and on March 27 of the same year submitted a declaration to TWSE for official listing on April 17.
May 13, 1995	The Company had purchased a large-size exposure machine which arrived at the factory for set-up, becoming the first company in Taiwan to be able to provide large-size photomasks needed by LCD.
June 6, 1995	The shareholders' meeting approved increasing the authorized capital stock to NT\$700,000,000.
October 17, 1995	Purchased the third CORE2564 machine to the factory for set-up.
January 5, 1996	The Securities and Futures Bureau (SFB) approved the Company's cash capital increase of NT\$85,437,500. The offering was completed on April 2, 1996.
June 1, 1996	The shareholders' meeting approved increasing the authorized capital stock to NT\$1,000,000,000.
June 27, 1996	The Company purchased electron beam exposure system equipment produced by Japan's electro-optical company which arrived at the factory for set-up. The machine's model is JBX-7000MV which was designed especially for the production of 64M and 256M DRAM. The Company had introduced a variable shaped beam exposure system for the first time, along with the available equipment at that time, it brought the Company's production method at that time into a new era.
July 8, 1996	The Company signed a collaborative agreement with United Microelectronics

Corporation (UMC) for 0.35 micrometer (μm) photomask mass production. UMC to purchase one 0.35 μm processing photomask exposure machine to be placed at the Company in 1997. The Company was then responsible for management of the production and manufacturing, supplying photomask to UMC's 8-inch wafer factory.

August 2, 1996 The laser-beam mask/reticle lithography system made by U.S.A.'s ETEC company that the Company purchased had arrived at the factory for installation. The system model was ALTA-3000 which was considered as the newest precision equipment model at that time, a model type designed specifically for 0.35 μm manufacturing for mass production and 0.25 μm manufacturing development. This machine system provided abundant support and supply to the Company in supplying photomask to 8-inch integrated circuit factories.

November 9, 1996 Joint meeting of directors and supervisors during the 3rd Term 14th Meeting had approved cash capital increase of NT\$119,228,750, actual paid-in capital after capital increase was NT\$1,100,000,000.

May 21, 1997 The convening of the 1997 Shareholders' Meeting had approved increasing the authorized capital stock to NT\$2,500,000,000, 4th Term Election of Directors and Supervisors with Mr. Chi-Mo Wang's reappointment as the 4th Term Chairperson.

July 23, 1997 Groundbreaking ceremony for the Company's second factory, expected year of completion was 1998.

May 21, 1998 The 1998 shareholders' meeting approved increasing the authorized capital stock to NT\$2,700,000,000.

May 5, 1999 The 1999 shareholders' meeting approved increasing the authorized capital stock to NT\$3,891,000,000.

April 2000 The laser-beam mask/reticle lithography system made by U.S.A.'s ETEC company that the Company purchased was the ALTA-3500 model. It was a model type designed specifically for 0.18 μm manufacturing for mass production and 0.15 μm manufacturing development.

June 12, 2000 The 2000 shareholders' meeting approved the merger with Hsintai Technology Company Limited and increased the authorized capital stock to NT\$4,500,000,000. Election of the 5th Term directors and supervisors took place during the meeting, with Mr. Shan-Ko Hsu elected to chairperson.

December 1, 2000 Baseline date for merger of Hsintai Technology Company Limited.

April 24, 2001 The 2001 shareholders' meeting approved increasing the authorized capital stock to NT\$5,200,000,000. By-election for the 5th Term directors and supervisors took place due to resignation of one director and one supervisor from Wensheng Investment Company and ITIC respectively. After the by-election, Biyou Electronics Industrial Company and Tech Alliance Corp. took up positions of director and supervisor respectively.

March 2002 The Company's second factory had completed construction and was in usage.

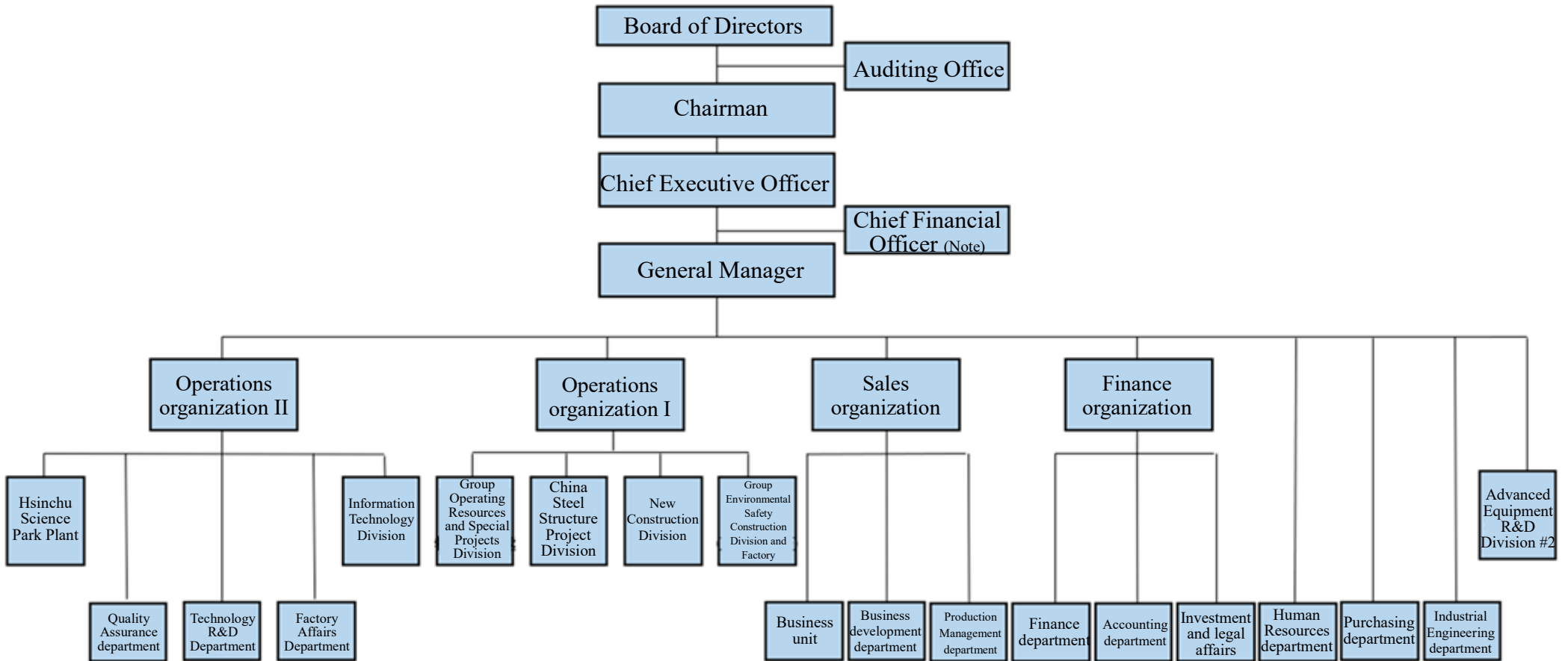
June 3 2003	The 2003 shareholders' meeting elected 6th Term directors and supervisors, Mr. Shan-Ko Hsu was reappointed to 6th Term chairperson.
June 12, 2006	The 2006 shareholders' meeting elected 7th Term directors and supervisors, Mr. Shan-Ko Hsu was reappointed to 7th Term chairperson.
June 10, 2009	The 2009 shareholders' meeting elected 8th Term directors and supervisors, Mr. Shan-Ko Hsu was reappointed to 8th Term chairperson.
June 28, 2012	The 2012 shareholders' meeting elected 9th Term directors and supervisors, Mr. Parkson Chen was elected to 9th Term chairperson.
June 25, 2015	The 2015 shareholders' meeting elected 10th Term directors, independent directors and supervisors, Mr. Parkson Chen was elected to 10th Term chairperson.
June 23, 2017	The 2017 shareholders' meeting elected 11th Term directors, independent directors and supervisors, Mr. K.J. Wu was elected to 11th Term chairperson.
October 1, 2017	Baseline date for merger of Miracle Technology CO., LTD. (Miracle Tech).
August 9, 2018	The Board of Directors passed the resolution to acquire equity of Weida Hi-Tech Company by cash.
May 3, 2019	Innova Vision INC. organized cash capital increase by issuance of new shares on May 3, 2020. The Group has not executed based on shares proportion. Therefore, the Group has lost control of this company and Innova Vision INC. is not a subsidiary of the Group now.
June 28, 2019	Aptos Technology INC. held elections for all directors. The Company's subsidiary Youe Chung Capital Corporation won more than half of the director seats obtaining actual control of this company. It will then be included as a subsidiary of the Group from this date onwards.
March 18, 2020	A special meeting of the shareholders was convened in 2020 for election of 12th Term directors. Mr. Michael Tsai was elected as a 12th Term chairperson.
April 10, 2020	Weida Hi-Tech Company issued new stocks for cash capital increase separately on
May 15, 2020	April 10, 2020 and May 15, 2020. The Group did not keep up with the subscription for
June 2, 2020	shareholding, which caused the shareholding to drop to 36.7%. Weida Hi-Tech Company then held an extraordinary general meeting of shareholders on June 2, 2020 to elect new directors. The Company won one seat of director and lost the control of the Weida.
November 4, 2020	The board approved of the appointment of Mr. Sean Chen as the Company's chairman of the 12th term.
December 16, 2020	Innova Visison held an extraordinary general meeting of shareholders on December 16, 2020 to elect new directors. The Company's subsidiary Youe Chung Capital Corporation won all of the director seats, obtaining substantial control of this company. It will then be included as a subsidiary of the Group from this date onwards.
June 2021	Established the Taiwan Mask Charity Foundation.

July 2021	The issuance of the 3rd series domestic unsecured convertible bonds for NT\$1.8 billion was approved.
September 2022	Approved the issue of 2022 1st series secured corporate bonds for NT\$500 million.
October 2022	Introduced verification of 40nm photomask manufacturing process.
December 2022	Constructed the laser welding R&D center and network with steel structure industry leaders to drive industry transformation.
December 2022	Approved the issue of 2022 2nd series secured corporate bonds for NT\$500 million.
March 2023	The Landscape and Ecological Garden of TMC Zhunan Factory was completed to create a sustainable environment.
May 2023	The 2023 shareholders' meeting elected the 13th Board of Directors, and Mr. Sean Chen was elected as the 13th Chairman.
August 2023	Approved the issue of 2023 1st series secured corporate bonds for NT\$500 million.
October 2023	On the 35th anniversary of the establishment of TMC, the Group's family day was expanded.
December 2023	Approved the issue of 2023 2nd series secured corporate bonds for NT\$500 million.

Three. Corporate Governance Report

I. Organizational Structure

(I) Organizational Structure



Note: The position of Chief Financial Officer is mainly responsible for integrating the financial resources of the Group, and the financial officers or departments established for each firm in the Group (including the Company) are still responsible for handling the financial matters of each firm, and presenting them at different levels according to the approval authority set by each firm. Finally, the CFO summarizes related implementation and reports to the CEO.

(II) Business operations of main departments

Main departments	Main duties of each department	Main departments	Main duties of each department
Auditing Office	Audit the internal control operations, assess the soundness and effectiveness of internal controls and the accuracy of financial and accounting information.	Production Management department	Production schedule, import-export, storage and transportation business, testing and certification of photomask.
Group Environmental Safety Construction Division	Management of labor occupational safety and health.	Group Operating Resources and Special Projects Division	Monitor and control project execution progress, process quality, cost utilization and project target discrepancies, and make continuous improvements.
Factory Affairs Department	Controls electricity, air-conditioning and clean room and is responsible for the shift scheduling, meter reading and agents reserves of various system equipment, and is capable of understanding and handling the system issues in a timely manner. Perform primary and secondary maintenance and inspection of system equipment, environmental management system and occupational safety and health-related works, contracting of secondary distribution, buildings and project construction and the related supervision, trial run and acceptance. Analyze and understand the system equipment and improve the operating conditions and the emergency responses to various incidents.	Advanced Equipment R&D Division #2	Development of automation equipment.
Hsinchu Science Park Plant	Production management of photomask. Inspection and repair of photomask manufactured, control and management of production cost, production efficiency improvement, manufacturing equipment maintenance and handle process exceptions.	China Steel Structure Project Division	High-energy laser welding, steel structure production automation integration, steel structure smart manufacturing system.
Information Technology Division	CAD technology development, engineering computer software development, maintenance and computer management, maintenance. Coding development, supporting customers information correction and service, providing MIS information.	New Construction Division	Execute planning, evaluation, design, budgeting, schedule estimation, contracting supervision, and operation system establishment of plant systems in accordance with the objectives of the Group's plant expansion and project plans.
Technology R&D Department	R&D of advanced manufacturing technology of photomasks. Assessment, development and incorporation of advanced photomask machine and materials, customer new product certification and introduction, discussion of customer technical issues.	Industrial Engineering department	Work standardization, simplifying, process analysis and optimization, investment analysis, cost analysis.
Quality Assurance department	Formulating product specification, quality guarantee planning, customer service.	Purchasing department	Material, machines and general purchase business.
Sales organization	Product sales, market research and development.	Finance organization	Financial scheduling, fund management, collection, production and analysis of accounting information, shareholder services related business, group investment management and legal affairs.
Human Resources department	Human resources and salary, recruiting, administration, education and training and general affairs (management of employee cafeteria, gym and coffee shop).		

II. Information on Directors, General Manager, Vice General Managers

(I) Information on president and vice presidents

March 31, 2024

Job title	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Shares held by spouse, underage dependents		Shares held in the names of others		Main career (academic) backgrounds	Concurrent Position in Other Companies	Managers who are Spouse or Blood Relatives Within the Second Degree			Note
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Chief Executive Officer	Republic of China	K.J. Wu	Male	January 15, 2020	5,796	0.00%	5,075,523	1.98%	-	-	MBA, University of Maryland, United States of America; Director, Finance Office, ITRI Chairman, Taiwan Mask Corporation	Chairperson, Taiwan Mask Charity Foundation	-	-	-	-
General Manager	Republic of China	Lidon Chen	Male	January 15, 2020	3,750,000	1.46%	0	0.00%	-	-	Master's, Department of Atmospheric Sciences, National Central University General Manager of Xintec Inc. General Manager of DelSolar Co., Ltd.	Chairperson, Xsense Technology Corporation Director of Digital-Can Tech. Co., Ltd. Director, Aptos Technology INC. Director of Weida Hi-Tech Co., Ltd. Director of Moment Semiconductor, Inc. Director, Pilot Qiangxiang Co., Ltd.	-	-	-	-
Chief Financial Officer	Republic of China	Eve Yang	Female	March 17, 2020	1,953,000	0.76%	0	0.00%	-	-	MBA, University of North Alabama, USA Vice President of Finance, FOCl Fiber Optic Communications, Inc.	Chairperson, Youe Chung Capital Corporation Director of Digital-Can Tech. Co., Ltd. Supervisor, Xsense Technology Corporation	-	-	-	-
Chief Operating Officer	Republic of China	Nester Huang	Male	February 20, 2020	1,656,000	0.65%	0	0.00%	-	-	Bachelor degree, Department of Applied Physics, Tunghai University Director of Manufacturing (Back-end processes), Micron Technology, Inc. General Manager, JCET Group Co., Ltd.	Chairman of Digital-Can Tech. Co., Ltd. Director, Aptos Technology INC.	-	-	-	-
Vice General Manager of Operations	Republic of China	Che-Pin Tseng	Male	November 15, 2021	293,000	0.11%	2,000	0.00%	-	-	Bachelor degree, Department of Applied Physics, Chung Yuan Christian University Vice President of Operations, Episil Holding Inc. Vice President of Operations, Toppan Chunghwa Electronics, Co., Ltd. Taiwan Branch	-	-	-	-	
Vice President	Republic of China	Chaucer Chung	Male	August 4, 2023	300,000	0.12%	0	0.00%	-	-	Department of Physics, Fu Jen Catholic University - Master's Degree Manager of PIE/MQR Dept., TSMC Chief of Operations Division, Japan Factory, Hon Hai Precision	-	-	-	-	

Note: There are no situations where the aforementioned personnel are the same person as the Chairperson, or is a spouse or first-degree relative of the Chairperson.

(II) Profile of directors and independent directors

March 31, 2024

Job title	Nationality or Place of Registration	Name	Gender and Age	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Note
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Chairman	Republic of China	Sean Chen	Male 57	May 24, 2024	3 Years	March 18, 2020	2,000,000	0.78%	2,000,000	0.78%	794,000	0.31%	-	-	Director, Tachun Venture Capital Co., Ltd. Chairperson, Antario Corporation Chief Executive Officer, xFuture Ltd. GLMS Group (NTT Com Asia Partner) Executive Vice President Director of Business Unit, AVerMedia Technologies, Inc. CEO and Co-founder, Goosean Media Inc. Assistant Vice President, Sales Consultation, Oracle Corporation Asia Pacific, Greater China region Manager, Application Software Development Group, Oracle Corporation USA Headquarter IT Manager, Taiwan Semiconductor Manufacturing Company Limited	Chairman, Taiwan Mask Corporation Chief Executive Officer, USA's N2 Connectivity Inc Chairman, Jaas data inc. Director, Xsense Technology Corporation Director, BKS Tec Corp.				
Director	Republic of China	Lidon Chen	Male 60	May 24, 2024	3 Years	March 18, 2020	2,750,000	1.07%	3,750,000	1.46%	-	-	-	-	Master's, Department of Atmospheric Sciences, National Central University General Manager of Xintec Inc. General Manager of DelSolar Co., Ltd.	Director and President of Taiwan Mask Corporation Chairperson, Xsense Technology Corporation Director of Digital-Can Tech. Co., Ltd. Director, Aptos Technology INC. Director of Weida Hi-Tech Co., Ltd. Director of Moment Semiconductor, Inc. Director, Pilot Qiangxiang Co., Ltd.				
Director	Republic of China	Chao-Yi Wu	Female 41	May 24, 2024	3 Years	March 18, 2020	9,907,000	3.86%	10,298,000	4.02%	668,000	0.26%	-	-	Master's degree, Cornell University, USA Manufacturing and Engineering Department, Wintec Industries Inc. Management Department, Sinyi Realty Inc., Japan Account Manager, Browave Corporation President, Browave Corporation Japan	Chairperson, Taiwan Mask Corporation President, Browave Corporation Japan Director, Browave Corporation Chairman, Ontario Capital Co., Ltd.	Chief Executive Officer	K.J. Wu	Father and daughter	
Director	Republic of China	Youe Chung Capital Corporation	Method Person (s)	May 24, 2024	3 Years	May 24, 2024	36,731,440	14.32%	35,831,440	13.97%	-	-	-	-						
		Representative: Ming-Chung Chang	Male 62	May 24, 2024	3 Years	May 24, 2024	0	0%	0	0%	-	-	-	-	EMBA from National Central University Senior Vice President, Delta Electronics Co., Ltd. Director, Delta Electronics Co., Ltd. Director, Delta Electronics Foundation					

Note: 1. There are no situations where the aforementioned personnel hold concurrent positions as the chairperson and president or equivalent position (manager as the highest level), or is a spouse or first-degree relative of the Chairperson.

Job title	Nationality or Place of Registration	Name	Gender and Age	Date elected/appointed	Term	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Note
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Independent Director	Republic of China	Wei-Chen Wang	Male 66	May 24, 2024	3 Years	July 5, 2021	-	-	-	-	-	-	-	-	Department of Accounting, National Chengchi University CPA, PwC Taiwan	Independent director, Taiwan Mask Corporation Independent director, ENNOSTAR Inc. Independent director, FEATURE INTEGRATION TECHNOLOGY INC. Independent director, Etron Technology CPA, Zhicheng Hexing CPA Firm	-	-	-	-
Independent Director	Republic of China	Huan-Kuei Cheng	Male 69	May 24, 2024	3 Years	July 5, 2021	6,051	0.00%	6,051	0.00%	-	-	-	-	Master of Business Administration, Saginaw Valley State University, Michigan, USA Director, National Chung-Shan Institute of Science and Technology Director, Browave Corporation Supervisor, National Chung-Shan Institute of Science and Technology Assistant Professor, Institute of Accounting, Soochow University	Independent director, Taiwan Mask Corporation Director, National Chung-Shan Institute of Science and Technology	-	-	-	-
Independent Director	Republic of China	Hui-Fen Chan	Female 55	May 24, 2024	3 Years	May 26, 2022	7,000	0.00%	0	0.00%	-	-	-	-	Master of Law, Boston University Bachelor of Law, National Taiwan University Taiwan Attorney and New York State Attorney Qualification Chief Legal Officer, Altek Corporation Head of Legal Affairs, Siliconware Precision Partner Attorney, H. L. Partners Attorney, Lee and Li	Independent director, Taiwan Mask Corporation Independent director, ITEQ CORPORATION, Independent director, Chipmos Technologies Inc. Independent Director, Formosa I Wind Power Co., Ltd. (Note 2) Chairman of Keep Enlightenment Management Consulting Co., Ltd. Chairman, KEEP ENLIGHTMENT MARKETING CORP.	-	-	-	-

Note:

1. There are no situations where the aforementioned personnel hold concurrent positions as the chairperson and general manager or equivalent position (manager as the highest level), or is a spouse or first-degree relative of the Chairperson.
2. Formosa I Wind Power Co., Ltd. is not a public company.

(III) Major shareholders of corporate shareholders

March 31, 2024

Name of Corporate Shareholders	Majority corporate shareholders
Youe Chung Capital Corporation	Taiwan Mask Corporation (100%)

(IV) Main shareholders of majority corporate shareholders

March 31, 2024

Name of Legal Person	Majority corporate shareholders
Taiwan Mask Corporation	Youe Chung Capital Corporation (13.78%); Chao-Yi Wu (4.02%); TAIWAN MASK CORP. (2.91%); Huei-Chen Wu-Lai (1.98%); Powerchip Investment Holding Corporation (1.61%) , Lidon Chen (1.46%), Mei-Hui Li (0.89%), Vanguard Starlight Advanced Aggregate International Equity Index under the custody of Chase (0.82%), Sean Chen (0.78%), Dedicated account with CTBC Bank Trust Investment entrusted by Taiwan Life Insurance (II) (0.78%)

(V) Disclosure of professional qualifications of directors and independence of independent directors

March 31, 2024

Criteria Name	Professional qualifications and experience	Independence (Note 1)	Concurrently serving as an independent director in other publicly listed companies
Sean Chen	<ol style="list-style-type: none"> 1. Have more than 20 years of work experience in the area of commerce or otherwise necessary for the business of the Company. 2. Experience in technology industry. 3. Currently the Chairman of Taiwan Mask Corporation. 4. Not been a person of any conditions specified in Article 30 of the Company Act. 	Not applicable	None
Lidon Chen	<ol style="list-style-type: none"> 1. Have more than 20 years of work experience in the area of commerce or otherwise necessary for the business of the Company. 2. Experience in semiconductor and photovoltaic industry. 3. Currently the President and a director of Taiwan Mask Corporation. 4. Not been a person of any conditions specified in Article 30 of the Company Act. 	Not applicable	None
Chao-Yi Wu	<ol style="list-style-type: none"> 1. Have more than 10 years of work experience in the area of commerce or otherwise necessary for the business of the Company. 2. Experience in technology and real estate industry. 3. Currently a director of Taiwan Mask Corporation and Taiwan Mask Charity Foundation. 4. Not been a person of any conditions specified in Article 30 of 	Not applicable	None

Criteria Name	Professional qualifications and experience	Independence (Note 1)	Concurrently serving as an independent director in other publicly listed companies
	the Company Act.		
Youe Chung Capital Corporation Representative: Ming-Chung Chang	<ol style="list-style-type: none"> 1. Have more than 20 years of work experience in the area of commerce or otherwise necessary for the business of the Company. 2. Experience in technology industry. 3. Not been a person of any conditions specified in Article 30 of the Company Act. 	Not applicable	None
Wei-Chen Wang	<ol style="list-style-type: none"> 1. More than 20 years of accounting and auditing experience. 2. CPA, PwC Taiwan 3. Not been a person of any conditions specified in Article 30 of the Company Act. 	Conformed	3
Huan-Kuei Cheng	<ol style="list-style-type: none"> 1. More than 20 years of auditing and corporate governance experience. 2. Had worked as a university professor. 3. Currently a director of National Chung-Shan Institute of Science and Technology and an independent director of Taiwan Mask Corporation. 4. Not been a person of any conditions specified in Article 30 of the Company Act. 	Conformed	0
Hui-Fen Chan	<ol style="list-style-type: none"> 1. More than 20 years of legal affairs and commerce experience. 2. Taiwan Attorney and New York State Attorney Qualifications. 3. Current an independent director of Taiwan Mask Corporation and other publicly traded companies. 4. Not been a person of any conditions specified in Article 30 of the Company Act. 	Conformed	2

Note 1: Status of independence: Including but not limited to whether the independent director, spouse or second-degree relatives are serving as directors, supervisors or employees of the Company or its affiliates; the number of shares and the shareholding percentage held by the independent director, spouse or second-degree relative (or in the name of others); whether the person is serving as a director, supervisor or employee of a company that has a specific relationship with the Company; the independent director, spouse or second-degree relative have not provided the Company or its affiliates with business, legal, financial, accounting and other services to receive remuneration within the last 2 years.

(VI) Diversity and Independence of the Board of Directors

1. Diversity of the Board of Directors

The “Corporate Governance Best Practice Principles” defined that the composition of the board should be diverse. In addition to limiting those who hold concurrent positions to no more than 1/3 of the total board seats, and that there should be at least two seat of female directors, the diversity policy should be formulated based on the Company's operations, business activities and growth, and should include, but is not limited to the standards of the following two aspects:

(1) Background and value: Gender, age, etc. (2) Professional background and skills and industry experience.

The Board’s diversity policy, specific management objectives, and the status of achievement:

Diversity policy and management objective	Achievement
There should be at least three independent directors, accounting no less than 1/5 of the board seats.	Achieved
The number of directors taking concurrent positions as the Company's managers shall not exceed 1/3 of the board seats.	Achieved
At least two seats of female directors.	Achieved
Diversification of professional capabilities	Achieved

In 2023, the implementation of the diversity policy for board members of the Company (including professional abilities, independence, and gender diversity) is as follows:

(1) Achievement of diversification of professional abilities

Name \ Core abilities	Business judgment ability	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership ability	Decision-making ability
Sean Chen	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Lidon Chen	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Chao-Yi Wu	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Ming-Chung Chang	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Wei-Chen Wang	Excellent	Excellent	Excellent	Excellent	Good	Good	Excellent	Excellent
Huan-Kuei Cheng	Excellent	Excellent	Excellent	Excellent	Good	Good	Excellent	Excellent
Hui-Fen Chan	Excellent	Good	Excellent	Excellent	Good	Good	Excellent	Excellent

(2) Implementation of independence and gender diversity

The Company's 13th Board of Directors consists of seven directors with a gender distribution: five (71%) of which were male directors and two (29%) female directors; in terms of independence, three are independent directors, accounting for 43% of the total number of seats on the Board; all three independent directors are newly elected. The term of office is one term only.

2. Independence of the Board of Directors

The Company has three independent directors, who have more than one-third of the board seats, all of whom are professionals with rich professional and industrial experience. Independent director Wei-Chen Wang is a CPA and has more than 20 years of practical experience in the industry, accounting, finance and auditing. Independent director Huan-Kuei Cheng was a director and supervisor of the National Chung-Shan Institute of Science and Technology and taught at a university; he also has rich experience in business, accounting, auditing, corporate governance and industry. Independent director Hui-Fen Chan is a practicing attorney in Taiwan and New York State of the US, and has worked in the semiconductor industry; she also has extensive business, legal and industry experience. All three independent directors are in compliance with Articles 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, meeting the qualification requirements of specialization, work experience, independence and number of firms concurrently served as an independent director, and are not in the circumstances specified in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.

III. Remuneration paid during the most recent fiscal year to directors of the board (including independent directors), the general manager, and vice general managers

(I) Remuneration for directors (including independent directors)

Unit: NT\$ Thousand

Job title	Name	Director compensation								Proportion of Total Remuneration (A + B + C + D) out of Net Income (Note 10)	Compensation received as employee								Total Compensation (A+B+C+D+E+F+G) as a % of the Net Income (Note 10)	Related profit sharing from earnings from investees other than the subsidiaries or the parent company (Note 11)		
		Compensation (A) (Note 2)		Pension (B)		Director remuneration (C)(Note 3)		Fees for services rendered (D)(Note 4)			Base Compensation, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Employee remuneration (G) (Note 6)							
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company		From All Consolidated Entities (Note 7)				The Company	All companies included in the financial statements (Note 7)
Chairman	Sean Chen																					
Director	Lidon Chen																					
Director	Chao-Yi Wu																					
Director	Representatives, Youe Chung Capital Corporation: Ming-Chung Chang	0	0	0	0	8,976	8,976	140	140	2.49	2.49	4,060	4,060	0	0	2,000	0	2,000	2,000	4.15	4.15	None
Independent Director	Wei-Chen Wang																					
Independent Director	Huan-Kuei Cheng	4,320	4,320	0	0	3,024	3,024	105	105	2.04	2.04	0	0	0	0	0	0	0	0	2.04	2.04	None
Independent Director	Hui-Fen Chan																					

Note :

- The policy, system, standards and structure of remuneration payments to independent directors, and describe the relations between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration to them.
 - Director remuneration payment policy:
According to Article 23 of the Articles of Incorporation, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit for director remuneration. However, profits must first be taken to offset against cumulative losses, if any. Employee remuneration, as mentioned above, can be paid in cash or in shares. Qualified employees of subsidiaries are also included in the payment. Current year profit situation as mentioned in the preceding paragraph refers to the profit which is the current year's pre-tax profit before distribution of employee remuneration and director and supervisor remuneration. The distribution of employee and director remuneration shall be executed after the resolution approval at the Board meeting with more than two-thirds of directors attending and of more than half of the attending directors agreed and passed the resolution, and reported to the shareholders meeting.
 - The remuneration standards and packages, the procedure for determining remuneration and its linkage to the Company's operating performance and future risks:
The remuneration of the Company's directors shall be determined by the Board of Directors, as authorized by the Articles of Incorporation, with reference to the extent of each director's participation in the Company's operations and his or her contribution, and with reference to the usual level of domestic and foreign industry payment standards. If the Company is profitable, the board (including the Remuneration Committee) shall decide the amount of remuneration for directors in accordance with the Articles of Incorporation. Independent directors are ex-officio members of the Audit Committee. Considering their duties, risks and time commitment, they are paid reasonable remuneration in addition to the director remuneration they receive. According to the Company Charter, the Company shall distribute not more than 2% of the current year's profit situation for director remuneration. The proportion distributed by the Company is reasonable, in accordance to the Charter.
- In addition to the disclosure shown in the above table, the remuneration received by the directors for their service provided to all companies listed in the financial reports in the most recent fiscal year: None.
- The Company's 13th board of directors was elected at the regular shareholders' meeting on May 24, 2023. The directors elected were: Sean Chen, Lidon Chen, Chao-Yi Wu, Youe Chung Capital Corporation (Representative: Ming-Chung Chang), Independent Director Wei-Chen Wang, Independent Director Huan-Kuei Cheng and Independent Director Hui-Fen Chan.

(II) Remuneration range of directors (including independent directors)

Range of compensation paid to the Company's directors	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A + B + C + D + E + F + G)	
	The Company (Note 8)	From All Consolidated Entities (Note 9) H	The Company (Note 8)	From All Consolidated Entities (Note 9) I
Below NT\$ 1,000,000				
NT\$1,000,000 ~ NT\$1,999,999	Representatives, Youe Chung Capital Corporation: Ming-Chung Chang	Representatives, Youe Chung Capital Corporation: Ming-Chung Chang	Representatives, Youe Chung Capital Corporation: Ming-Chung Chang	Representatives, Youe Chung Capital Corporation: Ming-Chung Chang
NT\$2,000,000 ~ NT\$3,499,999	Sean Chen, Chao-Yi Wu, Huan-Kuei Cheng Wei-Chen Wang, Hui-Fen Chan	Sean Chen, Chao-Yi Wu, Huan-Kuei Cheng Wei-Chen Wang, Hui-Fen Chan	Sean Chen, Chao-Yi Wu, Huan-Kuei Cheng Wei-Chen Wang, Hui-Fen Chan	Sean Chen, Chao-Yi Wu, Huan-Kuei Cheng Wei-Chen Wang, Hui-Fen Chan
NT\$3,500,000 ~ NT\$4,999,999				
NT\$5,000,000 ~ NT\$9,999,999	Lidon Chen	Lidon Chen	Lidon Chen	Lidon Chen
NT\$10,000,000 ~ NT\$14,999,999				
NT\$15,000,000 ~ NT\$29,999,999				
NT\$30,000,000 ~ NT\$49,999,999				
NT\$50,000,000 ~ NT\$99,999,999				
NT\$ 100,000,000 and above				
Total	7 people	7 people	7 people	7 people
Total	7 people	7 people	7 people	7 people

Note 1: The names of directors should be separately listed (legal person shareholder should list the name of the legal person and the representative separately), and the payment to each director and independent director should be summarized and disclosed.

Note 2: Refers to the remuneration of directors in the most recent year (including the salary, differential pay for the job, severance pay, various rewards, bonuses and others).

Note 3: Fill in the remuneration amount allocated to directors approved by the board meeting in the most recent year.

Note 4: Refers to the related business implementation expenses of directors in the most recent years (including transportation, special disbursement, various allowance, housing, cars and other tangibles). In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here.

Note 5: Refers to the salary, differential pay for the job, severance pay, various rewards, bonuses, transportation, special disbursement, various allowances, housing, cars and other tangibles for the directors taking concurrent positions as employees (including as the general manager, assistant general manager, other department managers or employees). In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here. The salary expenses recognized in accordance with IFRS2 Share-based Payment, including obtaining employee stock options, restricted stock awards, participation in new share issuance through cash capital increase, should be included in the remuneration.

Note 6: Refers to those directors taking concurrent positions as employees (including as the general manager, assistant general manager, other department managers or employees) and receiving employee compensation (including stocks and cash) in the most recent year, of whom the allocated employee compensation approved by the board shall be disclosed. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year.

Note 7: The total amount of remunerations paid to directors of the Company by all companies (including the Company) shall be disclosed in the consolidated report.

Note 8: The total amount of various types of remunerations paid by the Company to each director and disclose the names in the specified range grades.

Note 9: The total amount of various types of remunerations paid by all companies (including the Company) in the consolidated report to each director should be disclosed. Disclose the names of directors in the specified range grades.

Note 10: The net income after tax refers to the number in the standalone financial report.

Note 11: a. This field should state the amount of remuneration paid to directors from non-consolidated affiliates or parent companies.

b. If a director of the Company receives a remuneration from non-consolidated affiliates or the parent company, the amount shall be included in Field I of the appropriate range grade, and the field name should be changed to "Parent company and all non-consolidated affiliates".

c. Remunerations refer to remuneration, compensation (including employee, director and supervisor compensation) and allowance for business operations received by the directors of the Company who serve as directors, supervisors or managing executives of the other non-consolidated affiliates that are not subsidiaries or the parent company.

* The remunerations disclosed here in this Table are different from the incomes defined by the Income Tax Act. This Table is for the purpose of information disclosure and not for tax matters.

(III) Remuneration for President and Vice Presidents

Unit: NT\$ Thousand

Job title	Name	Salary (A) (Note 2)		Resignation Pension (B)		Bonuses and Allowances (C)(Note 3)		Employee remuneration (D) (Note 4)				Proportion (%) of Total Remuneration (A + B + C + D) out of Net Income (Note 8)		Whether receive remuneration from non- consolidated affiliates or the parent company (Note 9)
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company		From All Consolidated Entities (Note 5)		The Company	From All Consolidated Entities (Note 5)	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	K.J. Wu (Note 1)	12,628	12,628	0	0	6,085	6,085	6,672	0	6,672	0	6.93	6.93	None
General Manager	Lidon Chen													
Chief Operating Officer	Nester Huang													
Chief Financial Officer	Eve Yang													
Vice President	Po-Wen Hsiao													
Vice President	Che-Pin Tseng													
Vice President	Chaucer Chung													

Note 1: No remuneration was paid to the Chief Executive Officer, K.J. Wu

(IV) Range of remuneration to President and Vice Presidents

Range of remuneration to the Company's President and Vice Presidents	Names of President and vice presidents	
	The Company (Note 6)	From All Consolidated Entities (Note 7) E
Below NT\$ 1,000,000	K.J. Wu (Note), Po-Wen Hsiao	K.J. Wu (Note), Po-Wen Hsiao
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999	Chaucer Chung	Chaucer Chung
NT\$3,500,000 ~ NT\$4,999,999	Che-Pin Tseng	Che-Pin Tseng
NT\$5,000,000 ~ NT\$9,999,999	Lidon Chen, Eve Yang, Nester Huang	Lidon Chen, Eve Yang, Nester Huang
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
NT\$ 100,000,000 and above		
Total	7 people	7 people

Note: No remuneration was paid to the Chief Executive Officer, K.J. Wu.

Note 1: The names of general manager and assistant general managers should be separately listed and summarized to disclose the payment for each person.

Note 2: Refers to the salary, differential pay for the job and severance of general manager and assistant general managers in the most recent year.

Note 3: Refers to the various rewards, bonuses, transportation, special disbursement, various allowances, housing, cars and other tangibles and other remunerations of general manager and assistant general managers in the most recent year. In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here. The salary expenses recognized in accordance with IFRS2 Share-based Payment, including obtaining employee stock options, restricted stock awards, participation in new share issuance through cash capital increase, should be

included in the remuneration.

Note 4: Refers to the employee remuneration (including stocks and cash), approved by the board, to be allocated to the general manager and assistant general managers in the most recent year. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year.

Note 5: The total amount of remunerations paid to the general manager and assistant general managers of the Company by all companies (including the Company) shall be disclosed in the consolidated report.

Note 6: The total amount of various types of remunerations paid by the Company to the president and each vice president and disclose the names in the specified pay grades. The amount disclosed in the table is the actual payment for 2022.

Note 7: The total amount of various types of remunerations paid by all companies (including the Company) in the consolidated report to each one of general managers and assistant general managers should be disclosed. Disclose their names in the specified range grades.

Note 8: The net income after tax refers to the number in the standalone financial report.

Note 9: a. This field should clearly state the amount of remuneration paid to general managers and assistant general managers from non-consolidated affiliates or parent company.

b. If the general manager or assistant general managers of the Company receive remuneration from a non-consolidated affiliates or the parent company, the amount shall be included in Field E of the appropriate grade range, and the field name should be changed to “The parent company and all non-consolidated affiliates.”

c. Remunerations refer to remuneration, compensation (including employee, director and supervisor compensation) and allowance for business operations received by the general manager and assistant general managers of the Company who serve as directors, supervisors or managing executives of the other non-consolidated affiliates that are not subsidiaries or the parent company.

* The remunerations disclosed here in this Table are different from the incomes defined by the Income Tax Act. This Table is for the purpose of information disclosure and not for tax matters.

(V) Remuneration for management level - Top five

Unit: NT\$ Thousand

Job title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and Allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				Proportion (%) of Total Remuneration (A + B + C + D) out of Net Income (Note 6)		Whether receive remuneration from non-consolidated affiliates or the parent company (Note 7)
		The Company	The Company's financial reports (Note 5)	The Company	The Company's financial reports (Note 5)	The Company	The Company's financial reports (Note 5)	The Company		All companies in the Company's financial reports (Note 5)		The Company	The Company's financial reports	
								Cash	Stock	Cash	Stock			
General Manager	Lidon Chen	12,497	12,497	0	0	5,995	5,995	6,672	0	6,672	0	6.87	6.87	None
Chief Operating Officer	Nester Huang													
Chief Financial Officer	Eve Yang													
Vice President	Chaucer Chung													
Vice President	Che-Pin Tseng													

Note 1: The "Five highest paid executives" refer to the Company's managers. Please refer to Tai-Cai-Zheng-San-Zi No. 0920001301 document published by the Securities and Futures Bureau, Financial Supervisory Commission on March 27, 2003 on the standards which define the scope of roles of managers. As for the calculation of the five highest amount in remuneration, it is the total of salary, retirement pensions, bonuses and allowances and employees' remuneration (that is, A + B + C + D) recorded on the consolidated financial reports received by the Company's managers, which are then ranked to show the managers who have the five highest figure in remuneration.

Note 2: Refers to the salary, differential pay for the job and severance of five highest paid managers in the most recent year.

Note 3: Refers to the various rewards, bonuses, transportation, special disbursement, various allowances, housing, cars and other tangibles and other remunerations of the five highest paid managers in the most recent year. In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here. The salary expenses recognized in accordance with IFRS 2 Share-based Payment, including obtaining employee stock options, restricted stock awards, participation in new share issuance through cash capital increase, should be included in the remuneration.

Note 4: Refers to the employee remuneration (including stocks and cash), approved by the board, to be allocated to the five highest paid managers in the most recent year. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year and then fill out Table 1-3.

Note 5: The total amount of remunerations paid to the five highest paid managers of the Company by all companies (including the Company) shall be disclosed in the consolidated report.

Note 6: The net income after tax refers to the number in the standalone and individual financial reports.

Note 7: a. This field should clearly state the amount of remuneration paid to the five highest paid managers from non-consolidated affiliates or the parent company. (Please fill in "None," if there is none).

b. Remunerations refer to remuneration, compensation (including employee, director and supervisor compensation) and allowance for business operations received by the five highest paid managers of the Company who serve as directors, supervisors or managing executives of the other non-consolidated affiliates that are not subsidiaries or the parent company.

* The remunerations disclosed here in this Table are different from the incomes defined by the Income Tax Act. This Table is for the purpose of information disclosure and not for tax matters.

(VI) Names of managers who are assigned employee compensation and the assignment

As of March 31, 2024 Unit: NT\$ Thousand

	Job title (Note 1)	Name (Note 1)	Stock	Cash	Total	Total as a percentage of net income (%)
Managerial Officer	General Manager	Lidon Chen	-	6,672	6,672	1.82
	Chief Operating Officer	Nester Huang				
	Chief Financial Officer	Eve Yang				
	Vice President	Chaucer Chung				
	Vice President	Che-Pin Tseng				

Note 1: Names and titles can be disclosed separately and the profit distribution can be summarized in an aggregate amount.

Note 2: Refers to the employee remuneration (including stocks and cash), approved by the board, to be allocated to the executive managers in the most recent year. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year. The net income after tax refers to the number in the standalone financial report.

Note 3: The applicability for managers is based on Document No. 0920001301 of Tai-Cai-Zheng-San-Zi No. announced by the Financial Supervisory Commission on March 27, 2003.

(1) General manager and the equivalent position levels (2) Assistant general manager and the equivalent position levels (3) Department directors and the equivalent position levels (4) Head of the Finance Department (5) Head of the Accounting Department (6) Other people who manage matters for and sign on behalf of the Company.

Note 4: For the directors, general manager and assistant general managers who receive employee remuneration (including stocks and cash), this Table will be filled out.

(VII) Analysis of the total remuneration paid, as a percentage of net income in the standalone financial report, to the Company's board directors, the general manager and assistant general managers during the most recent two years by the Company and all companies included in parent company only statements

Unit: NT\$ Thousand; %

Items \ Year	Total compensation for directors		Total compensation for President and vice presidents		Total compensation		Total amount as % of net income of the Company and on the consolidated financial statements	
	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements
2022	18,230	18,230	39,774	39,774	58,004	58,004	8.24	8.24
2023	16,320	16,320	19,381	19,381	35,701	35,701	9.75	9.75

The remuneration policies, standards and packages, the procedure for determining remuneration and its linkage to the Company's operating performance and future risks:

1. The director remuneration is determined in accordance with the Articles of Incorporation, and is no more than 2% of the profit of the year. The Remuneration Committee deliberates on the amount, which is then submitted to the board for resolution.
2. The appointment, remuneration, and dismissal of the president and vice presidents are subject to the Company's regulations, and remuneration is paid according to their contribution, performance, duties and service tenure. The Remuneration Committee deliberates on the standard of remuneration for the president and vice presidents, which is then submitted to the board for resolution.
3. The Company's main principle for remuneration is to connect duties and performance results, and provide remuneration relatively competitive to attract and retain talents.

IV. Implementation status of corporate governance

(I) Operation of the Board of Directors

The Board of Directors met seven times in 2023 and the attendance of directors was as follows:

Job Title	Name	Actual Attendance in Person (B)	Number of proxy attendants	Actual Attendance in Person (%), (B/A)	Note
Chairman	Sean Chen	7	0	100	
Director	Fushuo Investment Co., Ltd. Representative: Martin Chu	3	3	100	Dismissed after full re-election on May 24, 2023; three attendance required.
Director	Lidon Chen	7	7	100	
Director	Chao-Yi Wu	7	7	100	
Director	Youe Chung Capital Corporation Representative: Ming-Chung Chang	4	4	100	Took office after full re-election on May 24, 2023; four attendance required.
Independent Director	Wei-Chen Wang	7	7	100	
Independent Director	Huan-Kuei Cheng	7	7	100	
Independent Director	Hui-Fen Chan	7	7	100	

Other matters that shall be recorded:

- I. If the Board of Directors operations encounter any of the following situations, it shall state clearly the Board meeting date, term, proposal content, all of the independent directors' opinion, and the Company's handling of the opinion of the independent director:
- Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act does not apply. For the explanation on the matters listed in Article 15-5 of the Securities and Exchange Act, please refer to the information on the operation of the Audit Committee in this year's annual report. (p. 21)
 - Other BOD resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors: None.
- II. For the recusal of directors due to conflicts of interest, please describe the name of the director, the proposal content, the reason for recusal and the participation in voting:

Board Meeting Date	Name of director	Content of proposal	Reasons for recusal	Participation in voting
March 3, 2023	Director Lidon Chen	Appointment of directors and president of subsidiaries.	The legal representative of Youe Chung Capital Corporation, serves as the director of Moment Semiconductor, Inc.	Did not participate in discussion and voting
April 14, 2023	Director Lidon Chen	Proposal to transfer the Company's treasury shares to employees.	Director, Lidon Chen, recused due to conflicts of interest.	Did not participate in discussion and voting
August 4, 2023	Director Lidon Chen	Deliberating 2022 distribution of employee remuneration for managerial officers and director remuneration.	Director, Lidon Chen, recused due to conflicts of interest.	Did not participate in discussion and voting
November 8, 2023	Director Lidon Chen	Proposal to participate in the capital increase by cash in the subsidiary, Pilot Battery Co.,Ltd.	Director, Lidon Chen, recused himself from the discussion as he served as a director of Pilot.	Did not participate in discussion and voting
November 8, 2023	Director, Chao-Yi Wu	Proposal to participate in the capital increase by cash in the subsidiary, Pilot Battery Co.,Ltd.	Director, Chao-Yi Wu recused himself recused himself from the discussion as he served as a major shareholder and director of Pilot.	Did not participate in discussion and voting

- III. Self-assessment by the Board of Directors, its evaluation cycle, scope of assessment, method, and assessment contents:
1. Evaluation cycle and period:
The Company shall hold the Board of Directors performance evaluation at least once a year, current year performance evaluation shall be carried out at the end of the year as the evaluation cycle based on the evaluation procedures and indicator. Assessment results shall be reported to the Board of Directors in the 1st quarter of the following year.
 2. Scope and method of assessment: The scope of the Company’s Board of Directors’ performance evaluation includes performance evaluation for overall Board of Directors, functional committees (including Audit Committee and Remuneration Committee) and individual board members. Methods can be internal self-assessment by the board, self-evaluation by board members or other appropriate methods to conduct performance evaluation.
 3. Evaluation contents:
 - (1) Board performance evaluation: Includes the level of participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.
 - (2) Individual board member performance evaluation: Includes the alignment of the goals and missions of the Company, awareness of the duties of a director, level of participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.
- IV. Targets and implementation status evaluation of strengthening the functional competence of the Board of Directors in current year and the most recent fiscal year:
1. The Company has formulated the “Rules of Procedure for Board of Directors Meetings” in accordance with Paragraph 8, Article 26-3 of the Securities and Exchange Act for compliance.
 2. The Company has established an remuneration committee on December 28, 2011, which determines and regularly reviews the remuneration to directors and managerial officers, and regularly reviews the policies, systems, standards and structure of performance appraisal and salary remuneration of directors and managerial officers.
 3. The Company has established its Audit Committee on June 23, 2017, which performs its duties specified in the Securities and Exchange Act, the Company Act and other laws and regulations.
 4. In order to put corporate governance into practice and strengthen board functions, the Company formulated the Board and Functional Committee Performance Appraisal Measures on May 6, 2020. The internal board performance appraisal is conducted (subject to the appraisal procedures and indicators) at least once a year, and once every three years by external independent specialized institution or teams of external experts and scholars, and the results are reported to the board in the first quarter of the next year. The results of the 2023 self-evaluation of the board and functional committees are “Excellent”, and there are no improvements needed. The results have been reported to the board meeting on March 6, 2024.

(II) Implementation of 2023 Board of Directors’ performance evaluation

Evaluation cycle	Assessment duration	Scope of assessment	Assessment methods	Assessment contents	Assessment result
Conduct once a year	January 1, 2023 - December 31, 2023	Board of Directors as a whole	Internal self-evaluation of the Board of Directors	Board performance evaluation: Includes the level of participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.	Self-evaluation by the board: An average score of 4.82, the result is considered excellent, in line with the corporate governance requirements.
	January 1, 2023 - December 31, 2023	Each individual director	Self-evaluation of directors	Individual board member performance evaluation: Includes the alignment of the goals and missions of the Company, awareness of the duties of a director, level of participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.	Self-evaluation by the board members (self- or peer-evaluation): An average score of 4.87, the result is considered excellent, in line with the corporate governance requirements.
	January 1, 2023 - December 31, 2023	Each functional committee	Self-evaluation of committee member	Functional committee performance appraisal: The participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.	1. Self-evaluation of the Audit Committee: An average of 5. 2. Self-evaluation of Remuneration Committee: An average of 4.99. The results are considered excellent, in line with corporate governance requirements.

(III) Operations of the Audit Committee

The 2nd and 3rd Audit Committee held meetings six times (A) in 2023, and the attendance of independent directors is shown as follows:

Job Title	Name	Attendance in person (B)	Attendance by proxy Times	Percentage of actual attendance (%) (B/A)	Note
Independent Director	Wei-Chen Wang	6	0	100	
Independent Director	Huan-Kuei Cheng	6	0	100	
Independent Director	Hui-Fen Chan	6	0	100	

Other matters that shall be recorded:

I. If the Audit Committee operations encounter any of the following situations, it shall state clearly the Audit Committee meeting date, term, proposal content, resolution results of the Audit Committee meeting, and the Company's handling of the opinion of the Audit Committee:

1. Items listed in Article 14-5 of the Securities and Exchange Act:

Meeting Date	Content of proposal	Any objection, expression of reservations or significant recommendations by independent directors	Results of the Audit Committee's resolution	Company's response to the Audit Committee's opinions
16th meeting of the 2nd Audit Committee March 4, 2023	(1) 2022 business report and financial statements. (2) Proposed to not continue the issue of common shares by private placement approved by the 1st extraordinary general meeting in 2022. (3) Proposed to Issue common shares by private placement. (4) Amendment to provisions of the Articles of Incorporation. (5) The Company's 2022 Internal Control System Validity Evaluation and Declaration of Internal Control System. (6) Endorsements/guarantees for subsidiary Miracle Technology CO., LTD. (7) Appointment and remuneration of CPAs in 2023.	None	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.	Not applicable
The 17th meeting of the 2nd term April 14, 2023	Proposal to transfer the Company's treasury shares to employees.			
The 18th meeting of the 2nd term May 5, 2023	The Company's Q1 2023 financial report.			
The 13th meeting of the 2nd term August 4, 2023	The Company's Q2 2023 financial report.			
The 14th meeting of the 2nd term November 8, 2023	The Company's Q3 2022 financial report.			

2. Besides the abovementioned items, resolutions that are passed by more than two-thirds of all of the directors but not passed by the Audit Committee: None.

II. For the recusal of independent directors due to conflicts of interests, please describe the name of the independent director, the proposal content, the reason for recusal and the participation in voting: There have been no occurrences of situations for the recusal of independent directors due to conflicts of interests, therefore, not applicable.

III. Communications situations among independent directors, internal audit officer and accountant (including communications on the company finance and business situation, the major events, method and results):

1. Important highlights of the communications between independent directors and internal audit officer

Date	Important highlights of the communications
March 4, 2023	(1) Aggregated report on 2022 Audit items and deficiency tracking improvement status (2) 2022 Internal Control System Validity Evaluation and Declaration of Internal Control System.

May 5, 2023	(1) Aggregated report on Q1 2023 Audit items and deficiency tracking improvement status (2) Report on the integration of auditor manpower of the Group.
August 4, 2023	(1) Aggregated report on Q2 2023 Audit items and deficiency tracking improvement status
November 8, 2023	(1) Aggregated report on Q3 2023 Audit items and deficiency tracking improvement status (2) Report on the Group's audit implementation. (3) 2024 Audit Plan.
The Company's internal audit officer communicates the auditor's report results with the audit committee, and reports to the audit committee at the quarterly meetings. If special circumstances arise, the internal audit officer will report to the audit committee immediately. There are no occurrences of special circumstances in the year of 2022. Communications between the Company's Audit Committee and the Internal audit officer have been well.	

2. Important highlights of the communications between independent directors and accountant

Date	Important highlights of the communications
March 4, 2023	The CPAs expressed opinions of the review results for the Company's 2022 Consolidated/Standalone Financial Statements, and discussed them with the independent directors.
May 5, 2023	The accountant expressed opinions of the review results for the Company's Q1 2023 Consolidated Financial Statements, and discussed them with the independent directors.
August 4, 2023	The accountant expressed opinions of the review results for the Company's Q2 2023 Consolidated Financial Statements, and discussed them with the independent directors.
November 8, 2023	The CPAs expressed opinions of the review results for the Company's Q3 2023 Consolidated Financial Statements, and discussed them with the independent directors.
The Company's certified public accountants (CPA) will report the audit or review results of the current quarter's financial statement during the audit committee's quarterly meetings, and other communications items of requirements by related laws and regulations. If special circumstances arise, the CPA will report to the audit committee immediately. There are no occurrences of the abovementioned special circumstances for the year of 2023. Communications between the Company's Audit Committee and CPA have been well.	

(IV) Composition, job duties of Remuneration Committee and implementation status:

1. Information of the members of the Remuneration Committee

Identity	Name	Having more than 5 years' work experience and professional qualifications listed below			Compliance of independence (Note)										Number of listed companies that the members of the Remuneration Committee concurrently serve in	Note	
		Lecturer (or above) of commerce, law and finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the Company's operations	1	2	3	4	5	6	7	8	9	10			
Independent Director	Wei-Chen Wang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Huan-Kuei Cheng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Hui-Fen Chan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Others	Chi-Jen Chou			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note: A "✓" is placed in the box if the members met the following conditions during active duty and two years prior to the date elected.

- (1) Not employed by the Company or any of its affiliated companies.
- (2) Not a director or supervisor of the company or any of its affiliates (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary.)
- (3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.
- (4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the above persons listed in Subparagraph (2) and (3) or of the manager listed in (1).
- (5) Not directly owning 5% or more of the Company's total issued shares or one of the top five shareholders in terms of the number of shares owned, and not a director, supervisor or employee of a corporate shareholder who is designated as the Company's director or supervisor in accordance with Paragraph 1 or 2, Article 27 of the Company Act (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)
- (6) Not a director, supervisor or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary.)
- (7) Not a director, supervisor or employee of another company or institution, who is also the chairperson, general manager or equivalent position, or a spouse of these personnel, of the Company (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with these regulations or with the laws of the country of the parent company or subsidiary.)
- (8) A director, supervisor, manager or a shareholder with over 5% ownership of a company or institution which does not have financial or business dealings with the Company (The same does not apply, however, in cases where the specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)
- (9) Not a professional individual or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company or institution that, provides auditing or commercial, legal, financial, accounting services, which receive less than NT\$500,000 in accumulated remuneration over the most recent two years, to the company or to any affiliate of the company or a spouse thereof. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.
- (10) Does not meet any of the conditions stated in Article 30 of The Company Act.

2. Information on the operational status of the Remuneration Committee

- (1) The Remuneration Committee has 3 members, and there are 3 incumbents as of the publication date of the annual report.
- (2) The term of the current members: From May 6, 2020 to May 5, 2023. The Remuneration Committee convened four meetings in 2023 (A). The qualifications and attendance of the members are as follows:

Job Title	Name	Actual number of attendants (B)	Number of proxy attendants	Percentage of actual attendance (%) (B/A)	Note
Convener	Huan-Kuei Cheng	4	0	100%	
Committee member	Chi-Jen Chou	4	0	100%	
Committee member	Wei-Chen Wang	4	0	100%	
Committee member	Hui-Fen Chan	4	0	100%	

Other matters that shall be recorded:

- I. If the board of directors does not adopt or revise the suggestions of the Remuneration Committee, the date, session, content of proposals, resolutions of the board of directors and the Company's handling of the opinions of the Remuneration Committee shall be stated (If the salary and remuneration approved by the Board of Directors is more than the recommended amount by the Remuneration Committee, explanation for the differences and reason are expected): None.
- II. The resolved matters by the Remuneration Committee about which a member expresses an objection or reservation that has been included in records or stated in writing shall state the date, session, content of proposals, all of the members' opinions and the handling of the opinions of the members: There have been no situations of objections or reservation of opinions by the committee members for each of the discussion.
- III. Proposals and resolution outcome of the Remuneration Committee meeting, and handling of the committee members' opinion by the company:

Meeting date	Term	Content of proposal	Committee members' opinions	Company's handling of the members' opinions	Resolution outcome
March 3, 2023	The 15th meeting of the 5th term	(1) Proposal for the payment of remuneration of Che-Wei, Lin, President of Pilot Battery, and De-Hung Yang, President of Moment Semiconductor, Inc. (2) Distribution of employees and directors' remuneration for 2022	Approved by all committee members	Not applicable	Approved
April 14, 2023	The 16th meeting of the 5th term	(1) According to the Company's "Policy on Transfer of Share Buyback to Employees," the Company plans to transfer to managerial officers for its 29th share buyback.	Approved by all committee members	Not applicable	Approved
August 4, 2023	The 1st meeting of the 6th term	(1) Distribution of 2022 employee remuneration for managerial officers. (2) Distribution of 2022 board remuneration. Proposal for payment of remuneration to Shou-Yi Tseng, President of Aptos Technology, and Chaucer Chung, Vice President of Business, TMC.	Approved by all committee members	Not applicable	Approved
October 4, 2023	The 2nd meeting of the 6th term	(1) Proposal for payment of remuneration to Chien-Li Cheng, Pilot Battery Co., Ltd.	Approved by all committee members	Not applicable	Approved

3. Duty of the Salary and Compensation Committee

According to the Company's Remuneration Committee Foundation Principles, the Committee shall have the loyalty and shall exercise the due care of a good administrator in conducting the following job responsibilities as listed in the Foundation Principles and submit the suggestions to the board of directors for discussion:

- (1) Establish and conduct regular review of directors' and managers' performance assessment and compensation policies, systems, standards and structures.
- (2) Conduct regular assessment of compensation for the Company's directors and managers. The committee member shall carry out the aforesaid duty based on the following principles:
 - (1) The performance evaluation of the directors and managers and their salary and compensation shall be considered in reference to the payment standard among industry peers and individual performances, in relevance to its reasonableness with the Company's operations performance and future risks.
 - (2) Shall not lead directors and managers to pursue salary and compensation, engaging in risky conducts that outstrip the company's capacity to handle.
 - (3) The bonus proportion of short-term performance for directors and senior level managers and partial changes to remuneration payment time shall be decided in consideration of the industrial characteristics and the nature of the Company's business.

The remuneration in the above two subparagraphs, includes cash remuneration, stock warrants, employee stock bonus, retirement scheme or post-employment benefit, various allowance and other measures with substantial incentives; its scope shall be consistent with the directors and managers remunerations as mentioned in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

The Board of Directors will not adopt or revise the suggestions by this Committee, it shall be passed by the consent of more than half of the attending directors with more than two-thirds of all directors attending the meeting, and will, during the resolution, provide specific explanation of the remuneration proposal whether it is or it is not more than the amount as suggested by this committee based on overall consideration of the aforesaid items.

If the remuneration that the Board has passed is more than the amount suggested by this Committee, in addition to including the reasons for differences in records, the Company shall submit this information to the website designated by the competent authority within two days from the day the remuneration is passed.

For subsidiaries of the Company, based on its division of responsibilities, any matters to be resolved that require a decision by the Board of Directors, shall first be sent to this Committee for suggestions, followed by submission to the Board of Directors for discussion.

- (V) The succession planning for the board members and important management executives
- In response to the Group's development needs, it is necessary to recruit and nurture key talents immediately; in this regard, the Company has been continuously nurturing successors. In the succession planning, the successor must possess the common values of Integrity, Prompt Decision Making and Agility, Teamwork and Collaboration with customers, and Customer loyalty. The Company leverages the regular meetings with the managers of various departments convened by the president. Each department will report on its operations status and describe its short, medium term objective execution plan, and to find a common ground in order to achieve the targets set by the company. The Company also organizes production and sales meetings on a weekly basis convened by senior management, during which sales and related information, production line operations status, raw materials preparation status of the customer demands will be reported, so that decisions are made quickly through effective communications and discussions. In addition, the Company will organize educational training for senior management, as well as the consensus building camps for officers from time to time, so as to build the shared visions and values, while enhancing the professional capabilities in management, professionalism and decision-making. In addition, the Company also actively builds an attractive and growth-oriented environment for all kinds of talents.
- Succession planning for board members is due to the fact that the overall operations management is becoming more complex as the Group's operations are growing on a daily basis. The Board of Directors considers the requirements of the Group's long-term business development, recruits industrial representatives with great work and education experience and moral character as the Company's director. Each of the directors is familiar with corporate governance, and each has their expertise area which can continue to provide the company operator management strategies and corporate governance advices, effectively monitors the company's management and operations outcomes. Directors attended timely training for related laws and regulations to fulfill the duties of the Board.

(VI) Continuing education of the directors and managerial officers in the recent fiscal year

Job title	Name	Date of training course		Organizer	Course title	Number of hours for continuing education
		Begin	End			
Chairman	Sean Chen	October 4, 2023	October 4, 2023	Corporate Operating and Sustainable Development Association	Taiwanese businesses' operation and merger and acquisition strategy from the perspectives of global political and economic situations	3
		December 8, 2023	December 8, 2023	Securities and Futures Institute, R.O.C.	2023 Promotional Seminar for Insider Equity Trading	3
Director General Manager	Lidon Chen	October 4, 2023	October 4, 2023	Corporate Operating and Sustainable Development Association	Taiwanese businesses' operation and merger and acquisition strategy from the perspectives of global political and economic situations	3
		October 20, 2023	October 20, 2023	Securities and Futures Institute, R.O.C.	2023 Promotional Seminar for Insider Trading Prevention	3
Representative of legal entity director	Ming-Chung Chang	October 4, 2023	October 4, 2023	Corporate Operating and Sustainable Development Association	Taiwanese businesses' operation and merger and acquisition strategy from the perspectives of global political and economic situations	3
		November 29, 2023	November 29, 2023	Securities and Futures Institute, R.O.C.	2023 Promotional Seminar for Insider Equity Trading	3
Director	Chao-Yi Wu	September 23, 2023	September 23, 2023	Securities and Futures Institute, R.O.C.	Seminar of Corporate Sustainable Development Best Practice	3
		October 4, 2023	October 4, 2023	Corporate Operating and Sustainable Development Association	Taiwanese businesses' operation and merger and acquisition strategy from the perspectives of global political and economic situations	3
		October 20, 2023	October 20, 2023	Securities and Futures Institute, R.O.C.	2023 Promotional Seminar for Insider Trading Prevention	3

Job title	Name	Date of training course		Organizer	Course title	Number of hours for continuing education
		Begin	End			
Independent Director	Wei-Chen Wang	August 2, 2023	August 2, 2023	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEX listed companies from the perspective of sustainable development of ESG companies	3
		September 20, 2023	September 20, 2023	Taiwan Investor Relations Institute	How do enterprises innovate and break through profitability in the digital economy era	3
		October 4, 2023	October 4, 2023	Corporate Operating and Sustainable Development Association	Taiwanese businesses' operation and merger and acquisition strategy from the perspectives of global political and economic situations	3
		November 2, 2023	November 2, 2023	Taiwan Corporate Governance Association	How do directors and supervisors supervise risk management and crisis management, s well as strengthen corporate governance	3
Independent Director	Huan-Kuei Cheng	October 4, 2023	October 4, 2023	Corporate Operating and Sustainable Development Association	Taiwanese businesses' operation and merger and acquisition strategy from the perspectives of global political and economic situations	3
		October 20, 2023	October 20, 2023	Securities and Futures Institute	2023 Promotional Seminar for Insider Trading Prevention	3
		November 22, 2023	November 22, 2023	Securities and Futures Institute	2023 Promotional Seminar for Insider Equity Trading	3
Independent Director	Hui-Fen Chan	July 4, 2023	July 4, 2023	Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
		August 3, 2023	August 3, 2023	Taiwan Corporate Governance Association	Ethical corporate management and the analysis and decision-making application of corporate financial information	3
		September 7, 2023	September 7, 2023	Taiwan Corporate Governance Association	The strategy and practice of dual transformation of sustainability and digital information security	3
		October 4, 2023	October 4, 2023	Corporate Operating and Sustainable Development Association	Taiwanese businesses' operation and merger and acquisition strategy from the perspectives of global political and economic situations	3

Job title	Name	Date of training course		Organizer	Course title	Number of hours for continuing education
		Begin	End			
Chief Financial Officer & Corporate Governance Officer & Accounting Officer	Eve Yang	September 26, 2023	September 26, 2023	Taiwan Investor Relations Institute	Resonance of Public Opinion - Path of Cooperation among Investor Relations, the Government and the Media	3
		October 4, 2023	October 4, 2023	Corporate Operating and Sustainable Development Association	Taiwanese businesses' operation and merger and acquisition strategy from the perspectives of global political and economic situations	3
		October 20, 2023	October 20, 2023	Securities and Futures Institute	2023 Promotional Seminar for Insider Trading Prevention	3
		November 22, 2023	November 22, 2023	Securities and Futures Institute	2023 Promotional Seminar for Insider Equity Trading	3
		December 13, 2023	December 14, 2023	Shih Chien University	Advanced Education Course for Accounting Officer	12

(VII) Status of corporate governance implementation and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons

Assessment items	Operational status		Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		
I. Does the Company stipulate and disclose the corporate governance practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has adopted corporate governance best practice principles approved by the Board of Directors, and disclosed on the company’s website.	No significant differences
II. The shareholding structure of the Company and shareholders' rights and interests				No significant differences
(I) Does the company stipulate internal operating procedures to process matters in regard to the shareholders’ recommendations, doubts, disputes and litigation, and conduct implementation based on these procedures?	V		(I) The Company has a spokesperson who can handle the suggestions, questions and disputes of shareholders. If there are any dispute matters, the Company’s legal team will take over for handling.	
(II) Does the Company have a list of major shareholders who actually control the company and a list of shareholders who ultimately control these major shareholders?	V		(II) For a shareholding situation whereby there are directors, managers and main shareholders with over 10% shareholding, such information will be submitted and disclosed on the website of Market Observation Post System in a timely fashion according to legal requirements.	
(III) Does the Company create and implement risk control and firewall mechanisms with its affiliates?	V		(III) The Company has formulated monitoring and governance procedures for subsidiaries, procedures for lending capital and endorsements/guarantees, asset acquisition and disposal procedures and so on related internal procedures, so as to establish appropriate risk management control and firewall. Audit personnel regularly monitor the implementation status.	
(IV) Does the Company stipulate internal regulations that prohibit insiders from buying and selling securities with the	V		(IV) The Company has formulated Procedures for Handling Material Inside Information and policies to prevent insider trading.	

Assessment items	Operational status		Description	Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons										
	Yes	No												
unpublished information on the market?														
III. Composition and responsibilities of the board of directors (I) Does the board of directors stipulate and implement a diverse policy regarding the composition of the board members?	V		(I) The Company's board has seven members (including three independent directors), whose expertise covers technology industry, strategy and operation management, sales, finance, accounting, auditing, legal affairs, corporate governance, and sustainability. The Company has formulated a diversification policy for the composition of the board and has implemented accordingly, refer to Article 20 of the Company's Corporate Governance Code of Conduct for the diversification policy, which has been disclosed on the Company's website simultaneously. There are a total of seven members (including three independent directors) for the Company's 13th Boards of Directors members, expertise covering industrial and finance, accounting and business, fulfilling the diversification of Board members. Sean Chen, Lidon Chen, Ming-Chung Chang, Chao-Yi Wu, all of whom are skilled in leadership, business judgment, management, crisis management, and have industry knowledge and international market perspectives; Wei-Chen Wang, a certified public accountant with extensive experience in industry, accounting and finance; Peter Cheng, a former university professor and director and supervisor of the National Chung-Shan Institute of Science and Technology with experience in industry and academia; and Hui-Fen Chan is a practicing attorney in Taiwan and New York State of the US, and has worked in the semiconductor industry, and she also has extensive business, legal and industry experience. Specific management objectives of the diversification policy and the current status: <table border="1" data-bbox="784 1149 1836 1396"> <thead> <tr> <th>Diversity policy and management objective</th> <th>Achievement</th> </tr> </thead> <tbody> <tr> <td>There should be at least three independent directors, accounting no less than 1/5 of the board seats.</td> <td>Achieved</td> </tr> <tr> <td>The number of directors taking concurrent positions as the Company's managers shall not exceed 1/3 of the board seats.</td> <td>Achieved</td> </tr> <tr> <td>At least two seats of female directors.</td> <td>Achieved</td> </tr> <tr> <td>Diversification of professional capabilities</td> <td>Achieved</td> </tr> </tbody> </table>	Diversity policy and management objective	Achievement	There should be at least three independent directors, accounting no less than 1/5 of the board seats.	Achieved	The number of directors taking concurrent positions as the Company's managers shall not exceed 1/3 of the board seats.	Achieved	At least two seats of female directors.	Achieved	Diversification of professional capabilities	Achieved	No significant differences
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Diversification of professional capabilities	Achieved													
(II) Other than the establishment of a Remuneration Committee and Audit		V	(II) Besides the establishment of a Remuneration Committee and Audit Committee, the Company will establish other functional committees in the future based on the considerations of the company's											

Assessment items	Operational status		Description	Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>Committee which are required by law, does the Company plan to set up other functional committees?</p> <p>(III) Does the Company stipulate performance assessment regulations and assessment methods for the board of directors and conduct the performance assessment on a yearly basis, and was the result of performance assessment reported to the board of directors for the reference of individual directors' salary and nomination of reappointment?</p>	V		<p>operational requirements.</p> <p>(III) Pursuant to the “Rules for Performance Evaluation of Board of Directors and Functional Committees”, the internal performance evaluation is conducted for the Board and functional committees at least once a year, and once every three years by external independent specialized institution or teams of external experts and scholars. During the evaluation period, the performance evaluation shall be conducted at the end of each year pursuant to the Rules. The results are reported to the board in the first quarter of the next year.</p> <p>Measurement items of the Board’s performance assessment to include five major aspects as below:</p> <ol style="list-style-type: none"> I. Level of participation in business operations of the Company. II. Improve the decision-making quality of the board of directors. III. Composition and structure of the board of directors. IV. Election and continuing education of the directors. V. Internal control. <p>Measurement items of the directors’ performance assessment to include six major aspects as below:</p> <ol style="list-style-type: none"> I. Understand the objectives and mission of the Company. II. Understanding of directors’ job responsibilities. III. Level of participation in business operations of the Company. IV. Internal relationship management and communication. V. Professionalism and continuous education of directors. VI. Internal control. <p>The Company’s 2023 Board of Directors performance evaluation results have been reported to the Board of Directors on March 6, 2024, and will also be used to determine the remuneration of individual directors and as the reference of nomination for re-election. The performance evaluation results of the Board of Directors and functional committees in the most recent three years are posted on the official website.</p>	
<p>(IV) Does the company regularly evaluate its certified public accountant’s</p>	V		<p>(IV) The company regularly conducts a review of the CPA’s independence based on Certified Public Accountant Act and The Norm of Professional Ethics for Certified Public Accountant.</p>	

Assessment items	Operational status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons																																																						
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independence?			<p>The independence and suitability of the Company's attesting CPAs are assessed in accordance with the "Corporate Governance Best Practice Principles" and the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," as well as with reference to the Audit Quality Indicators (AQIs).</p> <table border="1"> <thead> <tr> <th colspan="2">Auditor independence</th> <th colspan="2">Independence</th> <th rowspan="2">Note</th> </tr> <tr> <th>Item</th> <th>Explanation</th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>The professional accountants should avoid and should not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td>The audit or review of financial statements provides moderate but not absolute certainty to a wide range of potential users of statements. In addition to maintaining independence in fact, accountants' independence in appearance is more important. Therefore, members of the audit service team, other co-practicing accountants, firms, and firm-affiliated companies must maintain independence from audit clients.</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>3</td> <td>The accountants appointed by the Company has the following qualifications: (See 3.1~3.3 below)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>3.1</td> <td>Integrity: A professional accountant should be straightforward and honest in all professional and business relationships.</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>3.2</td> <td>Objectivity: A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>3.3</td> <td>Independence: An accountant should maintain independence in appearance and fact when performing the audit or review of financial statements, and express opinions in a fair manner.</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>4</td> <td>The independence of accountants is related to integrity, impartiality, and objectivity. There is no lack or loss of independence of accountants at the time of appointment, which in turn affects the standpoint of integrity and objectivity and impartiality.</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>5</td> <td>The independence of accountants is not affected by self-interest, self-assessment, defense, familiarity and coercion.</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>6</td> <td>Independence being affected by self-interest means obtaining financial</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Auditor independence		Independence		Note	Item	Explanation	Yes	No	1	The professional accountants should avoid and should not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.	V			2	The audit or review of financial statements provides moderate but not absolute certainty to a wide range of potential users of statements. In addition to maintaining independence in fact, accountants' independence in appearance is more important. Therefore, members of the audit service team, other co-practicing accountants, firms, and firm-affiliated companies must maintain independence from audit clients.	V			3	The accountants appointed by the Company has the following qualifications: (See 3.1~3.3 below)				3.1	Integrity: A professional accountant should be straightforward and honest in all professional and business relationships.	V			3.2	Objectivity: A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.	V			3.3	Independence: An accountant should maintain independence in appearance and fact when performing the audit or review of financial statements, and express opinions in a fair manner.	V			4	The independence of accountants is related to integrity, impartiality, and objectivity. There is no lack or loss of independence of accountants at the time of appointment, which in turn affects the standpoint of integrity and objectivity and impartiality.	V			5	The independence of accountants is not affected by self-interest, self-assessment, defense, familiarity and coercion.	V			6	Independence being affected by self-interest means obtaining financial				
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Assessment items	Operational status				Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description		
				benefits through the Company, or conflicts of interest with the Company due to other interest relationships. No circumstances shown as follows: (6.1~6.6 below)	
			6.1	Have a direct or significant indirect financial interest relationship with the Company.	V
			6.2	Have financing or guarantee activities with the Company or its directors and supervisors.	V
			6.3	Consider the possibility of losing the Company as a client.	V
			6.4	Have a close business relationship with the Company.	V
			6.5	There is a potential employment relationship with the Company.	V
			6.6	Contingent fees related to the Company's audit case.	V
			7	In terms of the independence being affected by self-assessment, reports or judgments made by accountants in non-audit service cases are used as an important basis for audit conclusions in the process of auditing or reviewing financial information; or that members of the audit service team have served as the Company's directors and supervisors, or may hold positions that directly and significantly influence the audit. No circumstances shown as follows: (7.1~7.2 below)	
			7.1	Members of the audit service team are currently serving or have served in the last two years as the Company's directors, supervisors or managers, or the positions that directly and significantly influence the audit.	V
			7.2	The non-audit services provided to the Company directly affect the key matters of audit.	V
			8	Independence being affected by defense refers to that members of the audit service team become the defenders of the audit client's position or opinions, causing their objectivity to be questioned. No circumstances shown as follows: (8.1~8.2 below)	
			8.1	Promote or mediate the trading of stocks or other securities issued by the Company.	V
			8.2	The accountant has acted as counsel of the Company or represented the Company in coordinating matters relating to conflicts with a third party.	V
			9	Independence being affected by familiarity refers to the close relationship with	

Assessment items	Operational status				Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Description			
				the board of directors, supervisors, and managers of the Company, which makes accountants or audit service team members overly concerned with or sympathetic to the interests of audit clients. No circumstances shown as follows: (9.1~9.3 below)		
			9.1	Have a family relationship with the Company's directors, supervisors, managers, or persons who have significant influence on the audit.	V	
			9.2	A certified public accountant from the joint CPA firm, within one year after retirement, serves as the Company's director, supervisor, manager or position that has a significant influence on the audit.	V	
			9.3	Accept valuable gifts or gratuity from the Company or its directors, supervisors, and managers.	V	
			10	The impact of coercion on independence refers to that the members of the audit service team bear or feel intimidation from the Company that prevents them from maintaining objectivity and clarifying professional suspicions. No circumstances shown as follows: (10.1~10.2 below)		
			10.1	Accountants are requested to accept improper choices made by the management in accounting policies or improper disclosures in financial statements.	V	
			10.2	In order to lower audit expenses, pressure is applied on accountants to improperly reduce the audit work that should be performed.	V	
			Competence		Requirements of competence met	Note
			Item	Explanation	Yes	
			1	Whether they have accountant qualifications to perform accounting tasks.	V	
			2	Whether there has been no punishment by the competent authority or the CPA association, or sanction in accordance with Paragraph 3, Article 37 of the Securities and Exchange Act. Article 37 of the Securities and Exchange Act (Regulation of CPA Auditing and Attestation) Paragraph 3 Depending upon the seriousness of mistake or omission committed by a certified public accountant in the attestation of the	V	

Assessment items	Operational status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
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			<p>financial reports referred to in Paragraph 1, the Competent Authority may impose any of the following sanctions:</p> <p>(1). Warning.</p> <p>(2). Suspension from practicing any attestation under this Act for a period of two years.</p> <p>(3). Voidance of his/her attestation permission.</p>	
			3 Knowledge of the industry relevant to the Company.	V
			4 Whether to perform the audit of financial statements in accordance with generally accepted auditing standards and the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant, and issue financial reports in accordance with the audit planning schedule.	V
			5 Whether taking advantage of an accountant's status to be an unfair competition in business.	V
			6 Whether the latest changes in accounting, auditing and other related laws and regulations are proactively provided to the management, and are fully discussed and communicated on major differences.	V
			<p>Assessment result</p> <p>Both Ya-Hui Cheng, CPA and Chien-Yu Liu, CPA of PwC Taiwan met the requirements of independence and satisfied the evaluation criteria of suitability. The evaluation results were submitted to and approved by the Audit Committee on March 6, 2024, and deliberated and approved by the Board of Directors on the same day.</p>	
IV. Does the listed or OTC company have qualified and suitable number of corporate governance personnel, and does the company appoint a corporate governance officer to be responsible for matters regarding corporate governance (including but not limited to providing directors with information required for the implementation of business operations, assisting directors to comply with laws and	V		<p>The Company currently has established internal units to handle meeting related matters for the Board of Directors and shareholder's meetings, to process company registration and registration of alteration, prepare meeting minutes for Board of Directors' and shareholders' meetings.</p> <p>The Company's dedicated governance officer is responsible for corporate governance-related issues in order to protect shareholders' rights and interests and strengthen the functions of the board. The governance officer has several years of experience in shareholder service and administration works in TWSE/TPEX listed companies, and also adheres to the philosophy of corporate governance and continues to carry out tasks required for the position. The main duties of the Company's corporate governance personnel consist of providing directors with information required for the implementation of business operations, assisting directors to comply with laws and regulations, and handling related</p>	No significant differences

Assessment items	Operational status		Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
regulations, and preparing meeting minutes for the board of directors meeting, shareholders meeting and so on)?			<p>matters for the board of directors meeting and shareholders meeting according to the laws and regulations, and so on.</p> <p>2023 Business implementation status:</p> <ol style="list-style-type: none"> 1. Assists independent directors and directors to implement business operations, provides necessary information and arranges continuous learning for directors: <ol style="list-style-type: none"> (1) Regularly notifies the Board members on the latest revisions to laws and regulations and its development relating to the company's area of operations and corporate governance. (2) Monitors the confidential level of related information and provides the directors the required company information, maintaining communications among directors and every business head ensuring smooth exchanges. (3) Assists independent directors and directors to formulate annual continuing education plans and course arrangements according to the company's industrial characteristics and the director's experiences and background. 2. Assists in the procedures for meetings of Board of Directors and Shareholders and resolutions matters, in compliance to laws and regulations: <ol style="list-style-type: none"> (1) Reports to the Board of Directors, independent directors, Audit Committee on corporate governance implementation status, confirms whether the Shareholders meeting and Board of Directors meetings are convened according to the laws and regulations and the corporate governance best practice principles. (2) Assists in reminding directors the related laws and regulations for executing businesses or for making official resolutions to the Board of Directors. (3) Responsible for checking on matters relating to announcing material information of important resolutions by the Board of Directors to ensure the legality and accuracy of the material information in guaranteeing fairness on investors trading information. 3. Maintaining investor relationships: Make arrangements for directors and major shareholders, institutional investors or general shareholders for exchanges and communications when the need arises, to ensure investors obtain sufficient information to assess and decide the reasonableness of the corporate capital market value, so as to allow shareholders rights and interests are well maintained. 4. Informing directors of the formulated Board meeting agenda seven days prior to the meeting, convening board meetings and providing meeting information, providing reminders beforehand where

Assessment items	Operational status		Description	Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>recusal of directors due to conflicts of interests is required for any topic discussion, and to complete board meeting records within 20 days of the meeting.</p> <p>5. Registering the date of shareholders meeting in prior according to the laws and regulations, preparing meeting notice, meeting handout, and meeting records within the legal deadline, and carry out registration matters relating to revisions to Charter or re-election of directors.</p> <p>The training for corporate governance officer in 2023 is as follows: The governance officer completed a 12-hour professional training course on corporate governance in 2023. Please refer to “Continuing education of the directors and managers in the recent fiscal year” for details.</p>	
V. Has the Company established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to sustainable development issues that stakeholders consider important?	V		<p>The Company has created a website as a communications channel with the stakeholders, to provide contact methods and a designated section for stakeholders has been created, making appropriate responses to important sustainable development issues that are of concerns to the stakeholders.</p> <p>1. Types of stakeholders The Company’s definition of stakeholder is “Internal and external groups or individuals who can exert influences to TMC or are subject to influence by photomask companies.” Based on this definition, the stakeholders of the Company include shareholders, investors, employees, customers, suppliers, and governance agencies and so on.</p> <p>2. Topics of concerns by stakeholders After the identification of the stakeholders, various communications channels are set-up in accordance to their influences on the Company and their areas of concern. Through the well-established communications channels by the Company’s responsible units, corporate governance, economic, environment and social topics as concerned by the stakeholders are compiled. The key influences to the Company’s sustainable development as defined by the assessment of major topics of concern are “Business ethics and business integrity,” “Reducing operations impacts to the environment,” “Improving customer service satisfaction” and “Social welfare and caring.”</p> <p>3. Communication channels with stakeholders</p>	No significant differences

Assessment items			Operational status		Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons										
	Yes	No	Description												
			<table border="1"> <tr> <td>Contact channels</td> <td>Contact method</td> </tr> <tr> <td>Relationship of shareholder and investor</td> <td>Company Spokesperson: CFO Eve Yang Contact Telephone No. – (03)5634370 Ext 618 Email – eve_yang@tmcnet.com.tw Company Acting Spokesperson - Director LC Lin Contact Telephone No. – (03)5634370 Ext 135 Email – lelin@tmcnet.com.tw</td> </tr> <tr> <td>Dedicated Customer Service Section</td> <td>Customer information contact - Senior Manager I-Sheng Huang Contact Telephone No. – (03)5634370 Ext 349 Email – jamesH@tmcnet.com.tw</td> </tr> <tr> <td>Supplier service section</td> <td>Supplier information contact - Deputy Manager Cheng-Hung Tsai Contact Telephone No. – (03)5634370 Ext 412 Email – mike_tsai@tmcnet.com.tw</td> </tr> <tr> <td>Employee relationship</td> <td>Employee relationship contact - Division Head Ya-Hui Huang Telephone – (03)5634370 ext 333 Email – where@tmcnet.com.tw</td> </tr> </table>	Contact channels	Contact method	Relationship of shareholder and investor	Company Spokesperson: CFO Eve Yang Contact Telephone No. – (03)5634370 Ext 618 Email – eve_yang@tmcnet.com.tw Company Acting Spokesperson - Director LC Lin Contact Telephone No. – (03)5634370 Ext 135 Email – lelin@tmcnet.com.tw	Dedicated Customer Service Section	Customer information contact - Senior Manager I-Sheng Huang Contact Telephone No. – (03)5634370 Ext 349 Email – jamesH@tmcnet.com.tw	Supplier service section	Supplier information contact - Deputy Manager Cheng-Hung Tsai Contact Telephone No. – (03)5634370 Ext 412 Email – mike_tsai@tmcnet.com.tw	Employee relationship	Employee relationship contact - Division Head Ya-Hui Huang Telephone – (03)5634370 ext 333 Email – where@tmcnet.com.tw		
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VI. Does the Company entrust a professional shareholder services agency to conduct matters regarding the shareholders meeting?	V		The Company has appointed the Shareholder Service Department, Grand Fortune Securities to handle the Company's shareholders meeting matters.		No significant differences										
VII. Information disclosure															
(I) Does the Company create a website to disclose information regarding its finance, business operations and corporate governance?	V		(I) The Company's website has a dedicated page to disclose information regarding its finance, business operations and corporate governance.		There are no significant differences with the other matters except this part where the company										
(II) Does the Company adopt other methodology of information disclosure	V		(II) The Company has designated a personnel responsible for disclosing related information on the Market Observation Post System website on a regular basis and from time to time, has continued to												

Assessment items	Operational status		Description	Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
(such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, and uploading videos of the investor conferences on the company's website)? (III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year and published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		V	monitor various outside reports and information and established the spokesperson system, all of the above based on the regulations of the Taiwan Stock Exchange. The company website is updated based on the investor conference processes. (III) The Company has announced and filed its annual financial report within 75 days after the end of the year. The first, second, and third quarter financial reports and monthly operating status have been announced earlier than the deadline.	has not yet published and reported its annual financial report within two months after the end of the fiscal year at this moment.
VIII. Does the Company have other important information that can help people to understand the operations of corporate governance (including but not limited to the employees' rights, employee care, Investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company and so on)?	V		(I) Status of employee rights and caring for employees: Please refer to the annual report section on "Labor relations information." (II) Status of rights and interests of the relationships with the investors, suppliers and stakeholders: Please refer to this annual report for the section on "Fulfillment of sustainable development" and the Company's website on the "page dedicated to the stakeholders." (III) Status of continuing education for directors: Please refer to this annual report section on "Continuing education of the directors and managers." (IV) Status of risk management policy and risk measurement standards: Please refer to this annual report section on "Analysis and assessment of risks." (V) The Company purchases liability insurance for all directors every year, and has reported the latest status on insurance to the board of directors on March 6, 2024.	No significant differences
IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved:				

Assessment items	Operational status		Description	Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>The Company has undergone corporate governance evaluation in accordance with the regulations of the competent authorities. In the latest (10th) Taiwan Stock Exchange governance evaluation, the Company placed in the first 51%~65% of companies and has followed and gradually improved the corporate governance indicators issued by the Corporate Governance Center. It will review and prepare improvement plans for the items that have not yet met corporate governance standards.</p>				

(VIII) Fulfillment of sustainable development and differences from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for discrepancies

The Company fulfills its sustainable development based on the following principles:

Implementation of corporate governance

The Company's Board of Directors shall exercise the duty of care as prudent managers to supervise the Company in fulfilling its sustainable development duties, and constantly reviewing performance to ensure ongoing improvement and sound execution of the sustainable development policy.

The Company's Board of Directors ensure fulfillment of sustainable development duties from the following aspects:

1. Incorporate sustainable development into the Company's operational activities and development direction, and approve specific plans for the promotion of sustainable development.
2. Propose a mission (or vision or value) for sustainable development and formulate policies or management guidelines for sustainable development.
3. Ensure that information related to sustainable development is disclosed in a timely and accurate manner.

Development of sustainable environment

The Company complies with relevant environmental laws and regulations and ESG international standards to properly protect the natural environment, and strives to achieve the goals of environmental sustainability in the performance of operating activities. This year, the Company is committed to improving the utilization efficiency of various resources and the use of renewable materials with low environmental impact, making the Earth's resources more sustainable.

The Company considers impacts to ecology, promotes and educates consumers on sustainable consumption concepts, and carries out its operations activities such as R&D, production and service, in accordance to the following principles, to lower the impacts of company operations to the natural environment:

1. Reduce exhaustion of resources and energy in its products and services.
2. Reduce the release of pollutants, toxic and wastes, and shall carry out proper handling of wastes.
3. Increase recyclability and reusability of raw materials or products.
4. Optimize sustainable use of renewable resources to the maximum.
5. Extend the durability of products.
6. Increase efficacy of products and services.

In order to increase the utilization rate of water resources, the Company carries out water conservation plans to properly handle sustainable utilization of water resources and prevent pollution of water, air and land. The Company also adopts measures with the best possible pollution prevention and control technology to reduce negative impacts to human health and environment.

The Company monitors how climate change affects business activities and, based on current operations and greenhouse gas survey, develops energy/carbon reduction and greenhouse gas reduction strategies, incorporates carbon credit as part of the Company's carbon reduction strategies and enforces them accordingly to reduce impacts of the Company's business activities on the natural environment.

Promotion of social welfare

The Company complies with relevant laws and regulations and international human rights conventions, and does not endanger the basic rights of workers. The Company's human resource

policy shall abide by basic labor rights protection principles, establish appropriate management methods and procedures.

The Company provides a working environment that is safe and healthy for labor, including necessary annual health checks and emergency facilities, and is committed to reducing harmful factors to the employees' safety and health, in order to prevent occupational hazards. At the same time, the Company should conduct regular educational training on safety and health to its employees, provide employees with a work environment that facilitates career development, and implement effective training programs to help develop the skills needed for career advancement.

The Company provides a transparent and effective consumer complaint procedures for its products and services, handling consumer appeals in a fair and timely manner, and abides by related laws and regulations to ensure respecting consumer privacy rights, protecting the personal information provided by the consumer.

Enhancing disclosure of corporate sustainability information

The Company has prepared the 2022 Corporate Sustainability Report pursuant to the GRI Sustainability Reporting Standards 2021 released by the Global Reporting Initiatives (GRI) and the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" released by TWSE, while referring to the sustainability indicators of the Sustainability Accounting Standards Board (SASB); the report was assured by PwC Taiwan. Relevant and reliable information on corporate sustainable development has been disclosed on the Company's website and the FSC's Market Observation Post System, and communication with stakeholders has been enhanced.

**Implementation of promoting sustainable development and differences from the Corporate Sustainable Development Best Practice Principles for
TWSE/TPEX Listed Companies and reasons for discrepancies**

Assessment items	Operational status			The differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons									
	Yes	no	Description										
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	V		<p>(I) The Company wants to ensure that the work environment is safe and that the employee rights are protected and respected, so as to fulfill sustainable development responsibilities, has engaged various functional departments to be responsible for management as assigned according to its business nature, which the managers will conduct reviews of the implementation results on a regular basis. Each operation meets the commitments made by the company.</p> <p>The Company’s promotion of sustainable department is implemented by the Group’s Environment, Safety and Engineering Division concurrently. Pursuant to the GRI Sustainability Reporting Standards 2021 released by the Global Reporting Initiatives (GRI) and the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” released by TWSE, while referring to the sustainability indicators of the Sustainability Accounting Standards Board (SASB), the external advisors are engaged to educate and train the related units of the Company for the benchmark sustainable development for implementation. Through this method, it is sought to respond to stakeholders' concerns regarding sustainable development, publicly explain corporate sustainability in terms of economics, environment, and society, implement corporate social responsibility, and continuously move towards sustainable development.</p> <p>The implementation plans and results were reported to the Board of Directors on March 3, 2024. The Board of Directors has learn the progress of sustainable development implementation, and expect the continuous promotion to be superior to the legal requirements. The Company continues to drive sustainable development activities in the future.</p> <table border="1" data-bbox="779 1086 1906 1423"> <thead> <tr> <th>Dimension</th> <th>Members</th> <th>Work duties</th> </tr> </thead> <tbody> <tr> <td>Corporate governance</td> <td>Finance organization</td> <td>Information disclosure, dividends policy, tax-related matters, and proper handling of issues of concerns to stakeholders, assists in strengthening the functional competence of the board, and attends to shareholders’ rights and interests.</td> </tr> <tr> <td>Social welfare</td> <td>Finance organization</td> <td>The finance organization as the coordinating unit in conjunction with Taiwan Mask Charity Foundation, its key functions include caring for society, community participation, welfare activities and corporate image, and the finance department’s small team function will invite related units to join the activities.</td> </tr> </tbody> </table>	Dimension	Members	Work duties	Corporate governance	Finance organization	Information disclosure, dividends policy, tax-related matters, and proper handling of issues of concerns to stakeholders, assists in strengthening the functional competence of the board, and attends to shareholders’ rights and interests.	Social welfare	Finance organization	The finance organization as the coordinating unit in conjunction with Taiwan Mask Charity Foundation, its key functions include caring for society, community participation, welfare activities and corporate image, and the finance department’s small team function will invite related units to join the activities.	No significant differences
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II. Does the Company conduct risk assessment on environmental, social and corporate governance issues that are relevant to its operations and stipulate risk management policies or strategies based on principles of materiality?	V		(I) The Company has a vision of corporate development and sustainable development and understands that various risks will affect the achievement of business and operational goals. Therefore, in addition to assessing various risks based on ISO9001/ISO14001/ISO27001 systems, during the year, the ISO45001/ISO14064-1 systems have been built, to inspect and establish the risk management mechanism this year to manage various risks of the Company, and formulate improvement strategies/ mechanisms/ methods, to ensure sustainable and stable growth and the pursuit of sustainable business goals.	No significant differences									

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	Yes	no	Description	
			<p>The Company established a “Risk Management Steering Committee” to integrate the above-mentioned system, and review and implement measures to address potential strategic, operational, financial, and hazardous risks. The Risk Management Steering Committee meets quarterly, and its members consist of the president & function head. The committee uses the Risk Map to evaluate the probability of risk events and the severity of impact on the company’s operations, define the risk level and the priority of risk control, and take corresponding risk management actions. Report annually to the Audit Committee and the Board of Directors on the Company’s risk environment, risk management priorities, risk assessment and results of countermeasures.</p> <p>(II) The Company evaluates and manages risks based on the materiality principle, to control the risks of the items with mid/high risks upon the risk assessment, including four major dimensions strategy, operation, finance, and hazard.</p>	
<p>III. Environmental issues</p> <p>(I) Has the Company set up an environmental management system designed to industry characteristics?</p>	V		<p>(I) The Company’s environmental management system is implemented through the relevant procedures of the ISO14001 system, to identify various environmental aspects and formulate management procedures, and take into account the control and economical use of water, power, oil, and other resources to achieve the purpose of resource conservation.</p> <p>1. Water resources management: Committed to raising water resources utilization, and to set short, medium and long term goals, to pursue water resources sustainable reuse as the goal.</p> <p>2. Waste management: “Reducing manufacturing quantity, resource recycling” as core theme, recycling and reuse is the priority option in waste management</p>	No significant differences
<p>(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?</p>	V		<p>(II) The Company has been committed to improving the efficiency of various resources for a long time. In addition to saving power by 1% per year as required by the Bureau of Energy, and establishing power-saving plan targets every year, we also use the central monitoring system, to collect big data to improve operational management, while improving the energy utilization efficiency by replacing with the highly energy-efficient equipment, or installation of frequency converters on rotating equipment; also, through the energy-saving and tracing meeting, it is sought to utilize the energies and resources in the most efficient manner, to reduce waste and carbon. Pursuant to the Company’s commitment in the environment, safety, and health policy, raw materials that reduce environmental impact are used, waste is recycled, reduced, and reused.</p>	
<p>(III) Has the Company assessed the current and future potential risks and opportunities from climate changes and taken measures to address climate-related issues?</p>	V		<p>(III) The Company has conducted assessment of current and future potential risks and opportunities arising from climate change to the enterprise, and adopts it into risk management, actively driving energy efficiency and carbon reduction.</p>	

Assessment items	Operational status			The differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons								
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Assessment items	Operational status			The differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
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(IV) Has the Company compiled the greenhouse gas emissions, water consumption and total weight of waste in the past two years and established management policies for energy saving and reduction of greenhouse gas emission, water consumption and other wastes?	V		<p>reduction of various wastes, to achieve the goal of pollution-free environment. Also promotes environmental policy to suppliers, contractors and carriers, with the expectation of working together towards environmental protection.</p> <p>(IV) For the mask environmental protection business in Taiwan, the waste reduction and energy saving improvement continues under the concept of pollution prevention, and four major environmental protection policies are established: "energy saving and waste reduction, pollution prevention, compliance with laws and regulations, and continuous improvement." management system and ISO9001 quality management system certification. The establishment of the ISO14064-1 greenhouse gas inventory management system in 2023 has successfully passed the verification. In the future, we will continue to "plan-execute-check-action" to implement the specific hazardous chemicals for electrical and electronic equipment and ban the use of hazardous substances, effectively implement RoHS and REACH_SVHC, and continue to promote environmental protection business in conjunction with the Company's internal audit.</p> <p>1. Greenhouse gas: In 2023, we built the ISO 14064-1, to inventory the greenhouse gas in 2022. The verified data distinguishes among direct emissions (scope 1, 151.49 metric tons of CO2e/year), indirect energy emissions (scope 2, 15,291.85), and other indirect emissions (scope 3, 3516.74 tons CO2e/year).</p> <p>2. Energy saving and waste reduction The solar power stations was completed in 2023, and saved about 33,612KW/M and approx. 12,000 during summer for TMC Plant 1, and 9,400KW/M or approx. 34,000 for TMC Plant 2, with carbon reduced by about 255.49 ton-CO2e/year. In addition, NT\$9 million was invested to improve the air compressor and 340,238kw is saved per year; from 2022 to 2023, NT\$1.6 million was invested to replace nine inverters in air-conditioning boxes, totaling savings: 663,490 kW; NT\$220,000 was invested to improve the traditional lights for LED lights , the total savings was 29,229KW, and the total carbon reduction was about 511.31 tons-CO2e/year.</p> <p>In terms of water resources, the water supply for scrubbers used in air pollution prevention equipment was replaced with recycled water. The annual reduction was about 1,800 tons of water. Approximately three tons of air-conditioning condensate are collected every day into recycled water, which saved 1,080 tons per year. A reclaimed water system has been added to the box washing machines required for capacity expansion. The goal is to achieve 100% pure water recovery and save 3,650 tons of water every year.</p> <p>In 2023, NT\$15 million has been invested in the centralized recycling treatment of waste sulfuric acid at TMC Plants 1 and 2. Approximately 50 metric tons of waste sulfuric acid were recovered each month, and the monthly usage of liquid caustic soda were reduced by 60 metric tons.</p>	

Assessment items	Operational status			The differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	no	Description	
			<p>3. Pollution prevention</p> <p>To avoid polluting the environment, effectively adopt preventive measures to prevent raw materials or manufacturing processes from generating wastes and harmful substances, leaks of untreated wastes into the surrounding environment, resulting in environmental pollution. Set-up leakage detection equipment for early detection to avoid resulting in pollution to spread, affecting personnel, equipment, and safety of the environment.</p> <p>Preventive equipment's maintenance and improvement, wastewater, air emissions and wastes generated from manufacturing operations can be treated appropriately, important parameters of various equipment are connected to the central monitoring system for instant monitoring.</p> <p>(1) Water pollution preventive system and recycling and reuse</p> <p>Wastewater system conditions are connected to the monitoring system for wastes, enabling instant monitoring of system operations situations. Adopts onsite second time prevention setup with overflow tank and detection equipment setup, to avoid incidents such as wastewater leakage or returning water from the release pond with abnormal water quality during system malfunction or tank damage resulting in environmental pollution. To avoid release of wastewater that does not qualify for the standards, carry out regular maintenance, raise treatment efficiency to achieve lowering added drug dosage and raise the capability for appropriate handling, early detection of abnormality and treatment to maintain normal operations of systems. The monthly sampling of the Hsinchu Science Park Bureau, and the results from regular testing every half year shows that they are lower than discharge standards.</p> <p>(2) Air pollution prevention</p> <p>Ensure that the exhaust air generated by the process in the factory meets the requirements of environmental protection laws and regulations after treatment. Pollutants are inspected as required by the permit, to ensure compliance with emission standards and reduce air pollutant emissions. In 2023, NT\$360,000 has been invested in Plant 3 to increase the frequency of carbon replacement for organic pollutant control system, and the activated carbon is replaced on a monthly basis. In order to maintain the removal efficiency of the control equipment, NT\$10 million was invested in Q4 2023 to purchase a zeolite runner to replace the activated carbon system for removing organic pollutants. It is expected to be completed in Q1 2024, and the removal rate of organic pollutants will exceed 95%. The Mask No. 1 Factory invested NT\$450,000 to improve the old pipelines and dampers of the scrubbers to increase the stability of the air pollution control system.</p> <p>(3) Waste management</p> <p>Examine the manufacturing process to continuously reduce waste generation, and actively seek opportunities for resource recycling. Waste is properly disposed of, and the waste flows in the</p>	

Assessment items	Operational status			The differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
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			<p>product life cycle is checked, to assist the Company in discovering recyclable resources. Waste sulfuric acid (concentration $\geq 40\%$) recycling was added in 2023 in Plant 1 and 2. The waste liquid discharged by the wet machines from production activities contains about 40% - 80% of sulfuric acid waste liquid (H₂SO₄). It is collected in a dedicated pipe and tank for recycling, avoiding the mixing of factory wastewater into the wastewater system and increasing the burden on the system. It also reduces the consumption of NaOH. The empty one-gallon barrels for chemicals are sent to the legal treatment plant with dedicated vehicles, and after cleaning and crushing, the barrels are turned into raw plastic pellets. The waste wooden boards from machine move-in and installation operations become the fuel of running boilers by working with vendors with boilers, such as Taiwan Cement. The anti-collision material, BlanK Styrofoam are reused to make plastic pellets. All recycled resources are concretely classified and fully recycled. Therefore, in the Company, 2,855 metric tons of the waste generated from the plants are implemented for the 85% recycling path. Not only it reduces environmental impacts and operating costs, but also implements waste management operations in accordance with relevant laws and regulations.</p> <p>Waste disposal is commissioned to qualified external waste disposal and treatment vendors, and track the transportation truck and waste treatment flows to ensure that they comply with laws and regulations.</p> <p>4. Complying with laws and regulations Truly understand the government's request relating to environmental laws and regulations, prepare analysis of the registration form of the regulations and the company's legality, actively participate in various regulatory briefings held by government units. Regular inspection and testing in accordance to laws and regulations to ensure meeting environmental legal standards, and promote the government's environmental policies to employees, increasing their environmental protection and legal requirements knowledge, ensuring effective implementation of the company's environmental protection policies.</p> <p>5. Continuous improvements Pursuant to ISO14001 system, the annual environmental protection targets and programs for the key implementation items are formulated. Review and audit implementation outcomes each year to ensure effective implementation of continuous improvements of the policies raising environmental quality. The Company's greenhouse gas emissions, water consumption volume and total weight of wastes generated over the past two years.</p>	

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<p>IV. Social Issues</p> <p>(I) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> <p>(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy?</p>	V		<p>(I) To fulfill sustainable development, protect all of the employees', customers' and stakeholders' basic human rights, abides by the principles as laid out in the various international human rights conventions such as the "United Nations Universal Declaration of Human Rights," "United Nations Guiding Principles," "United Nations Guiding Principles on Business and Human Rights," "The United Nations Global Compact," and "International Labor Organization," formulates and discloses human rights policy, disclosing related information on the company's website simultaneously.</p> <p>(II) The Company has formulated and implemented reasonable employee benefit measures, values employees' rights and fulfill its sustainable development responsibilities. Therefore, the remuneration policy of the Company is based on the correlations of the individual's capability, his/her contribution to the company, performance, and operations performance, appropriately reflect business performance or outcome in employees' remunerations to facilitate recruitment, retention and inspiration of human resources, and thereby accomplish the Company's goals toward sustainability. The Company's actual average employee salary for 2023 was adjusted to 0-10%. Status of the Company's employee benefit measures, continuing education and trainings: [Salary and motivation system] Salary and multiple rewards system (Dragon Boat Festival, Mid-Autumn Festival and year-end bonus), additional performance bonus, quarterly bonus and allocation of earnings, production bonus, station allowance; flexible salary adjustment for individuals; employee bonus, employee stock option.</p>	No significant differences																													

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(III) Does the Company provide employees with a safe and healthy working environment and regularly conduct safety and health training?	V		<p>[Life care and protection] Enjoy complete group insurance (free life insurance/accident insurance/hospitalization medical treatment/accident medical treatment/occupational hazard); cash gifts and subsidies for child birth, weddings, death in the family; birthdays/occasions gift vouchers; free annual employee health check-ups; appointed store; welfare committee to regularly organize travels and various sporting events and domestic and overseas travel subsidies; employee health care, regular visits by doctors and nurses providing on-site care, professional consultation sessions and suggestions for employees; Christmas party.</p> <p>[Convenient facilities] Provides complete indoor employee parking spaces; gym, indoor badminton court, tennis court, table tennis and so on leisure facilities; established lactation room, complete facility for use by female employees; established employee canteen to offer meals, provides free coffee, tea beverages, and 180-inch large screen viewing; provides accommodation for job candidates from other cities.</p> <p>[Trainings] Provides new employee educational training; conducts work training based on the employee's work requirements; provides external training to employees for self-learning and growth.</p>	
		(III)	<p>In addition to establishing the Employee Welfare Committee, setting up gym and medical room, and hiring professional fitness coaches and nursing staff. The Company built and passed the ISO 45001 system this year. It also organizes various employee activities and employee health examinations from time to time to protect the employees' physical and mental health.</p> <p>The Company's healthy work environment and employee safety protection measures are as below:</p> <p>1. Environment safety: (1) Regularly check on, test and maintain the fire safety equipment and various public facilities and equipment every year, cooperate with the government regulation prohibiting smoking within the factory. (2) Engage professional office cleaning and disinfection companies regularly once a year, to ensure a safe and comfortable work environment. (3) Monitoring the operating environment as required by laws, and adding items to ensure a safe working environment.</p> <p>2. Fire safety aspects: Established a complete fire safety system according to the Fire Services Act, and ensured immediate repair of faults.</p> <p>3. Employee health care: Health examinations are held at the end of each year for employees. The in-house nurses collect statistics on the results of health examinations and manage such by ranking and tracking of employees' health periodically. The weight loss activities were also held this year to</p>	

Assessment items	Operational status			The differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	no	Description	
(IV) Has the Company established effective career development training plans?	V		promote the concept of weight loss. 4. Regularly review and promote labor safety and health matters, including transportation, health education, and safety, every month. (IV) The Company has set-up comprehensive educational training, to assist employees with diverse career development.	
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for consumer protection and grievance procedures with respect to consumer health and safety, customer privacy, marketing and labeling of products and services?	V		(V) The Company has set-up a professional and dedicated customer service team (business/quality assurance/the Group's environment, safety, and engineering division) responsible for handling demands and complaints from customers. Abides by the environmental protection requirements of the EU RoHS Directive with suppliers. The Company follows related laws and regulations and international standards in the marketing and labelling of its products and services, and marked with obvious labelling.	
(VI) Has the Company established supplier management policies which require suppliers to comply with regulations on environmental protection, occupational safety and health or labor rights and reported the implementation?	V		(VI) The Company aims to establish a stable semiconductor supply chain, and attaches great importance to the partnership with supplier partners. Risk assessment, tracking, improvement, and management are conducted for raw material suppliers every year. Raw material shipments must comply with laws and regulations. Through rigorous supplier self-evaluation, we urge suppliers to comply with environmental protection and health regulations at all times. The Company also pays attention to the three major ESG aspects of suppliers, namely economics, society, and environment, and includes all relevant standards in the evaluation. Only those suppliers meeting the requirements can be included in the procurement counterparties after actual verification. If the supplier fail to meet the requirements, the transactions must be terminated and alternative suppliers will be sought. TMC regularly reviews the four major risk items, namely product quality, price, delivery, and service via "supplier audit and inspection" and "supplier delivery quality assessment." Meanwhile, the environmental criteria and social standards are also evaluated, and the score ranking of the evaluation serves as the basis of supplier management.	
V. Has the Company referred to international reporting standards or guidelines in its preparation of sustainable development reports and other reports which disclose the Company's non-financial information? Does the preceding report obtain verification or opinions from a third-party authentication unit?	V		The Company has prepared the 2022 Corporate Sustainability Report pursuant to the GRI Sustainability Reporting Standards 2021 released by the Global Reporting Initiatives (GRI) and the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" released by TWSE, while referring to the sustainability indicators of the Sustainability Accounting Standards Board (SASB); the report was assured by PwC Taiwan. Relevant and reliable information on corporate sustainable development has been disclosed on the Company's website and the FSC's Market Observation Post System, and communication with stakeholders has been enhanced. The 2023 Corporate Sustainability Report is currently being prepared, and it is expected to be	No significant differences

Assessment items	Operational status			The differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	no	Description	
			completed and disclosed on the Company's website and the Market Observation Post System in Q3 2024.	
VI. If the Company has established its corporate sustainable development best practice principles in accordance with the “Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the operations and differences: The Company has established its “Corporate Sustainable Development Best Practice Principles” and there are no significant differences from the actual operations and the Principles for Listed Companies.				
VII. Other important information that can help others to understand the operations of the corporate sustainable development: This is a dedicated page on the Company’s website to disclose corporate sustainable development operations and stakeholders, sustainability-related operations are regularly updated helping others to understand the status of the sustainability operations.				

Note 1: For a company who has already prepared its sustainable development report, a note is required for the operational status stating the method to search the sustainable development report and the index entries substitution.

2. Principles of materiality refers to major impacts to the Company’s investors and other stakeholders as a result of environmental, social and corporate governance issues.

Climate-related information of publicly traded and OTC companies

(IX) Implementation of reporting of climate-related information

Items	Implementation
<p>1. Describe board and management supervision and governance of climate-related risks and opportunities.</p>	<p>1. TMC has established a corporate sustainability management committee to implement the ESG process, which covers the supervision and governance of climate-related risks and opportunities, and regularly reports to the board.</p>
<p>2. Describe how the identified climate risks and opportunities will affect the Company’s business, strategy and finances (short, intermediate and long term).</p>	<p>2. Climate risk is within the scope of corporate governance, and we regard it as an opportunity to align with our upstream customers and downstream suppliers, and believe that business revenue will increase in the future. Short-term: The ISO 14064-1 greenhouse gas inventory and verification has been carried out this year. Interim: Conducting the Science Based Targets Initiative (SBTi) to set short-term and long-term carbon reduction targets. Long-term: moving toward the 2050 net zero target.</p>
<p>3. Describe the financial impact caused by extreme climate events and transition actions.</p>	<p>3. The extreme climate causes disruption to the supply of raw materials, water, and power for production. We have arranged for more than two suppliers to carry out water-saving and water truck transportation plans, while adding generators and UPS to avoid impacts on shipments and revenues, which in turn affect financial performance.</p>
<p>4. Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.</p>	<p>4. Carry out climate risks identification in Q1; formulate climate risks countermeasures or implementation plans in Q2; implement and correct climate risks countermeasures or implementation plans in Q3; and report the implementation results to the board in Q4 every year, and have the Corporate Sustainability Management Committee conduct quarterly review the progress of abovementioned works.</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors used and significant financial impacts should be explained.</p>	<p>5. Reservoirs are set up in response to extreme climate that may limit or cut off water supply. If the water restrictions in the science park exceeds 20%, and the water is cut off for more than 1 day, water trucks will be dispatched, and the production will not be affected. If there is a time difference in scheduling of water trucks, work hours may be lost.</p>
<p>6. If there is a transition plan to manage climate-related risks, explain the content of the plan, and the indicators and goals used to identify</p>	<p>6. Under the risk of power shortage in Plant 3, the addition of 1,500KW generators was completed in 2023, and the production machines in Plant 1</p>

<p>and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.</p> <p>8. If there are climate-related goals set, the activities, scope of greenhouse gas emissions, planning schedule, annual progress and other information covered should be explained. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits to be exchanged or the quantity of renewable energy certificates (RECs) should be explained.</p> <p>9. Status of greenhouse gas inventory and assurance (to be filled in 1-1 separately)</p>	<p>and 2 are equipped with UPS (Uninterrupted Power Supply System) to satisfy the usage deployment.</p> <p>7. Planning for implementation by 2026.</p> <p>8. Greenhouse gas inventory activity: the carbon inventory and verification activities of ISO14064-1 2018 version for 2022 was completed in 2023, and the activity continues every year.</p>
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1-1. Status of greenhouse gas inventory and assurance

<p>Company information</p> <p><input type="checkbox"/> Companies with a capital of more than NT\$10 billion, or in the steel or cement industry.</p> <p><input type="checkbox"/> Companies with a capital of more than NT\$5 billion but less than NT\$10 billion.</p> <p><input checked="" type="checkbox"/> Companies with a capital of more than NT\$5 billion but less than NT\$10 billion.</p>	<p>Sustainable Development Roadmap for publicly traded or OTC firms should at least disclose</p>	
	<p><input checked="" type="checkbox"/> Parent company-only inventory</p>	<p><input type="checkbox"/> Inventory of subsidiaries included in the consolidated financial statements</p>
	<p><input type="checkbox"/> Parent-only assurance</p>	<p><input type="checkbox"/> Assurance of subsidiaries included in the consolidated financial statements</p>

Scope 1	Total emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million)(Note 2)	Assurance organization
Parent company	151.49	0.038	TUV TÜV NORD Taiwan
Subsidiary			
... (Note 1)			
Total			
Scope 2	Total emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million) (Note 2)	Assurance organization
Parent company	15,291.85	3.933	TUV TÜV NORD Taiwan
Subsidiary			
... (Note 1)			
Total			
Scope 3	3516.74		

Instructions for filling the form:

1. The Scope 1 and Scope 2 information in this table shall be compiled in accordance with the schedule stipulated in Paragraph 2, Article 10 of the standard, and companies may voluntarily disclose the information of Scope 3.
2. Companies may conduct GHG inventory according to the following standards:
 - (1) Greenhouse Gas Protocol (GHG Protocol).
 - (2) ISO 14064-1 published by the International Organization for Standardization (ISO).
3. The assurance organization shall comply with the relevant requirements for sustainability report assurance stipulated by the Taiwan Stock Exchange and Taipei Exchange.
4. Subsidiaries can file reports separately, collectively (by country or region), or in a consolidated format (Note 1).
5. The intensity of GHG emissions can be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ million) should be disclosed (Note 2).
6. The proportion of operating locations or subsidiaries not included in the inventory calculation shall not exceed 5% of the total emissions. The total emissions disclosed above refer to the emissions calculated in accordance with Description 1 on the scope of mandatory inventory.
7. The description of assurance should summarize the content of the assurance report of issued by the assurance organization and attach the complete assurance statement to the annual report (Note 3).

(X) Status of the Company’s practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies

Assessment items	Operational status		Description	Status of the Company’s practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No		
<p>I. Stipulate ethical management policies and plans</p> <p>(I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?</p> <p>(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>	V		<p>(I) The Company’s “Ethical Corporate Management Best Practice Principles” was established on August 6, 2015, and some amendments were approved by the Board of Directors on November 4, 2020. There is no difference between the actual operation and the approved “Ethical Corporate Management Best Practice Principles”. The Company is in compliance with the laws and regulations. The Board of Directors was eager to and had duly approved the Corporate Social Responsibility Code of Conduct policy, and in the document, details of the policy and active commitments by the Board of Directors and management level to implement it can be found.</p> <p>(II) The Company has established a risk management organization to identify, evaluate and manage potential risks of the Company, and has evaluated that the acts described in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies are included in the scope of risk identification, evaluation and management, and has taken appropriate preventive measures. In addition, the Company has set-up a regular and random audit of the implementation situation by the audit personnel and CPA for active response of any potential conflicts of interests within the company.</p>	No significant differences

Assessment items	Operational status			Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Description	
(III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice and regularly reviewed and amended the program?	V		(III) For promoting and educating on ethical conducts, the Company's Corporate Social Responsibility Code of Conduct is published on the company website for reference by its personnel anytime as a basis for individual behavior. A unit to handle unethical behavior reporting is also established. If there are discovery of any major events of violations or major damages to the company, the unit will prepare a report immediately and report to the independent directors so as to fulfill the implementation of unethical behavior handling. The company emphasizes its determination to combat dishonest practices through internal control system, work rules, new employee orientation education training, regular campaigns, and monitoring via accounting system, requesting its employees to adhere to the principle of conflict of interests avoidance, and promotes the company's policy to its suppliers.	
II. Fulfillment of ethical management (I) Does the Company evaluate the ethical record of the counterparties and clearly stipulate the ethical behavior clause in the contract signed with the counterparties?	V		(I) Before the Company enters into any business activity, will first conduct assessment of the counterparty for its legality, ethics and prudence, so as to ensure both parties engage in a fair and transparent trading conduct, create a fair environment for competition, maintaining the company's competitiveness.	No significant differences
(II) Has the Company established a full- (or part-) time specialized unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board?	V		(II) Honesty and faithfulness have always been an important management philosophy of the Company, ethics has been promoted from various aspects in full efforts from the Board of Directors to each of the department management, to which all of the employees should adhere to the Ethical Corporate Management Best Practice Principles. The Company has also established an Audit Committee and internal control system to monitor the company in abiding by the laws and regulations. The Company assigned the Human Resources Department as the accountable unit, ensuring the fulfillment of Ethical Operations Management Best Practice Principles based on each unit's work duties and scope, and the accountable unit will report to the Board of Directors on a regular basis on the implementation status. Implementation status of the Company's 2023 Ethical Corporate Management has been reported to the Board on March 6, 2024.	

Assessment items	Operational status		Description	Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No		
(III) Does the company stipulate a policy to prevent conflicts of interest and provide a proper channel for communication, and practically implement the policy?	V		(III) The Company has established Ethical Operations Management Best Practice Principles to prevent conflicts of interest and provide a proper channel for communication. The Company conducts its business activities in a fair and transparent way based on the principles of ethical operations management. In addition, the company has already formulated the whistleblowing system procedures to report on illegal (including corruption) and unethical behaviors.	
(IV) Does the company establish an effective accounting system and internal control system for practical implementation of ethical corporate management, and is the system regularly audited by the internal auditing unit, and does the unit propose relevant audit plans based on the assessment results of the risk of misconduct for auditing the implementation status of the prevention plan for misconduct, or entrusted to an accountant for auditing?	V		(IV) The Company's accounting system and internal control system are formulated based on related laws and regulations. The internal audit unit prepares the draft work report and audit report based on the audit results, submit them to the Board of Directors, and hold regular and random audits with the CPA.	
(V) Does the Company regularly conduct internal and external education and training for ethical management?	V		(V) The Ethical Corporate Management Best Practice Principles have been announced on the Company's website and communicated with employees at monthly management meetings. In 2023, it was promoted through the corporate website and on various occasions to educate employees about adhering to work philosophy and attitude of integrity, fairness, transparency, and self-discipline. In addition, the Company trained 283 employees in 2023.	
III. Operational status of the whistleblowing system of the Company				No significant differences
(I) Does the company have a specific whistleblowing and reward system, a	V		(I) For whistleblowing/complaints matters of any possible violations of laws and regulations or the code of conduct, the Company may report to the Company's audit office. The Company	

Assessment items	Operational status			Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Description	
<p>convenient whistleblowing channel and assign appropriate and dedicated personnel to deal with the respondent?</p> <p>(II) Does the company stipulate the standard operating procedures, the follow-up measures should be taken after the investigation and relevant confidentiality mechanism for the reported matters?</p> <p>(III) Does the company take preventive measures to protect the whistleblower from improper treatment due to the report?</p>	V		<p>establishes standard operating procedures for investigating the complaints received and protects the informant's identity by establishing confidentiality mechanisms.</p> <p>(II) The Company formulates complaint procedures, set-up responsible units to handle the cases and set-up the handling procedures, abides by privacy data laws and strictly prohibits retaliation conducted against the informant. The Company's "Ethical Operations Management Best Practice Principles" has stipulated standard operating procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner.</p> <p>(III) The Company's "Ethical Operations Management Best Practice Principles" has stipulated items in the investigation of the complaints received, protection of informant's identity and details of reported misconduct, proper measures to shield a complainant from retaliation for filing complaints.</p>	
<p>IV. Reinforcement of information disclosure</p> <p>(I) Does the company reveal the content of Ethical Corporate Management Best Practice Principles and the implementation results on its website and on the website of the Market Observation Post System?</p>	V		<p>The Company has disclosed its ethical operations management information on its website which has a designated page for corporate governance in addition to disclosing in its annual report.</p>	No significant differences
<p>V. If the Company has stipulated its Ethical Corporate Management Best Practice Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the difference between its operations and the stipulated principles: The Company's "Ethical Corporate Management Best Practice Principles" had been approved by the Board of Directors on August 6, 2015. There are no differences between actual operations and the Principles.</p> <p>(I) Regular advocacy on ethical operations management concept and advocated to all of the employees on a regular basis during educational trainings: Ethical Operations Management Best Practice Principles have been announced on the Company's website, and are promoted to the employees during monthly management meetings.</p> <p>(II) Ethical conduct is listed as one of the terms and conditions in contracts with counterparties.</p>				

Assessment items	Operational status		Description	Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No		
(III) Internal independent grievance reporting mailbox and dedicated line has been established and announced on the Company's website and on the internal website: No whistleblowing cases on ethics have been received in 2023.				
VI. Other important information that helps to understand the implementation status of the company's ethics management (such as situation of the company conducting review and revision of its Ethical Corporate Management Best Practice Principles): In order to fulfill corporate governance, the responsible unit for ethical management has been established. Revisions to partial articles of the "Ethical Corporation Management Best Practice Principles" have been approved by the Board of Directors on November 4, 2020.				

(XI) The Company formulates governance principles and related regulations

The Company's website has a dedicated page to corporate governance for investors to search and download related corporate governance regulations, please refer to the Company's website. <https://www.tmcnet.com.tw/tw/Investors/Announcements>

1. Articles of Incorporation
2. Procedures for Lending Funds to Others
3. Asset Acquisition and Disposal Procedures
4. Policies and Procedures for Preventing Insider Trading
5. Procedures for Handling Material Inside Information
6. Audit Committee Foundation Principles
7. Remuneration Committee Foundation Principles
8. Ethical Operations Management Best Practice Principles
9. Corporate Sustainable Development Best Practice Principles
10. Ethical Behavior Code of Conduct
11. Rules of Procedure for Board of Directors' Meetings
12. Rules of Procedure for Shareholders' Meetings
13. Procedures for Election of Directors
14. Regulations for Endorsement and Guarantee

Regarding the corporate governance-related situation of the Company, please refer to this annual report for the section on "The governance status of the Company, and the differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons."

(XII) Policies and Procedures for Preventing Insider Trading and Procedures for Handling Material Inside Information

To establish a sound material inside information handling and disclosure mechanism, for avoiding improper divulgence of information and to ensure consistency and accuracy of information announced by the Company to outside, and to strengthen the prevention of insider trading, the regulation is specially formulated and hereby provided to all directors, managers and company employees to abide by and for timely education and advocacy purpose. Refer to the Company's website for related information. <https://www.tmcnet.com.tw/tw/Investors/Governance>

(XIII) Implementation status of internal control system

1. Statement on Internal Control

Taiwan Mask Corporation
Statement on Internal Control

Date: March 6, 2024

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

- I. The Company's board and management are responsible for establishing, implementing and maintaining a proper internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability of our financial reporting and compliance with applicable laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we take immediate remedial actions in response to any identified deficiencies.
- III. We evaluate the design and operating effectiveness of the internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein blow, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. Control environment. 2. Risk assessment. 3. Control activities. 4. Information and communication. 5. Monitoring. Each component has its own items. Please see the Regulations for details.
- IV. We have evaluated the design and operating effectiveness of our internal control system according to the aforementioned Regulations.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2023. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's operational results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This Statement will be an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment or other illegalities in the content made public will entail legal liability under Article 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board in the meeting held on March 6, 2024, all of the attending directors affirm to the content of this Statement.

Taiwan Mask Corporation

Chairman: Sean Chen

General Manager: Lidon Chen



2. Where a CPA has to be hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(XIV) For the year 2023 or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system, and the penalties which may have a significant impact on shareholders' equity or the price of securities, and list the content of penalties, principal deficiencies, and the state any efforts to make improvements: None.

(XV) Material resolutions of a shareholders meeting or a Board of Directors meeting during the year of 2023 and during the current fiscal year up to the date of publication of the annual report

1. Material resolutions of a shareholders meeting

Key resolutions from the 2023 annual general meeting and their implementation:

(1) Ratification of 2022 business report and financial statements.

Implementation outcome: Resolution approved. Ratification of 2022 Business Report and Financial Statements, of which the consolidated revenue for the whole year is NT\$7,741,118 thousand, net profit after tax is approximately NT\$703,519 thousand, basic earnings per share is NT\$3.37.

(2) Ratification of 2023 earnings distribution proposal

Implementation outcome: Resolution approved. The resolution approved the distribution of NT\$2.3 per share. The chairman approved on June 22, 2023, to set July 28, 2023 as the book closure date, and the cash dividends were paid on August 18, 2023.

(3) Approved distribution of cash dividends from capital surplus.

Implementation outcome: Resolution approved. The resolution approved the cash distribution of NT\$0.2 per share. The chairman approved on June 22, 2023, to set July 28, 2023 as the book closure date, and the cash dividends were paid on August 18, 2023.

(4) Proposed to Issue common shares by private placement.

Implementation outcome: Resolution approved. Considering that the issuance period will soon reach the deadline, it is planned not to continue the issue of common shares by private placement approved by the 2023 regular shareholders' meeting after the board resolution on March 6, 2024.

(5) Amendment to provisions of the Company's "Articles of Incorporation".

Implementation outcome: Resolution approved. The registration was approved by authority with approval document number Zhu-Guan-Ji-Guan-Zhu-Shang-Zi No. 1120017721 issued on June 5, 2023.

(6) Full re-election of directors.

Implementation status: Re-election completed. The registration was approved by authority with approval document number Zhu-Guan-Ji-Guan-Zhu-Shang-Zi No. 1120017721 issued on June 5, 2023.

(7) Lifted the restrictions on the non-compete clause of new directors and their representatives.

Implementation outcome: Resolution approved. and implemented in accordance with the resolution of the shareholders' meeting.

2. Important resolutions of the board of directors

Key resolutions by the Company's Board of Directors since January 1, 2024 until the publication date of the annual report are as follows:

Date	Term	Key resolutions
March 6, 2024	The 24th meeting of the 12th term	(1) Approved the distribution of employees and directors' remuneration for 2023. (2) Approved the 2023 Business Report and Financial Statements (3) Approved the 2023 earnings distribution. (4) Approved not to continue the issue of common shares by private placement approved by the 2023 regular shareholders' meeting. (5) Approved the private placement of securities. (6) Approved the Company's 2023 Internal Control System Validity Evaluation and Declaration of Internal Control System. (7) Approved to convene the Company's 2024 regular shareholders' meeting. (8) Approved the procurement of equipment. (9) Approved to participate in the private placement of Truelight Corporation. (10) Approved the endorsements/guarantees for subsidiary Miracle Technology CO., LTD. (11) Approved the appointment of the Company's accounting, finance and corporate governance officers and adjustment of the managerial officers' remuneration. (12) Approved the appointment of the directors and managerial officers for the subsidiaries and the adjustment of remunerations for managerial officers of the subsidiaries. (13) Approved the appointment and remuneration of CPAs. (14) Approved the proposal for the Company to establish and expand its credit facilities with banks.

(XVI) Where, during 2023 or during the current fiscal year up to the date of publication of the annual report, a director or independent director has expressed a dissenting opinion with respect to a key resolution passed by the board, and the dissenting opinion has been recorded or prepared as a written declaration: None.

(XVII) A summary of resignations and dismissals, during 2023 or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, principal corporate governance officer and principal research and development officer
 The Company's Chief Financial Officer, Eve Yang, concurrently serves as the Company's accounting, finance and corporate governance officer. To cope with the dedicate division of labor and corporate governance of the Group's organization, on March 6, 2024, the Board of Directors approved the adjustment of the positions as follows:

Job title	After adjustment	Before adjustment
Principal accounting officer	Shu-Wei Yu	Eve Yang
Financial Officer	Shu-Hua Lin	
Head of corporate governance	Chiao-Jin Tseng	

V. Information on professional fee of accountant

(I) Professional fee of CPAs

Name of Accounting Firm	Accountant		Date of the audit
PricewaterhouseCoopers, Taiwan Name of CPA Firm	Ya-Hui Cheng	Chien-Yu Liu	January 1, 2023 to December 31, 2023

Unit: NT\$Thousand

Type of Fee		Professional audit fee	Non-professional audit fee	Total
1	Below NT\$ 2,000 thousand			
2	NT\$ 2,000 thousand (inclusive) ~ NT\$ 4,000 thousand		2,557	2,557
3	NT\$ 4,000 thousand (inclusive) ~ NT\$ 6,000 thousand			
4	NT\$ 6,000 thousand (inclusive) ~ NT\$ 8,000 thousand			
5	NT\$ 8,000 thousand (inclusive) ~ NT\$ 10,000 thousand	9,870		9,870
6	NT\$ 10,000 thousand and above			

Name of Accounting Firm	Accountant	Audit Period	Professional audit fee	Non-professional audit fee	Total	Remarks
PricewaterhouseCoopers Taiwan	Ya-Hui Cheng Chien-Yu Liu	January 1, 2023 to December 31, 2023	9,870	2,557	12,427	Note

Note: The above mentioned accounting fees are the professional audit fee and non-audit fee that is paid to the Company's Certified Public Accountant (CPA) and the affiliated company of the CPA's accounting firm.

- (1) The Company: The professional audit fee is NT\$6,250 thousand non-professional audit fee is NT\$2,032 thousand (ESG consultation, CB to issue of new shares and others).
- (2) Subsidiaries: The professional audit fee is NT\$3,620 thousand non-professional audit fee is NT\$525 thousand (follow-on offering for capital increase, amendments to the Articles of Incorporation, changes of directors/supervisors, among other things).

- (II) If the accounting firm is changed and the professional audit fee paid in the year of change is lower than in the previous year prior to the change, the amount and reason for the professional audit fee before and after the change: Not applicable.
- (III) If the professional audit fee has decreased by more than 10% compared with the previous year, the decreased amount, proportion and reason for the reduction of professional audit fee: None.

VI. Information on change of accountants: None.

VII. Information on the chairman, general manager, manager in charge of financial or accounting affairs of the Company who has worked in the accounting firm or an affiliated company of the certified accountant for the past one year: None.

VIII. Status of any equity transferred and changes in pledge of stock rights in recent years and until the publication date of the annual report by directors, independent directors, managers and shareholders with over 10% shares

(I) Changes to share ownership

Unit: Shares

Job title	Name	2023		2024 up to March 29, 2024	
		Increasing (decreasing) number of shares held	Increasing (decreasing) number of pledged shares held	Increasing (decreasing) number of shares held	Increasing (decreasing) number of pledged shares held
Chairman	Sean Chen	0	0	0	0
Director	Chao-Yi Wu	391,000	0	0	0
Director	Youe Chung Capital Corporation Representative: Ming-Chung Chang	(900,000)	(900,000)	(500,000)	0
Director/General Manager	Lidon Chen	1,000,000	1,300,000	0	0
Vice President	Eve Yang	653,000	550,000	0	0
Vice President	Nester Huang	553,000	587,000	0	0
Vice President	Che-Pin Tseng	291,000	255,000	0	0
Vice President	Chaucer Chung (Date of taking office: August 4, 2023)	0	300,000	0	0
Chief Executive Officer	K.J. Wu	(2,994,204)	(3,000,000)	0	0
10%	Youe Chung Capital Corporation	(900,000)	(900,000)	(500,000)	0
Independent Director	Huan-Kuei Cheng	0	0	0	0
Independent Director	Wei-Chen Wang	0	0	0	0
Independent Director	Hui-Fen Chan	0	0	(7,000)	0
Finance Officer/Accounting Officer/Corporate Governance Officer	Eve Yang (Date of dismissal: March 6, 2024)	653,000	550,000	0	0
Financial Officer	Shu-Hua Lin (Date of taking office: March 6, 2024)	0	0	0	0
Principal accounting officer	Shu-Wei Yu (Date of taking office: March 6, 2024)	0	0	0	0
Head of corporate governance	Chiao-Jin Tseng (Date of taking office: March 6, 2024)	0	0	0	0
Director	Fushuo Investment Co., Ltd. (Date of dismissal: May 24, 2023)	0	0	0	0
	Martin Chu (Date of dismissal: May 24, 2023)	0	0	0	0
Vice President	Po-Wen Hsiao (Date of dismissal: March 3, 2023)	(5,000)	0	0	0

Note: Youe Chung Capital Corporation is top-10 major shareholder with over 10% of the Company's total shares.

(II) Information on share transfer:

Name	Reason for share transfer	Transaction date	Counterparty to the transaction	Relationship between the counterparty and the Company, its directors, supervisors, managerial officers and shareholders holding more than 10% of the shares	Number of shares	Transaction price
Youe Chung Capital Corporation	Gift	April 21, 2023	Taiwan Mask Charity Foundation	Related party	400,000	41.35
K.J. Wu	Gift	April 24, 2023	Hui-Chen Lai Wu	Spouse	3,000,000	85.20
Youe Chung Capital Corporation	Gift	September 15, 2023	Taiwan Mask Charity Foundation	Related party	500,000	41.35
Youe Chung Capital Corporation	Gift	March 5, 2024	Taiwan Mask Charity Foundation	Related party	500,000	41.35

(III) Equity pledge information: No equity pledge with a related party.

IX. Top ten shareholders by shareholding proportion and information of relationships among them

Unit: shares; %

Name	Shares owned by the person		Shares held by spouse, underage dependents		Shares Held in the Name of Others		Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or blood relative within the second degree		Note
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Youe Chung Capital Corporation	35,831,440	13.78%	-	-	-	-	-	-	-
Chao-Yi Wu	10,298,000	4.02%	668,000	0.26%	-	-	Hui-Chen Lai Wu	Mother and daughter	-
Taiwan Mask Corporation	7,426,000	2.91%							
Hui-Chen Lai Wu	5,075,523	1.98%					Chao-Yi Wu	Mother and daughter	
Powerchip Investment Holding Corporation	4,121,000	1.61%							
Lidon Chen	3,750,000	1.46%							
Mei-Hui Li	2,290,000	0.89%			-	-			-
Vanguard Starlight Advanced Aggregate International Equity Index under the custody of Chase	2,112,000	0.82%							
Sean Chen	2,000,000	0.78%			-	-			-
Dedicated account with CTBC Bank Trust Investment entrusted by Taiwan Life Insurance	2,859,000	0.78%							

X. Company, company's directors, managers and businesses in direct or indirect control by the company, their number of shares of the reinvested businesses, and the consolidated calculation of the comprehensive shareholding ratio

March 31, 2024

Unit: shares; %

Investee	Invested by the Company		Investments by directors, supervisors, managers and businesses in direct or indirect control		Total Ownership	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
SunnyLake Park International Holdings, Inc.	3,120,000	100%	-	-	3,120,000	100%
Youe Chung Capital Corporation	534,877,568	100%	-	-	534,877,568	100%
Miracle Technology Co., Ltd.	22,955,033	100%	-	-	22,955,033	100%
Weida Hi-Tech Company	12,176,880	28.20%	-	-	12,176,880	28.20%
Advagene Biopharma Co., Ltd.	12,549,652	23.51%	3,216,223	6.03%	15,765,875	29.54%
Aptos Technology Inc.	-	-	28,481,161	47.19%	28,481,161	47.19%
Xsense Technology	-	-	12,189,191	53.00%	12,189,191	53.00%
Innova Vision	37,813,135	75.32%	94,370	0.19%	37,907,505	75.51%
DIGITAL-CAN TECH. CO., LTD.	-	-	7,281,250	57.39%	7,281,250	57.39%
Pilot Battery Co., Ltd.	3,600,000	20.00%	7,000,000	38.89%	10,600,000	58.88%
Moment Semiconductor, Inc.	-	-	4,000,000	53.33%	4,000,000	53.33%
One Test System	940,000	100%	-	-	940,000	100%

Note: Investment by the company by using the equity method.

Four. Financing Activities

I. Capital and shares

(I) Source of capital

Unit: Shares: NTD

Year / Month	Issue Price	Authorized Share Capital		Paid-in Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Capital Increase by Assets Other than Cash	Others
October 1988	\$10.00	35,000,000	\$350,000,000	8,750,000	\$87,500,000	Please refer to attached Note (1)		
June 1990	\$10.00	35,000,000	\$350,000,000	35,000,000	\$350,000,000	Please refer to attached Note (2)		
May 1991	\$10.00	50,000,000	\$500,000,000	40,250,000	\$402,500,000	Please refer to attached Note (3)		
July 1992	\$10.00	50,000,000	\$500,000,000	44,275,000	\$442,750,000	Please refer to attached Note (4)		
June 1995	\$10.00	70,000,000	\$700,000,000	55,883,750	\$558,837,500	Please refer to attached Note (5)		
April 1996	\$10.00	70,000,000	\$700,000,000	64,427,500	\$644,275,000	Please refer to attached Note (6)		
June 1996	\$10.00	100,000,000	\$1,000,000,000	88,077,125	\$880,771,250	Please refer to attached Note (7)		
April 1997	\$10.00	100,000,000	\$1,000,000,000	100,000,000	\$1,000,000,000	Please refer to attached Note (8)		
June 1997	\$10.00	250,000,000	\$2,500,000,000	146,700,000	\$1,467,000,000	Please refer to attached Note (9)		
July 1998	\$10.00	270,000,000	\$2,700,000,000	237,420,000	\$2,374,200,000	Please refer to attached Note (10)		
August 1999	\$10.00	389,000,000	\$3,891,000,000	267,287,969	\$2,672,879,690	Please refer to attached Note (11)		
October 1999	\$10.00	389,000,000	\$3,891,000,000	267,290,313	\$2,672,903,130	Please refer to attached Note (12)		
August 2000	\$10.00	389,000,000	\$3,891,000,000	294,037,400	\$2,940,374,000	Please refer to attached Note (13)		
December 2000	\$10.00	389,000,000	\$3,891,000,000	331,189,900	\$3,311,899,000	Please refer to attached Note (14)		
July 2001	\$10.00	450,000,000	\$4,500,000,000	374,784,587	\$3,747,845,870	Please refer to attached Note (15)		
August 2002	\$10.00	500,000,000	\$5,000,000,000	424,917,953	\$4,249,179,530	Please refer to attached Note (16)		
June 2003	\$10.00	500,000,000	\$5,000,000,000	398,093,953	\$3,980,939,530	Please refer to attached Note (17)		
September 2003	\$10.00	500,000,000	\$5,000,000,000	399,593,953	\$3,995,939,530	Please refer to attached Note (18)		
November 2003	\$10.00	500,000,000	\$5,000,000,000	398,181,953	\$3,981,819,530	Please refer to attached Note (19)		
June 2004	\$10.00	500,000,000	\$5,000,000,000	379,443,953	\$3,794,439,530	Please refer to attached Note (20)		
August 2004	\$10.00	500,000,000	\$5,000,000,000	369,443,953	\$3,694,439,530	Please refer to attached Note (21)		
October 2004	\$10.00	500,000,000	\$5,000,000,000	370,943,953	\$3,709,439,530	Please refer to attached Note (22)		
December 2004	\$10.00	500,000,000	\$5,000,000,000	361,963,953	\$3,619,639,530	Please refer to attached Note (23)		
September 2005	\$10.00	500,000,000	\$5,000,000,000	359,498,953	\$3,594,989,530	Please refer to attached Note (24)		
February 2006	\$10.00	500,000,000	\$5,000,000,000	353,902,953	\$3,539,029,530	Please refer to attached Note (25)		
May 2008	\$10.00	500,000,000	\$5,000,000,000	351,072,953	\$3,510,729,530	Please refer to attached Note (26)		
October 2008	\$10.00	500,000,000	\$5,000,000,000	345,072,953	\$3,450,729,530	Please refer to attached Note (27)		
January 2009	\$10.00	500,000,000	\$5,000,000,000	335,072,953	\$3,350,729,530	Please refer to attached Note (28)		
November 2009	\$10.00	500,000,000	\$5,000,000,000	338,908,953	\$3,389,089,530	Please refer to attached Note (29)		
September 2010	\$10.00	500,000,000	\$5,000,000,000	288,072,611	\$2,880,726,110	Please refer to attached Note (30)		
September 2011	\$10.00	500,000,000	\$5,000,000,000	282,072,611	\$2,820,726,110	Please refer to attached Note (31)		
November 2011	\$10.00	500,000,000	\$5,000,000,000	277,871,611	\$2,778,716,110	Please refer to attached Note (32)		
December 2011	\$10.00	500,000,000	\$5,000,000,000	271,871,611	\$2,718,716,110	Please refer to attached Note (33)		
August 2012	\$10.00	500,000,000	\$5,000,000,000	270,090,611	\$2,700,906,110	Please refer to attached Note (34)		

Year / Month	Issue Price	Authorized Share Capital		Paid-in Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Capital Increase by Assets Other than Cash	Others
November 2012	\$10.00	500,000,000	\$5,000,000,000	262,713,611	\$2,627,136,110	Please refer to attached Note (35)		
October 2015	\$10.00	500,000,000	\$5,000,000,000	252,713,611	\$2,527,136,110	Please refer to attached Note (36)		
March 2022	\$10.00	500,000,000	\$5,000,000,000	255,673,535	\$2,556,735,350	Please refer to attached Note (37)		
March 2023	\$10.00	500,000,000	\$5,000,000,000	256,446,475	\$2,564,464,750	Please refer to attached Note (38)		

Notes:

01. On October 21, 1988, capital at time of establishment was NT\$87,500,000.
02. On March 16, 1990, the Company was approved for Initial Public Offering (IPO) and cash capital increase of NT\$262,500,000 by the Securities and Futures Commission, Ministry of Finance (1990), Approval Document Number: Tai-Tsai-Zheng (I) No. 000474.
03. On May 14, 1991, the Company was approved for re-capitalization of earnings at NT\$52,500,000 by the Securities and Futures Commission, Ministry of Finance (1991), Approval Document Number: Tai-Tsai-Zheng (I) No. 000999.
04. On July 20, 1992, the Company was approved for re-capitalization of earnings at NT\$40,250,000 by the Securities and Futures Commission, Ministry of Finance (1992), Approval Document Number: Tai-Cai-Zheng (I) No. 001738.
05. On June 30, 1995, the Company was approved for re-capitalization of earnings at NT\$116,087,500 by the Securities and Futures Commission, Ministry of Finance (1995), Approval Document Number: Tai-Cai-Zheng (I) No. 378708.
06. On January 5, 1996, the Company was approved for re-capitalization of earnings at NT\$85,437,500 by the Securities and Futures Commission, Ministry of Finance (1996), Approval Document Number: Tai-Cai-Zheng (I) No. 64745.
07. On June 10, 1996, the Company was approved for re-capitalization of earnings at NT\$236,496,250 by the Securities and Futures Commission, Ministry of Finance (1996), Approval Document Number: Tai-Cai-Zheng (I) No. 368278.
08. On December 21, 1996, the Company was approved for re-capitalization of earnings at NT\$119,228,750 by the Securities and Futures Commission, Ministry of Finance (1996), Approval Document Number: Tai-Cai-Zheng (I) No. 71905.
09. On June 5, 1997, the Company was approved for re-capitalization of earnings at NT\$367,000,000 and re-capitalization of additional paid-in capital at NT\$100,000,000 by the Securities and Futures Commission, Ministry of Finance (1997), Approval Document Number: Tai-Cai-Zheng (I) No. 451508.
10. On July 8, 1998, the Company was approved for re-capitalization of earnings at NT\$628,470,000 and re-capitalization of additional paid-in capital at NT\$278,730,000 by the Securities and Futures Commission, Ministry of Finance (1998), Approval Document Number: Tai-Cai-Zheng (I) No. 57619.
11. On May 20, 1999, the Company was approved for re-capitalization of earnings at NT\$292,665,680 and corporate bonds for capital at NT\$6,014,010 by the Securities and Futures Commission, Ministry of Finance (1999), Approval Document Number: Tai-Cai-Zheng (I) No. 47567.
12. October 1999, Corporate bonds for capital at NT\$23,440.
13. On June 29, 2000, the Company was approved for recapitalization of additional paid-in capital at NT\$267,290,310 and corporate bonds for capital at NT\$180,560 by the Securities and Futures Commission, Ministry of Finance (2000), Approval Document Number: Tai-Cai-Zheng (I) No. 56329.
14. On November 9, 2000, the Company was approved for capital increase by means of merger or acquisition of stock, at NT\$371,525,000 by the Securities and Futures Commission, Ministry of Finance (2000), Approval Document Number: Tai-Cai-Zheng (I) No. 90247.
15. On May 22, 2001, the Company was approved for re-capitalization of earnings at NT\$435,946,870 by the Securities and Futures Commission, Ministry of Finance (2001), Approval Document Number: Tai-Cai-Zheng (I) No. 131546.
16. On June 18, 2002, the Company was approved for capital increase by means of merger or acquisition of stock, at NT\$501,333,660 by the Securities and Futures Commission, Ministry of Finance (91), Approval Document Number: Tai-Cai-Zheng (I) No. 0910132958.
17. December 19, 2002, The Company was approved for buyback of the Company's shares to reduce capital at NT\$268,240,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance (91), Approval Document Number: Tai-Cai-Zheng (San) No. 0910167268, February 26, 2003, Approval Document Number: Tai-Cai-Zheng (San) No. 0920106285 and June 12, 2003, Approval Document Number: Tai-Cai-Zheng (San) No. 0920126614.
18. July 17, 2003, The Company was approved for re-capitalization of earnings at NT\$15,000,000 by the Securities and Futures Commission, Ministry of Finance (92), Approval Document Number: Tai-Cai-Zheng (Yi) No. 0920131289.
19. December 6, 2000, The Company was approved for buyback of the Company's shares for transfer to employees which are not yet transferred for more than 3 years as capital reduction at NT\$14,120,000 by the Securities and Futures Commission, Ministry of Finance (89), Approval Document Number: Tai-Cai-Zheng (San) No. 98643.
20. On June 3, 2004, the Company was approved for buyback of the Company's shares to reduce capital at NT\$187,380,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance (2004), Approval Document Number: Tai-Cai-Zheng (III) No. 0930124885.
21. On July 7, 2004, the Company was approved for buyback of the Company's shares to reduce capital at NT\$100,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0930130255.
22. On July 27, 2004, the Company was approved for re-capitalization of earnings at NT\$15,000,000 by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-Yi-Zi No. 0930133470.
23. On September 1, 2004, the Company was approved for buyback of the Company's shares to reduce capital at NT\$89,800,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0930139490.
24. On June 14, 2005, the Company was approved for buyback of the Company's shares to reduce capital at NT\$24,650,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0940124037.
25. On December 28, 2005, the Company was approved for buyback of the Company's shares to reduce capital at NT\$55,960,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0940159771.
26. On April 9, 2008, the Company was approved for buyback of the Company's shares to reduce capital at NT\$28,300,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number:

Jin-Guan-Zheng-San-Zi No. 0970015115.

27. On September 18, 2008, the Company was approved for buyback of the Company's shares to reduce capital at NT\$60,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0970026404.
28. On December 16, 2008, the Company was approved for buyback of the Company's shares to reduce capital at NT\$100,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0970035293.
29. Employee warrants at capital increase of NT\$38,360,000.
30. On July 29, 2010, the Company was approved capital reduction at NT\$508,363,420 by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 0990035554.
31. On September 22, 2011, the Company was approved for buyback of the Company's shares to reduce capital at NT\$60,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1000046532.
32. On November 22, 2011, the Company was approved for buyback of the Company's shares to reduce capital at NT\$42,010,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1000057786.
33. On December 26, 2011, the Company was approved for buyback of the Company's shares to reduce capital at NT\$60,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1000063425.
34. On August 14, 2012, the Company was approved for buyback of the Company's shares to reduce capital at NT\$41,820,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1010035989.
35. On November 2, 2012, the Company was approved for buyback of the Company's shares to reduce capital at NT\$31,950,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-San-Zi No. 1010049862.
36. October 26, 2015, The Company was approved for buyback of the Company's shares to reduce capital at NT\$100,000,000 for maintaining the Company's shareholders' equity by the Securities and Futures Commission, Ministry of Finance, Approval Document Number: Jin-Guan-Zheng-Jiao-Zi No. 1040043244.
37. On March 1, 2022, approved by the Hsinchu Science Park Administration, Ministry of Science and Technology, by letter Zhu-Zhang-Zi No. 1110006222 for the conversion of the Company's corporate bonds with issuance of new shares for additional capital of NT\$29,599,240.
38. On March 22, 2023, approved by the Hsinchu Science Park Administration, Ministry of Science and Technology, by letter Zhu-Zhang-Zi No. 1120008738 for the conversion of the Company's corporate bonds with issuance of new shares for additional capital of NT\$7,729,400.

(II) Type of Shares

March 31, 2024

Unit: Shares

Shares Type	Authorized share capital			Note
	Issued shares	Un-issued shares	Total	
Common Stock	256,446,475	243,553,525	500,000,000	Shares of listed company

Note: The aforementioned shares outstanding includes buying back treasury stock of 7,462,000 shares not yet transferred.

(III) Information on shelf registration: None

(IV) Shareholder structure

March 29, 2024

Unit: shares; %

Composition of shareholders Quantity	Governmental agencies	Financial institutions	Other juridical person	Foreign institutions and foreign nationals	Domestic natural persons	Treasury shares	Total
Number of people	1	6	254	150	62,375	1	62,787
No. of shares held	4,010	2,132,650	44,368,363	17,301,527	185,177,925	7,462,000	256,446,475
Ownership	0.00%	0.83%	17.30%	6.75%	72.21%	2.91%	100.00%

(V) Composition of Shareholders

1. Common Stock

March 29, 2024

Shareholder ownership	Number of Shareholders	No. of shares held	Ownership
1 to 999	29,013	2,763,076	1.08%
1,000 to 5,000	28,281	54,984,248	21.44%
5,001 to 10,000	3,160	24,680,506	9.62%
10,001 to 15,000	870	11,163,035	4.35%
15,001 to 20,000	492	9,072,231	3.54%
20,001 to 30,000	370	9,481,220	3.70%
30,001 to 40,000	172	6,216,658	2.42%
40,001 to 50,000	112	5,200,406	2.03%
50,001 to 100,000	168	11,852,558	4.62%
100,001 to 200,000	84	11,333,785	4.42%
200,001 to 400,000	24	6,692,593	2.61%
400,001 to 600,000	10	4,897,500	1.91%
600,001 to 800,000	9	6,251,667	2.44%
800,001 to 1,000,000	2	1,743,757	0.68%
1,000,001 or above	20	90,113,235	35.14%
Total	62,787	256,446,475	100.00%

2. Preferred shares: The Company has not issued preferred stocks.

(VI) List of main shareholders

March 29, 2024

Name of Main Shareholders	Shares	No. of shares held (shares)	Ownership (%)
Youe Chung Capital Corporation		35,831,440	13.78%
Chao-Yi Wu		10,298,000	4.02%
Taiwan Mask Corporation		7,426,000	2.91%
Hui-Chen Lai Wu		5,075,523	1.98%
Powerchip Investment Holding Corporation		4,121,000	1.61%
Lidon Chen		3,750,000	1.46%
Mei-Hui Li		2,290,000	0.89%
Vanguard Starlight Advanced Aggregate International Equity Index under the custody of Chase		2,112,000	0.82%
Sean Chen		2,000,000	0.78%
Dedicated account with CTBC Bank Trust Investment entrusted by Taiwan Life Insurance		2,859,000	0.78%

(VII) Market price, net worth, earnings (losses) and dividends per share and the related information for the most recent two years.

Unit: NTD/in thousands of shares

Item		Year	2022	2023	
		Market Price Per Share (Note 1)		Highest	110.50
		Lowest	49.95	65	
		Average	81.20	77.7	
Net Worth Per Share (Note 2)		Before distribution	22.16	24.04	
		After distribution	19.28	22.28(Note 9)	
Earnings per share		Weighted average shares	208,572	209,180	
		Earnings per share (Note 3)	3.37	1.75	
Dividends per share		Cash dividends	2.5	1.5(Note 9)	
		Bonus Share	-	-	-
			-	-	-
		Accumulated Un-allocated Dividends (Note 4)	-	-	
Return on Investment		Price / Earnings Ratio (Note 5)	24.09	44.4	
		Price / Dividends Ratio (Note 6)	32.48	51.8(Note 9)	
		Cash Dividends Yield (Note 7)	0.03	0.02(Note 9)	

Note 1: Listing the highest and lowest market price of common shares for each year, and the average annual market price, which is calculated based on the actual transaction prices and volume for each year.

Note 2: This information is filled in based on the number of issued shares by end of the year and the distribution decision made in the following year's shareholders' meeting.

Note 3: If there is a need for retrospective adjustment due to issuance of bonus shares, shall list the earnings per share before and after the adjustment.

Note 4: If the terms and conditions for issuance of equity securities state that the dividends not distributed for the current fiscal year may be accumulated to the fiscal year with earnings for distribution, shall disclose separately the accumulated amount of unpaid dividends until the current fiscal year.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings Per Share of the year.

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends Per Share of the year.

Note 7: Cash Dividends Yield = Cash Dividends Per Share / Average Market Price of the year.

Note 8: Net Worth Per Share, Earnings per share shall be listed from the information audited (reviewed) by the accountant until the latest quarter of the annual report publication date; The remaining fields are listed for the current fiscal year until the annual report publication date.

Note 9: The board resolution on March 6, 2024 approved the schedule of profit distribution.

(VIII) Company's dividends policy and the implementation status

1. Dividends Policy

The Company adopts the policy for remaining dividends in response to the overall environment and industrial growth characteristics, and to the company's long term financial plan, steady operations development. Yearly capital requirement is measured based on the Company's future capital budget plan, capital required for retained earnings financing comes first, then the remaining earnings can be allocated based on the dividend method.

Steps for distribution as below:

- (1) Decide on the best capital budget.
- (2) Decide on the financing required for one of the capital budget items.
- (3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).
- (4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.

2. Status of dividend allocation approved by the board resolution

The Company proposed 2023 earnings distribution to the Board of Directors meeting on

March 6, 2024, distributing cash dividends for common stock at NT\$373,476,713, cash dividends per share at approximately NT\$ 1.5. Distribution of cash dividends adopts the calculation method of “round down to the nearest dollar,” fractions that do not amount to a full NT\$1 shall be added and recognized by the Company as other income. While the distribution of earnings is kept at NT\$1.5 per share, if there are regulatory changes by the competent authority or changes to the Company’s capital, such as conversion of convertible bonds into equity, which affect the number of shares outstanding before the dividends record date, the chairman is authorized to make changes to the profit distribution schedule, dividends record date and payment date and other relevant matters.

3. Explanation on dividends policy expected to have major changes: None.

(IX) The impact of bonus shares proposed by the shareholders’ meeting on the Company’s operating performance and earnings per share

Not applicable, none is proposed this time.

(X) Employee, director remuneration

1. The Company Charter’s employees, directors’ remuneration amount or scope:

The Company shall distribute not less than 10% of the current year’s profit situation for employee remuneration and not more than 2% of current year’s profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any. Employee remuneration, as mentioned above, can be paid in cash or in shares. Qualified employees of subsidiaries are also included in the payment.

Current year profit situation as mentioned in the first paragraph refers to the profit which is the current year’s pre-tax profit before distribution of employee remuneration and directors remuneration.

The distribution of employee and director remuneration shall be executed after the resolution approval at the Board meeting with more than two-thirds of directors attending and of more than half of the attending directors agreed and passed the resolution, and reported to the shareholders meeting.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The estimation of employee and director compensation is based on the Company Charter as a basis. If there are any differences between the actual distributed amount and the estimated figure, the differences will be listed as income (loss) in the following fiscal year.

3. Earnings of 2022 for distribution of employees’ and directors’ remuneration:

Unit: NTD

	Distribution plan proposed to Board of Directors	Actual distribution	Difference
I. Distribution			
Compensation for Directors and Supervisors	18,000,000	18,000,000	None
Employee Compensation in Cash	102,000,000	102,000,000	None
Employee Compensation in Stocks	-	-	None
II. Related information for earnings per share			
Original earnings per share	3.37	3.37	None
Calculated earnings per share	3.37	3.37	None
Note: There are no differences between actual distribution and recognized employee and director remuneration.			

4. Earnings of 2023 for distribution of employees' and directors' remuneration approved by the Board of Directors:

Unit: NTD

	Distribution plan proposed to Board of Directors	Actual distribution	Difference
I. Distribution			
Compensation for Directors and Supervisors	12,000,000	Note	Note
Employee Compensation in Cash	80,000,000	Note	Note
Employee Compensation in Stocks	-	-	Note
II. Related information for earnings per share			
Original earnings per share	1.75	Note	Note
Calculated earnings per share	1.75	Note	Note
<p>Note: The abovementioned remuneration for directors, supervisors and employees have been expensed in 2023, and the recognized amount is no different from the amount proposed by the board of directors on March 6, 2024.</p>			

(XI) Stock buybacks of the Company: None.

II. Handling situation of corporate bonds:

(I) Handling situation of corporate bonds

Type of Corporate Bond	The 3rd domestic unsecured convertible bonds	
Issuing (Processing) Date	August 3, 2021	
Par value	NT\$100,000	
Listing	Taipei Exchange	
Issuance price	Issued at 115.23% of par value	
Total amount	NT\$2,304,532,020	
Interest rate	The coupon rate is 0% per annum	
Maturity	5-year maturity date: August 3, 2026	
Guarantor	None	
Trustee	Trust Department of Mega International Commercial Bank	
Underwriter	KGI Securities Co., Ltd.	
Certifying lawyer	Attorney Ya-Wen Chiu of HANDSOME ATTORNEYS-AT-LAW	
Certifying CPA	Not applicable	
Repayment method	Convert to common shares of the Company pursuant to Article 10 of the Issue and Conversion Measures or exercise the right of sale in accordance with Article 19 of the Measures or redeem early in accordance with Article 18 of the Measures or the Company shall repay in cash the face value of the convertible bonds at maturity, unless the bonds are repurchased and retired by the Company from the securities dealer's office.	
Outstanding Principal	NT\$1,675,600,000 (as of March 31, 2024)	
Redemption or Early Repayment Terms	The Issue and Conversion Measures	
Restrictive clauses	The Issue and Conversion Measures	
Credit Rating Agency, Date of Rating, Corporate Bond Credit Rating	None	
Other Rights	The amount of converted common stock (exchange or warrants), global depository receipts or other securities as of March 31, 2024	Already converted 3,732,864 common shares NT\$37,328,640
	Issuance and conversion (exchange or subscription) method	See the issue and conversion measures for the Company's 3rd domestic unsecured convertible bonds
Issuance and conversion, exchange or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholders' equity	Based on the current outstanding balance and conversion price, it is estimated that 20,334,951 common shares, representing approximately 7.93% of the total issued shares, may be converted.	
Custodian	None	

Unit: NTD

Type of Corporate Bond	2022 first series domestic secured convertible corporate bonds		2022 second series domestic secured convertible corporate bonds	
	Bond A	Bond B	Bond A	Bond B
Issuing (Processing) Date	2022/09/28	2022/09/28	2022/12/27	2022/12/27
Total Amount	NT\$300 million	NT\$200 million	NT\$200 million	NT\$300 million
Denomination	NT\$1,000,000			
Listing	Taipei Exchange			
Issue Price	Issued at face value			
Annual interest rate (fixed)	1.80%	1.80%	2.20%	2.38%
Term	5 years		5 years	
Guarantor	Mega International Commercial Bank	First Commercial Bank of Taiwan	Shanghai Commercial and Savings Bank	Taichung Commercial Bank
Trustee	Bank SinoPac			
Underwriter	Mega Securities Co., Ltd.			
Legal Counsel	None			
Attesting CPA	None			
Redemption Method	A single repayment of principal at maturity			
Outstanding Principal	NT\$300 million	NT\$200 million	NT\$200 million	NT\$300 million
Terms of redemption or early repayment	None			
Restrictive clauses	None			
Credit Rating Agency, Date of Rating, Corporate Bond Credit Rating	Rating date: 2021/10/26 Taiwan Ratings: twAAA	Rating date: 2021/10/12 Taiwan Ratings: twAA+	Rating date: 2022/01/17 Taiwan Ratings: twAA	Rating date: 2022/5/10 Fitch Ratings: FitchA(twn)
Other Rights	The amount of converted common stock (exchange or warrants), global depository receipts or other securities as of March 31, 2023	None		
	Measures for Issuance and Conversion (Exchange or Subscription)	None		
Issuance and conversion, exchange or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholders' equity		None		
Custodian		None		

Type of Corporate Bond	2023 second series domestic secured convertible corporate bonds	2023 first series domestic secured convertible corporate bonds
Issuing (Processing) Date	12/12/2023	08/28/2023
Total amount	NT\$500 million	NT\$300 million
Par value	NT\$1,000,000	
Listing	Taipei Exchange	
Issuance price	Issued at face value	
Annual interest rate (fixed)	1.80%	1.62%
Maturity	5 years	5 years
Guarantor	HUA NAN COMMERCIAL BANK , LTD	Taiwan Cooperative Bank
Trustee	Bank SinoPac	
Underwriter	HUA NAN COMMERCIAL BANK Songsan Branch	Taiwan Cooperative Securities Co., Ltd.
Certifying lawyer	None	
Certifying CPA	None	
Repayment method	A single repayment of principal at maturity	
Outstanding principal	NT\$500 million	NT\$300 million
Redemption or Early Repayment Terms	None	
Restrictive clauses	None	
Credit Rating Agency, Date of Rating, Corporate Bond Credit Rating	Rating date: July 14, 2023 Taiwan Credit Rating: twAA+	Rating date: February 17, 2023 Taiwan Credit Rating: twA-A
Other Rights	The amount of converted common stock (exchange or warrants), global depository receipts or other securities as of March 31, 2024	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholders' equity	None	
Custodian	None	

(II) Information on convertible bonds

Type of corporate bonds		The 3rd domestic unsecured convertible bonds	
Year		2023	The current year up to March 31
Items	Market price of convertible bonds		
	Highest	116.40	103.75
	Lowest	100.40	101.05
Average		107.41	102.98
Conversion price		NT\$82.4 (Note 1)	
Issuance (transaction) date and conversion price at issuance		Date: August 3, 2021 Conversion price: \$88.8	
Method of fulfilling the conversion obligation		Issuance of new shares	

Note 1: The conversion price was adjusted from NT\$82.4 effective July 28, 2023

III. Preferred shares: None.

IV. Overseas depositary receipts: None.

V. Employee stock warrants and employee new restricted shares: None.

VI. Merger or acquisition, issue of new shares in connection with the acquisition of shares of another company: None.

VII. Financing plans and implementation

1. The Company's 2023 1st series domestic secured convertible bonds, which raised total capital of NT\$300 million, have been approved on record by Zheng-Gui-Zhai-Zi No.11200093161 on August 21, 2023, and the implementation of the capital utilization plan is as follows:
The total amount planned was NT\$300 million, and the actual amount of funds raised was NT\$300 million, all of which was used to repay loans from financial institutions. As of Q3 2023, the achievement rate was 100%, indicating that the implementation has been fully completed.
3. The Company's 2023 2nd series domestic secured convertible bonds, which raised total capital of NT\$500 million, have been approved on record by Zheng-Gui-Zhai-Zi No.11200123052 on December 11, 2023, and the implementation of the capital utilization plan is as follows:
The total amount planned was NT\$500 million, and the actual amount of funds raised was NT\$500 million, all of which was used to repay loans from financial institutions. As of Q4 2023, the achievement rate was 100%, indicating that the implementation has been fully completed.

Five. Overview of operations

I. Business Activities

(I) Scope of business

1. Main businesses operated and business proportions

- (1) Research and development, production, manufacturing and sales of photomask.
- (2) To provide technical assistance, consulting, testing and certification, maintenance and repair services relating to the aforesaid products.

The Company's main business is the production of photomasks for microfilming processes, of which semiconductors account for more than 90% of the total number of customers, while others are photomasks for liquid crystal displays (LCDs) and wafer-level chip packaging (WLCSPs).

2. Current commodities and services of the company

With the continuous evolution of IC fabs and production equipment in the semiconductor market, the Company's available photomask products are listed below.

Customer industry type	Customer's machine model	Photomask specification
IC	Stepper, Scanner	projection 5X/4X/2.5X/2X Reticle (5" & 6")
LCD	Nikon	masks up to 7"
CCD	Cannon	Chrome contact prints
Transistor	Projection Aligner	1X Reticle
Diode	Proximity Aligner	1X full field
LED	ASML	(4"~7")
-	Ultratech	Large area mask (8"~24")

3. Plans for new products and services development

In response to the diversification of semiconductor high-end product specifications, we will continue to develop diverse photomasks for ArF phase shift (PSM) and provide advanced optical peripheral lining (OPC) services to facilitate further cooperation with our customers in developing photomasks for deep submicron processes.

(II) Overview of the industry

Photomasks play a key role in the IC industry chain, accounting for 13% of semiconductor manufacturing materials, and their product specifications are mainly developed in accordance with the IC technology blueprint. Due to the increasing demand for precision in the IC industry, the most advanced photomask technology has been developed and produced below 2nm, and the Company has invested in new equipment and developed the related process. Currently, the technology has been certified by the customers related to 65/55nm process and is in mass production.

In the LCD market, photomasks can be applied to the manufacturing of small and medium-sized panels with higher resolution, stitching several photomasks to meet the panel manufacturing process requirements. In addition, with advances in packaging and testing technology, processing gold bump and RDL on wafer also requires photomask for pattern transfer. The 9" photomasks (for 8" wafers) and 14" photomasks (for 12" wafers) provide a solution.

As wafer manufacturing technology advances, many high level lithography requires co-solution to be identified by manufacturing processes, IC design and photomask craft.

Therefore, world-class IDM and Foundry companies have set up their own photomask departments. Optical Proximity Correction Mask (OPC) and Phase Shift Mask (PSM) are widely used in 8” and 12” foundries. The self-built photomask departments accounts for about 63% of the global photomask market, while professional photomask manufacturing companies account for about 37%. In 2022, for example, the global annual production value of photomasks is about US\$5.5 billion, and will continue to grow in the future in response to the demand for new products.

2. Future industry development trend

However, as the process technology continues to evolve, the density of memory continues to increase and the capacity of the required equipment continues to rise, many memory manufacturers are converting their old equipment to foundry production equipment. Investments and technology baseline for photomask is not low, and these capacities switching to foundry require professional photomask factories to provide photomask manufacturing services. and with many consumer products in the market and the trend of green energy saving, mature middle level photomask demands continue on the rise. As a result, world-class IDM and Foundry companies emphasize on high-level photomask investments and manufacturing, and continue to outsource related photomask mature manufacturing technology. Therefore, for the Company, expectations for future industry developments and market prospects are worthwhile.

In addition, with the growing demand in automotive, mobile phone, industrial, communication, and energy applications, as well as the rapid development of emerging technologies such as high-performance computing and R&D of new material process, the semiconductor market and its technology R&D will continue to grow. Other highly growth markets, including applications such as self-driving vehicles, driver assistance systems, artificial intelligence, machine learning and image recognition have a strong demand for advanced processors. With the active promotion of the third generation semiconductor materials, the applications are increasing day by day, and the demand for photomasks is also increasing, too. As the technology for handheld communication products, AI and IOT applications improves, it is becoming increasingly difficult to complete system integration chips on a single wafer fabrication process, and relying on packaging technology to integrate integrated circuits from different processes has become a key technology necessity. These new demands have also boosted the use of photomasks, which is what we are striving for.

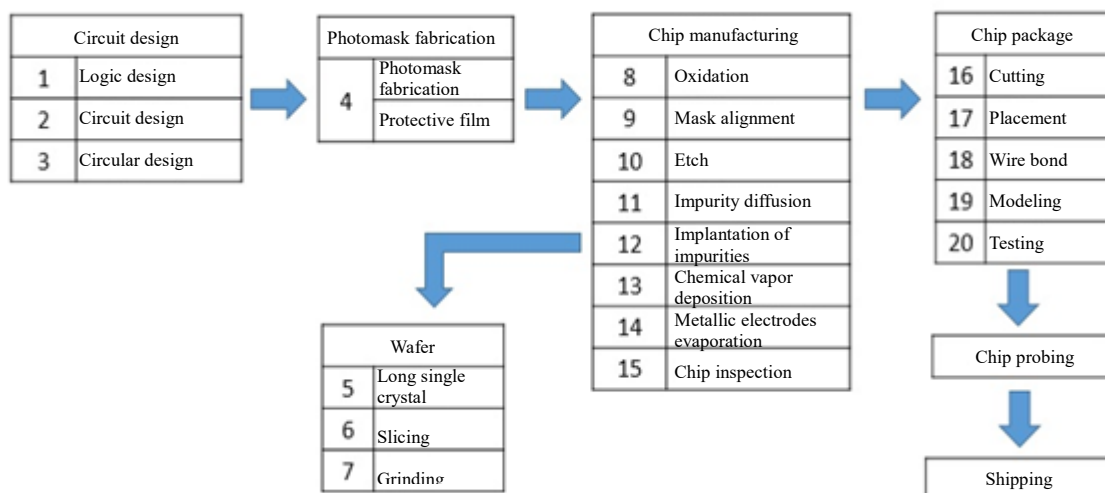
3. Overall economy, industry development trends and product competitiveness

The impact of the US-China trade war in the past few years has changed the face of the world economy, especially the US ban on China's semiconductor-related supply chain, which has deeply affected the development of the electronics industry on both sides of the Taiwan Strait. In the short term, China is actively seeking to establish its own technology and investing heavily in semiconductor-related industries, but technology development cannot be achieved overnight, and relying on Taiwan's assistance and supply is becoming increasingly important. In the past few years, IC design companies have been established like mushrooms after rain in China, and 12-inch fabs have been expanding, which are new markets that we can explore.

TMC was founded in 1988 and has 35 years of experience in manufacturing services and has accumulated more than 400 customers. It has certain advantages in production capacity, manufacturing quality and production cost of mature photomask. As the

photomask market continues to develop, competing companies are entering the photomask manufacturing service market through investment or merger and acquisition. In the future, only by continuously improving operational performance and expanding 12-inch photomask manufacturing service capacity can we stand firm in the photomask manufacturing service field and gradually increase our market share.

4. Relationships of upstream, midstream and downstream of the industry



(III) Overview of technologies, research and development

In recent years and until the annual report publication date, invested research and development expenditure and successful development of technology or products.

Year	Research and development expenditure	Successful development of technology
2023	NT\$348,136 thousand	Developed 40/55/65 nm photomask mass production technology.

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

1. Short-term plan: increase 55/65nm market share; expand the share of mature photomask manufacturing.
2. Intermediate-term plan: Introduced mass production of 28/40 nm photomasks.
3. Intermediate to long-term plan: Continue to invest in advance photomask development, and research and develop new fabrication processes and expand new customer sources.

II. Status of the market and production/sales:

(I) Market analysis

1. Sales region of major products

The semiconductor industry in Taiwan is in a leading position globally, foundry market share accounts for more than half of the global market, IC design industry ranks second globally. TMC possesses geographical advantages, placing much effort in managing the domestic market, thus, domestic sales accounts for more than half of total sales as the previous years. In the past three years, we have been working hard to develop markets in China, Korea, and Southeast Asia, and have achieved good results. Asia market still stands for a larger proportion than other international markets. Since photomask customers demand for high quality photomask, rapid shipments, convenient communications, Europe

and USA regions with greater time zone differences seem to present inconveniences for sales expansion into these regions, also long distance means a longer shipping time. Both years were dominated by domestic and Asian markets.

Unit: NT\$ Thousand; %

Region \ Year		2022		2023	
		Amount	%	Amount	%
Domestic	Domestic	2,929,266	37.84	2,839,639	39.44
Overseas	Asia	4,753,060	61.40	4,267,501	59.27
	Others	58,792	0.76	92,795	1.29
Net sales		7,741,118	100.00	7,199,935	100.00

2. Expansion of high-end products

Affected by the shrinking global end demand since 2022, the external environmental factors have not been eliminated, the buying momentum in the consumer market is poor, and the purchasing power is weak. From end user, system makers, until the players in the supply chain of the semiconductor chip production and sales have elevated inventory. The pressure of inventory closeout continued into 2023, affecting the overall demand for semiconductor products.

In the table below, it is obvious that the sales of $\leq 0.13\mu\text{m}$ have declined slightly by 5%, from NT\$1.021 billion in 2022 to NT\$1.137 billion in 2023.

Unit: NT\$ Thousand

2022 Technology	Sales income	YoY	2023 By technology	Sales income	YoY
≤ 0.13	1,202,394	36%	≤ 0.13	1,137,241	29%

3. Future supply, demand and growth of the market

Under the continuous evolution of foundry processes, advanced process development is the main axle to enter the mainstream market with high return on investment and high growth, and to meet the growing demand for 5G, automotive and Internet of Things (IoT) devices that rely heavily on analog, power management and display driver integrated circuits (ICs), power components MOSFETs, microcontrollers (MCUs) and sensor technology, resulting in a supply shortage dilemma. TMC has sufficient production capacity in this part, coupled with the efforts of all colleagues in the past few years, both delivery and quality are well recognized by customers, and still has an advantage in the coming years.

However, as we all know, the advancement of semiconductor wafer fabrication process will not stop, if we only stick to our original technology and production, our business will gradually shrink and we will lose our competitiveness. Therefore, starting from 2019, the Company incrementally invested in new production equipment, developed new technology, allowing the business to extend to the 12-inch market beyond concentrating in the 6-inch and 8-inch market. Gradually cultivating towards new technology discipline with steady steps.

Looking into the future, the Company has accrued over 30 years of photomask technology experiences, and as mentioned previously, the Company has its unique way in special and large-size photomask manufacturing as its competitive advantage. By taking steady steps with its operation strategies and business expansion, great results can be expected. Especially after the merger and acquisition of Miracle Technology CO., LTD. in

October 2017, the supplier relationship with the wafer plant has transitioned to a partner relationship between photomask supplier and wafer customer. The result from such a change is gradually reflected in the increasing photomask orders coming from wafer plants in Taiwan, Korea and so on. On the other hand, as Miracle Technology has three subsidiaries deeply cultivated in the Chinese mainland market, this has also assisted the Company in its business expansion in this market.

4. Competitive niche

- (1) We have sufficient mature process capabilities and advanced development technologies, including 0.18 micron (and above), 0.15 micron, 0.13 micron, 0.11 micron and 90 nanometer, and even 65/55 nanometer, which has been developed for mass production, to provide satisfactory delivery services to our customers.
- (2) Mergers and acquisitions with Miracle Technology and Aptos Technology create a more complete service for IC design companies, from photomask manufacturing, foundry service to packaging and testing, providing customers total solutions service.
- (3) With advantages in professional photomask technology in addition to integration with Miracle Technology's professional manufacturing technology, assist customers to develop unique photomask or manufacturing technology heightening customer's competitiveness.

5. Factors favorable and unfavorable to the development, and countermeasures

(1) Favorable factors

- A. Taiwan, China and various countries in South East Asia are expansively building 8-inch and 12-inch foundries engaging in foundry service, this will comparatively increase demands for photomask.
- B. We have complete and mature photomask technology for 65/55nm (and above) for each process with the product service platforms the processes need.
- C. The production has reached the economic scale with high yield rate, and has the advantage of certain output value compared with other photomask factories.
- D. Good financial structure and timely investment in relevant production equipment in response to market demand.
- E. After merger and acquisition with Miracle Technology, is able to provide a more complete service for IC design companies.

(2) Unfavorable factors

- A. Changes in the division of profession in the global semiconductor supply chain outsourcing model.
- B. Insufficient domestic labor supply resulting in a surge in salaries.
- C. Lack of overseas layout and local production service.
- D. Late start of middle and high end process, still need to develop and obtain fab certification gradually.

(3) Company countermeasures

- A. Expedite information processing by purchasing fast computers to process customer's product design at a faster rate and shorten the delivery time.
- B. Systemized operations to raise work efficiency, reduce wastage, lower costs, and gradually reduce labor demand.
- C. Purchase new equipment models, expand production scale, supply various demand levels of photomask, balance profitability standards of various levels of photomask, to increase competition.
- D. Enhance expansion of overseas businesses, increase revenues and profits.
- E. Understand the needs of customers and develop the photomasks required for

product applications to strengthen customer relationships.

F. Collaborate with 12-inch foundries to develop photomask technology, gradually enter a high level market winning customers' recognition and trust.

(II) Key uses and production process of main products

Photomask is an irreplaceable mold in the integrated circuit manufacturing process.

Basically, photomask is comparable to the film in developing photos, and possesses a similar function to the film, the only difference is its image is in the form of a circuit. Photomask material itself is a very flat glass, it could be quartz glass, soda lime glass or borosilicate glass, coated with an ultrathin layer of chromium. The manufacturing process of photomask involves the following: use the computer to accurately store the circuit patterns required in integrated circuit in a hard drive, followed by using the pattern generator to expose the circuit pattern onto the glass panel which is coated with photosensitive material, passing through development and chemical etching processes to fixate the circuit pattern on the glass panel, then it is ready to pass on to chip manufacturing plant that fabricates wafers for usage.

(III) Supply status of main raw materials

1. The blank photomask raw materials that the Company uses are purchased from major producers in Japan and Korea. The protective film is partly supplied from domestic producers and the insufficient portion is purchased from major producers in Japan, USA and Korea. Photomask packaging boxes are partially supplied by domestic suppliers, and the rest are supplied by manufacturers in Japan, the US and Korea. Chemicals are purchased from Japan, the US and Germany, and some domestic manufacturers are capable of supplying the Company.
2. Raw materials can be supplied domestically.
3. As for parts and accessories, key machines are supplied by original equipment suppliers, and some machine parts and accessories are supplied by domestic manufacturers. The Company's equipment mainly comes from the US, Japan and Germany.

(IV) List of major suppliers and customers in the two most recent fiscal years

1. Major Suppliers in the two most recent fiscal years

Unit: NT\$Thousand

Items	2022				2023			
	Name	Amount	Ratio of the net purchase of the year (%)	Relationship with the issuer	Name	Amount	Ratio of the net purchase of the year (%)	Relationship with the issuer
1	KEY FOUNDRY Co., Ltd.	1,478,670	46	None	KEY FOUNDRY Co., Ltd.	792,378	26	None
2	Vanguard International Semiconductor Corporation	333,877	10		-	-	-	
3	Others	1,438,436	44		Others	2,199,639	74	None
	Net Purchase	3,250,983	100			2,992,017	100	

Note: Reasons for changes in proportion of goods imported: Due to the differences in sales proportion of the products, resulting in differences in the imported materials and suppliers.

2. Major customers in the two most recent fiscal years

Unit: NT\$ Thousand

Items	2022				2023			
	Name	Amount	Ratio of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Ratio of the net sales of the year (%)	Relationship with the issuer
1	A	936,993	12	None	A	845,000	12	None
2	Others	6,804,125	88		Others	6,354,935	88	
	Net Sales	7,741,118	100		Net Sales	7,199,935	100	

Note: The Company's clientele is more divided. There was only one customer with net sales for over 10% the last two year.

(V) Production volume and value in the most recent two years

Unit: 1000 pieces / NT\$ Thousand

Main Products	Production volume and value	2022			2023		
		Production capacity	Volume	Value	Production capacity	Volume	Value
Photomask		68	67	1,796,579	71	64	2,322,564
Wafer Foundry Agency Services		-(Note 1)	-(Note 1)	2,311,785	-(Note 1)	-(Note 1)	1,369,642
Others		-(Note 2)	-(Note 2)	1,534,129	-(Note 2)	-(Note 2)	1,671,360
Total		-	-	5,642,493	-	-	5,363,566

Note 1: Not engaged in production and only received service revenue, therefore, no capacity and production.

Note 2: Due to the variety of products and different units, the quantities are not aggregated.

(VI) Sales volume and value in the past two years

Unit: 1000 pieces / NT\$ Thousand

Main Products (or department)	Sales year	2022				2023			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Mask		38	2,009,758	29	1,877,890	31	1,778,974	33	2,171,435
Wafer Foundry Agency Services		-(Note 1)	729,345	-(Note 1)	1,717,339	-(Note 1)	346,145	-(Note 1)	1,224,998
Others		-(Note 2)	190,163	-(Note 2)	1,216,623	-(Note 2)	714,641	-(Note 2)	963,742
Total		-	2,929,266	-	4,811,852	-	2,839,760	-	4,360,175

Note 1: Not engaged in production and only received service revenue, therefore, no capacity and production.

Note 2: Due to the variety of products and different units, the quantities are not aggregated.

III. Employee information

Year		2022	2023
Number of Employees	Technical personnel (Engineering)	293	387
	Management and sales personnel	364	374
	Operation personnel	434	585
	Total	1091	1346
Average age		40.81	40.84
Average years of service		5.66	3.92
Distribution of Educational Background	Doctoral degree	1.47	1.34
	Master's degree	16.13	16.42
	University (College)	61.04	56.24
	Senior High School	19.71	21.69
	Below Senior High School	1.65	4.31

IV. Expenditures on environmental protection

(I) No loss incurred due to pollution as of 2023 and up to the date of publication of the annual report.

(II) Future countermeasures and possible expenditures

- Countermeasures

The Company's products go through the processes of exposure, development, chemical etching, stripping, followed by rinsing them in strong acid for cleaning before packaging them. These processes use chemicals for treatment and the Company wants to avoid pollution from occurring, thus, set up a neutralizing treatment tank for treating wastewater containing acids and alkalis from these processes. Wastewater is treated and released controlled within the standards as regulated by laws and regulations on national level and of the science park management bureau. In the area of preventing pollution and environmental protection measures, the Company has comprehensive wastewater and air pollutant emissions treatment equipment. Specifically, for preventing possible long-term damage effects from the wastewater pond polluting underground water sources, the wastewater pond was designed "overhead", managing personnel can check for leakages anytime. This is the most advanced wastewater treatment equipment globally. Air emissions go through the active carbon adsorption tower and washing column processes before being released. After the wastewater goes through this first stage treatment to meet the standard of the Hsinchu Science Park Bureau for sewer connection, it will be released to the wastewater treatment center of the Science Park for second time treatment.

The Company has placed environmental protection as first priority since establishment, thus, up till now, there have been no occurrences of environmental pollution.

The Company's products do not have direct or indirect relations to laws and regulations relating to overseas sales to Europe or EU's Restriction of Hazardous Substances (RoHS) Directive.

● **Expenditure for environmental protection**

1. 2023 environmental protection-related expenditures were NT\$12,336 thousand, related routine maintenance, cleaning and transportation, treatment, testing and permit application fees were NT\$5,082 thousand. NT\$7,254 thousand was spent on maintenance and renovation of treatment facilities, of which about NT\$5,545 thousand was for wastewater area refurbishment; renewal of scrubber control system for air pollution prevention equipment and scrubber circulating water system to improve removal rate cost about NT\$2,300 thousand; the wastewater treatment system was updated to improve the treatment efficiency of wastewater discharge, and automatic control functions were added for control of abnormal water quality backflow for compliance with environmental protection regulations. The waste acid recovery project of the production line of Plant#3 has been officially operational, which has greatly reduced pollution discharge and wastewater dosing, and an average of 13 tons of waste sulfuric acid per month can be recovered.
2. In 2023, a total of six power-saving projects were implemented, saving 517,138 kWh/year of electricity (accounting for 0.16% of the annual power consumption of TMC), and reducing carbon emissions by 255.98 metric tons of CO₂e/year. Examples are as follows:
 - (1) Seven new inverters were added to the RCU air-conditioning box. By reducing the frequency, each unit saves about 57,754 kWh/year. This year, based on the date of construction, the total power consumption was 233,226 kw in this year.
 - (2) One old MAU was replaced. The humidification method was changed from electric boiler to water washer, and the heating method was changed from electric heating rod to heat pump, which saved a total of 172,866 kw this year.
 - (3) The chiller system load is allocated and some motors have been shut down, and 27,375 kw was saved.
 - (4) The central vacuum system has been configured to reduce the number of small vacuum pumps in the factories, while stabilizing the vacuum pressure, and reduce the standby time caused by replacement. This year, a total of 10,433kw was saved.
 - (5) A total of 287 FFU units in cleanroom were replaced with high static pressure energy-saving types, which saved a total of 51,337kw this year.
 - (6) The cooling tower fins have been replaced with new ones. The average power consumption of the chiller throughout the year is 2,628,000 KW. The replacement of the cooling towers reduces the temperature difference between the cooling water (inlet and return water) by 1°C, and for every Celsius degree of the temperature difference between inlet and return water saves 2% power consumption. The power consumption of the chiller for the year is 2,628,000KW*2% = 52,560KW, and the total power saved for the year was 21,900 kW.
3. Future plans
For 2024, an environmental protection budget of NT\$15,000 thousand will be for the set up of a waste sulfuric acid recovery system construction

project in Plant #1 and #2, which is expected to recover 50 tons a month and reduce the monthly liquid caustic soda added to the wastewater system by 60 tons. In response to the increase to the production capacity, wet bench machine is expected to meet the water conservation goals of 10 ton/day for short-term, 20 ton/day for intermediate-term, and 30 ton/day for long-term, and box washing machine is set up to make the pure water recovery rate from machines reach 100% and return the water to the RO2 system storage tank. Renovation project for the wastewater system of Plant 1, and renovation of the overflow tank and raw water tank were conducted to avoid soil and groundwater pollution. Plant 3 added a zeolite runner VOC treatment system to improve the efficiency of organic waste gas treatment. The acid exhaust system is equipped with an extraction motor automatic backup system to improve the efficiency of the exhaust gas treatment system.

The Company will continue to adhere to the philosophy of social responsibility and sustainability. In response to the increase in production capacity, environmental protection related expenditures, such as routine maintenance, cleaning and transportation, treatment and testing and general maintenance of treatment facilities, will also increase. It is hoped that the promotion of energy conservation and carbon reduction projects will mitigate the environmental impact caused by operations, further creating economic and social values.

V. Labor relations information

(I) Employee benefit plans, continuing education, training, retirement systems and the status of their implementation, as well as the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Status of the Company's employee benefit measures, continuing education and trainings

[Salary and motivation system]

- Salary and multiple rewards system (Dragon Boat Festival, Mid-Autumn Festival and year-end bonus), additional performance bonus and allocation of earnings, production bonus, station allowance
- Flexible salary adjustment for individuals
- Employee bonus, employee stock option

[Life care and protection]

- Enjoy complete group insurance (free life insurance/accident insurance/hospitalization medical treatment/accident medical treatment/occupational hazard)
- Cash gifts and subsidies for child birth, weddings, death in the family
- Birthdays/occasions gift vouchers
- Free annual employee health check-ups
- Appointed store
- Welfare committee to regularly organize travels and various sporting events and domestic and overseas travel subsidies
- Employee health care, regular visits by doctors and nurses providing on-site care, professional consultation sessions and suggestions for employees
- Christmas party

[Convenient facilities]

- Provides complete indoor employee parking spaces
- Free gym with dedicated fitness trainer
- Indoor badminton court, tennis court, table tennis and so on leisure facilities
- Established lactation room, complete facility for use by female employees
- Established employee canteen provides free meals, coffee, tea beverages, and 180-inch large screen viewing
- Provides accommodation for job candidates from other cities

[Trainings]

- Provides new employee educational trainings
- Conducts work trainings based on the employee's work requirements
- Provides external trainings to employees for self-learning and growth

2. Retirement scheme

The Company has established a retirement plan with defined payment for formal employees based on the Labor Standards Act, making monthly payments to the retirement fund account with Bank of Taiwan. 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 domestic citizenship. Under the New Plan, the Company contributes monthly an amount not less than 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.

3. Labor agreement and various employees' rights and interests' protection status

- Regularly hold labor-management meetings, allowing friendly communications between employees and company.
- Provide an internal web-based platform, sharing information and instant interactions with employees.

(II) Any loss sustained by the company as a result of labor disputes and the estimate of losses incurred to date or likely to be incurred in the future in the most recent fiscal year and up to the date of the publication of the annual report: None.

VI. Important contracts

The Company has not entered into any material contracts, except for general commercial transactions.

In addition, the Company also disclosed "material contingent liabilities and unrecognized contractual commitments" in the latest annual (2023) CPA-audited and attested consolidated financial statements. (Page 68)

Six. Overview of Financial Status

I. Information on condensed balance sheets and statements of comprehensive income for the past five fiscal years

(I) Condensed balance sheets - IFRS (consolidated)

Unit: NT\$ Thousand

Year		Financial information for the past five fiscal years (Note 1)				
Item		2019	2020	2021	2022	2023
Current assets		2,258,934	2,429,726	8,435,838	5,903,882	5,910,895
Property, plant and equipment		1,546,919	3,108,099	4,142,224	5,883,661	9,405,807
Intangible assets		126,776	173,724	387,866	497,180	721,410
Other assets		1,793,741	3,390,159	3,148,299	5,608,183	4,885,947
Total assets		5,726,370	9,101,708	16,114,227	17,892,906	20,924,059
Liquidity	Before distribution	1,718,406	3,677,416	6,369,661	6,979,765	8,623,904
Liabilities	After distribution	1,971,120	4,056,487	6,852,039	7,584,668	8,997,381
Non-current liabilities		886,506	1,975,859	4,874,387	6,478,934	7,250,839
Total Liabilities	Before distribution	2,604,912	5,653,275	11,244,048	13,458,699	15,874,743
	After distribution	2,857,626	6,032,346	11,726,426	14,063,602	16,248,220
Equity attributable to shareholders of the parent company		2,990,222	3,538,598	5,100,527	4,546,920	5,123,142
Capital		2,527,136	2,527,136	2,556,735	2,564,465	2,564,465
Capital surplus	Before distribution	322,777	439,898	1,315,828	1,251,681	1,439,959
	After distribution	-	-	1,074,639	1,203,289	1,439,959
Retained	Before distribution	977,513	1,405,273	2,165,355	2,499,245	2,291,561
Earnings	After distribution	724,799	1,026,202	1,924,166	1,942,734	1,918,084
Other equity interests		(1,872)	889	4,032	10,508	1,641
Treasury stock		(835,332)	(834,598)	(941,423)	(1,778,979)	(1,174,484)
Non-controlling Interests		131,236	(90,165)	(230,348)	(112,713)	(73,826)
Equity	Before distribution	3,121,458	3,448,433	4,870,179	4,434,207	5,049,316
Total Amount	After distribution	2,868,744	3,069,362	4,387,801	3,829,304	4,675,839

Note 1: The aforementioned financial information from 2019 to 2023 were audited and verified by a certified accountant.

Note 2: The Company's Board meeting resolved on March 6, 2024 to distribute a cash dividend of NT\$1.5 per common share from the 2023 earnings, with a total dividend of \$373,477 thousand.

(II) Condensed statements of comprehensive income - IFRS (Consolidated)

Unit: NT\$ Thousand

(Loss per share expressed in NT\$)

Year Item	Financial information for the past five fiscal years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	3,468,682	4,666,756	6,077,362	7,741,118	7,199,935
Gross profit	612,402	943,086	1,409,380	2,098,625	1,836,369
Operating income	7,329	344,153	434,012	1,248,276	748,631
Non-operating income and expenses	367,188	286,388	744,086	(574,563)	(302,831)
Earnings Before Tax	374,517	630,541	1,178,098	673,713	445,800
Net income of current period from continuing operations	311,940	486,307	886,561	445,632	164,284
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	311,940	486,307	886,561	445,632	164,284
Other comprehensive income for the period (net after tax)	(8,340)	3,185	4,332	3,820	(10,012)
Total comprehensive income for the year	303,600	489,492	890,893	449,452	154,272
Net profit attributable to shareholders of the parent company	431,254	683,897	1,185,777	703,519	366,126
Net profit attributable to non- controlling interests	(119,314)	(197,590)	(299,216)	(257,887)	(201,842)
Total comprehensive income attributable to shareholders of the parent entity	423,056	687,082	1,190,109	707,339	356,114
Total comprehensive income attributable to non-controlling interests	(119,456)	(197,590)	(299,216)	(257,887)	(201,842)
Earnings per share	2.19	3.34	5.65	3.37	1.75

Note 1: The aforementioned financial information from 2019 to 2023 were audited and verified by a certified accountant.

(III) Condensed balance sheets - IFRS (parent company only)

Unit: NT\$Thousand

Year		2019	2020	2021	2022	2023
Items						
Current assets		1,561,615	1,809,099	3,506,849	2,668,405	1,954,288
Property, plant and equipment		1,369,968	2,746,203	3,178,465	4,762,328	7,862,213
Intangible assets		2,177	2,366	8,518	41,720	45,675
Other assets		1,980,152	3,035,145	4,849,712	5,604,176	4,707,095
Total assets		4,913,912	7,592,813	11,543,544	13,076,629	14,569,271
Current liabilities	Before distribution	1,157,150	2,013,853	1,635,143	2,442,523	2,869,836
	After distribution	1,409,864	2,392,924	2,117,520	3,047,426	3,243,313
Non-current liabilities		766,540	2,040,362	4,807,874	6,087,186	6,576,293
Other liabilities						
Total Liabilities	Before distribution	1,923,690	4,054,215	6,443,017	8,529,709	9,446,129
	After distribution	2,176,404	4,433,286	6,925,394	9,134,612	9,819,606
Capital		2,527,136	2,527,136	2,556,735	2,564,465	2,564,465
Capital surplus	Before distribution	322,777	439,898	1,315,828	1,251,681	1,439,959
	After distribution	-	198,709	1,074,639	1,203,289	1,439,959
Retained earnings	Before distribution	977,513	1,405,273	2,165,355	2,499,245	2,291,561
	After distribution	724,799	1,164,084	1,924,166	1,942,734	1,918,084
Other equity interests		(1,872)	889	4,032	10,508	1,641
Treasury stock		(835,332)	(834,598)	(941,423)	(1,778,979)	(1,174,484)
Total Equity	Before distribution	2,990,222	3,538,598	5,100,527	4,546,920	5,123,142
	After distribution	2,737,508	3,056,220	4,618,150	3,942,017	4,749,665

Note 1: The aforementioned financial information from 2019 to 2023 were audited and verified by a certified accountant.

Note 2. The Company's Board meeting resolved on March 6, 2024 to distribute a cash dividend of NT\$1.5 per common share from the 2023 earnings, with a total dividend of \$373,477 thousand.

(IV) Condensed statements of comprehensive income - IFRS (parent company only)

Unit: NT\$ Thousand

(Loss per share expressed in NT\$)

Items \ Year	2019	2020	2021	2022	2023
Operating income	1,658,131	2,175,018	2,773,339	3,887,648	3,985,541
Gross profit	513,182	851,193	1,319,187	2,091,069	1,662,977
Operating income	234,693	539,949	738,136	1,661,579	1,130,248
Non-operating income and expenses	230,133	206,941	624,859	(766,410)	(517,953)
Net profit (loss) before tax	464,826	746,890	1,362,995	895,169	612,295
Net profit from continuing operations	431,254	683,897	1,185,777	703,519	366,126
Profit or loss from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	431,254	683,897	1,185,777	703,519	366,126
Other Comprehensive Profit or Loss	(8,198)	3,185	4,332	3,820	(10,012)
Total comprehensive income for the year	423,056	687,082	1,190,109	707,339	356,114

Note: The aforementioned financial information was audited and verified by a certified accountant.

(V) Names and opinions of auditors for the past five years

Year of Certifying	Certifying CPA	Audit Opinions
2019	Tien-I Li, Ya-Hui Cheng	An unqualified opinion
2020	Tien-I Li, Ya-Hui Cheng	An unqualified opinion
2021	Tien-I Li, Ya-Hui Cheng	An unqualified opinion
2022	Ya-Hui Cheng, Chien-Yu Liu	An unqualified opinion
2023	Ya-Hui Cheng, Chien-Yu Liu	An unqualified opinion

II. Financial analysis for the most recent five fiscal years

(I) Financial analysis - IFRS (Consolidated)

Items to be analyzed(Note 2)		Year (Note 1)				
		2019	2020	2021	2022	2023
Financial position (%)	Debt to asset ratio	45.49	62.33	69.78	75.22	75.87
	Long-term fund to property, plant and equipment ratio	259.09	173.06	235.25	185.48	130.77
Solvency (%)	Current ratio	131.46	66.33	132.44	84.59	68.54
	Quick ratio	114.02	57.67	123.27	74.45	56.49
	Times interest earned	24.63	20.09	12.72	4.79	2.52
Operating performance	Average collection turnover (times)	5.20	5.71	5.57	5.56	4.80
	Days sales outstanding	70	64	66	66	76
	Average inventory turnover (times)	8.74	16.53	14.86	13.85	9.89
	Average payment turnover (times)	9.42	9.71	10.68	12.61	12.17
	Average inventory turnover days	42	22	25	26	37
	Property, plant and equipment turnover (times)	2.76	2.00	1.68	1.54	0.94
	Total assets turnover (times)	0.72	0.63	0.48	0.46	0.37
Profitability	Return on assets (%)	6.77	6.93	7.67	3.46	2.06
	Return on equity (%)	10.95	14.88	21.32	9.58	3.46
	Pre-tax income to paid-in capital (%)	14.82	24.95	46.08	26.27	17.38
	Net profit margin (%)	8.99	10.42	14.59	5.76	2.28
	Earnings per share (NTD)	2.19	3.34	5.65	3.37	1.75
Cash flow	Cash flow ratio (%)	39.09	(1.95)	(19.88)	20.24	9.47
	Cash flow adequacy ratio (%)	95.24	30.20	(3.74)	6.30	11.92
	Cash flow reinvestment ratio (%)	11.71	(7.59)	(16.95)	9.09	2.34
Leverage	Operating leverage	112.19	3.37	4.44	2.54	3.93
	Financial leverage	(0.86)	1.11	1.30	1.17	1.64

Reasons for changes in the financial ratios in the past two years:

1. Financial structure (long-term capital to property, plant and equipment) and debt service (quick ratio, interest coverage ratio): mainly due to the working capital was used to expand the business of high-end products, as well as issuance of secured common corporate bonds to purchase fixed assets for better capacity, in addition to revitalization of assets to obtain medium- and long-term working capital.
2. Operating performance (inventory turnover ratio, average sales days, property, plant and equipment turnover ratio): mainly due to the impact of inventory adjustment in the supply chain, resulting in a decrease in revenue and an increase in inventory by the subsidiaries. In addition, fixed assets were purchased to increase capacity for expanding the business of high-end products.
3. Profitability (return on assets, return on equity, pre-tax income to paid-in capital ratio, net profit margin, earnings per share): Mainly due to the impact of inventory adjustment in the supply chain, resulting in a decrease in revenue and an increase in inventory by the subsidiaries.
4. Cash flow (cash flow ratio, cash flow adequacy ratio, cash flow reinvestment ratio): Mainly due to decrease in net cash outflows from operating activities in the current period compared with the previous period.
4. Leverage (operating and financial leverage): mainly due to the decrease in operating profit in the current period compared with the increase in the same period last year.

Note 1: The aforementioned financial information from 2019 to 2023 were audited and verified by a certified accountant.

Note 2: Calculation formula for items to be analyzed as shown below:

1. Capital structure

- (1) Debt-to-asset ratio = Total liabilities / Total assets
- (2) Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) / Net property, plant and equipment

2. Solvency

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities
- (3) Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating performance

- (1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / the balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation)
- (2) Days sales outstanding = 365 / Average collection turnover
- (3) Average inventory turnover = Operating costs / Average inventory
- (4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation)
- (5) Average inventory turnover days = 365 / Average inventory turnover
- (6) Property, plant and equipment turnover = Net sales / Average property, plant and equipment
- (7) Total assets turnover = Net sales / total assets

4. Profitability

- (1) Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets
- (2) Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent
- (3) Net margin = Net income / Net sales
- (4) Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding

5. Cash flow

- (1) Cash flow ratio = Net cash provided by operating activities / Current Liabilities
- (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)

6. Leverage

- (1) Operating leverage = (Net sales – variable cost) / Operating income
- (2) Financial leverage = Operating income / (Operating income – interest expenses)

(II) Financial analysis - Adopt IFRS (parent-only)

Items to be analyzed (Note 2)		Year (Note 1)				
		2019	2020	2021	2022	2023
Financial position (%)	Debt to asset ratio	39.15	53.40	55.81	65.23	64.84
	Long-term capital to property, plant, and equipment ratio	274.22	203.15	311.74	223.3	148.81
Solvency (%)	Current ratio	134.95	89.83	214.47	109.25	68.1
	Quick ratio	120.59	81.13	205.43	100.08	60.17
	Times interest earned	33.34	27.92	25.37	10.76	4.77
Operating performance	Average collection turnover (times)	4.59	5.36	5.37	5.52	5.31
	Days sales outstanding	80	68	68	66	69
	Average inventory turnover (times)	8.61	10.65	13.17	15.72	18.71
	Average payment turnover (times)	14.07	12.92	15.27	18.87	20.5
	Average inventory turnover days	42	34	28	23	20
	Property, plant and equipment turnover (times)	1.49	1.06	0.94	0.98	0.63
	Total assets turnover (times)	0.39	0.35	0.29	0.32	0.29
Profitability	Return on assets (%)	10.48	11.29	12.86	6.31	3.59
	Return on equity (%)	15.54	20.95	27.45	14.58	7.57
	Pre-tax income to paid-in capital (%)	18.39	29.55	53.31	34.91	23.88
	Net profit margin (%)	26.01	31.44	42.76	18.1	9.19
	Earnings per share (NTD)	2.19	3.34	5.65	3.37	1.75
Cash flow	Cash flow ratio (%)	48.57	32.46	20.28	69.5	58.82
	Cash flow adequacy ratio (%)	118.42	60.39	44.49	41.19	42.21
	Cash flow reinvestment ratio (%)	8.20	6.57	(0.46)	9.00	8.63
Leverage	Operating leverage	3.74	2.36	2.48	1.75	2.52
	Financial leverage	1.07	1.05	1.08	1.06	1.17

Reasons for changes in the financial ratios in the past two years:

1. Financial structure (long-term capital to fixed assets) and debt service (current ratio, quick ratio, interest coverage ratio): mainly due to the increase in customer demand, the issuance of convertible bonds for the acquisition of fixed assets to increase production capacity, and the revitalization of assets to obtain medium- and long-term working capital.
2. Operating performance (property, plant, and equipment turnover): due to the purchase of fixed assets.
3. Profitability (return on assets, return on equity, pre-tax income to paid-in capital ratio, net profit margin, earnings per share): Mainly due to losses in non-operating investments.
4. Leverage (operating leverage): mainly due to the decrease in operating profit in the current period compared with the increase in the same period last year.

Note 1: The aforementioned financial information from 2019 to 2023 were audited and verified by a certified accountant.

Note 2: Calculation formula for items to be analyzed as shown below:

1. Capital structure
 - (1) Debt-to-asset ratio = Total liabilities / Total assets
 - (2) Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) / Net property, plant and equipment
2. Solvency
 - (1) Current ratio = Current assets / Current liabilities
 - (2) Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities
 - (3) Times interest earned = Earnings before interest and taxes / Interest expenses
3. Operating performance
 - (1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / the balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation)
 - (2) Days sales outstanding = 365 / Average collection turnover
 - (3) Average inventory turnover = Operating costs / Average inventory
 - (4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation)
 - (5) Average inventory turnover days = 365 / Average inventory turnover
 - (6) Property, plant and equipment turnover = Net sales / Average property, plant and equipment
 - (7) Total assets turnover = Net sales / total assets
4. Profitability
 - (1) Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets
 - (2) Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent
 - (3) Net margin = Net income / Net sales
 - (4) Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding
5. Cash flow
 - (1) Cash flow ratio = Net cash provided by operating activities / Current Liabilities
 - (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
 - (3) Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)
6. Leverage
 - (1) Operating leverage = (Net sales – variable cost) / Operating income
 - (2) Financial leverage = Operating income / (Operating income – interest expenses)

III. Audit Committee’s audit report of the Financial Statements for the most recent fiscal year

Taiwan Mask Corporation
Audit Committee’s Audit Report

We have reviewed the Company’s 2023 business report, financial statements and earnings distribution proposal prepared by the board of directors. The financial statements have been audited by CPA Ya-Hui Cheng and CPA Chien-Yu Liu of PricewaterhouseCoopers Taiwan, to which the firm has issued an independent auditor's report. The Audit Committee found no misstatement in the above, and hereby presents this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

For

The 2023 Annual General Meeting

Taiwan Mask Corporation



Audit Committee convener: WANG, WEI-CHEN

March 6, 2024

Taiwan Mask Corporation
Consolidated Financial Statements Declaration

The companies that are required to be included in the affiliated companies consolidated financial statements as of and for the year ended on December 31, 2023, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements of parent company and subsidiaries prepared in conformity with the International Accounting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the affiliated companies consolidated financial statements is included in the consolidated financial statements of the aforesaid parent company and subsidiaries. Consequently, do not prepare a separate set of consolidated financial statements of the affiliated companies.

Very truly yours

Company Name: Taiwan Mask Corporation

Person in Charge: Sean Chen



March 6, 2024

- IV. Parent-only financial statements for the most recent fiscal year (2023) audited and attested by certified public accountants:** Please refer to Attachment 1.
- V. Consolidated financial statements for the most recent fiscal year (2023) audited and attested by certified public accountants:** Please refer to Attachment 2.
- VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation:** None.

Seven. Review and Analysis of Financial Position and Financial Performance and Risks

I. Financial position

(I) Changes to liabilities and stockholders' equity in the two most recent years

Unit: NT\$ Thousand

Items \ Year	2022	2023	Difference	
			Amount	%
Current assets	5,903,882	5,910,895	7,013	0.12
Fixed assets	5,883,661	9,405,807	3,522,146	59.86
Other assets	6,105,363	5,607,357	(498,006)	(8.16)
Total assets	17,892,906	20,924,059	3,031,153	16.94
Current liabilities	6,979,765	8,623,904	1,644,139	23.56
Non-current liabilities	6,478,934	7,250,839	771,905	11.91
Total Liabilities	13,458,699	15,874,743	2,416,044	17.95
Capital	2,564,465	2,564,465	0	0.00
Capital surplus	1,251,681	1,439,959	188,278	15.04
Retained earnings	2,499,245	2,291,561	(207,684)	(8.31)
Other equity interests	10,508	1,641	(8,867)	(84.38)
Treasury stock	(1,778,979)	(1,174,484)	604,495	(33.98)
Non-controlling Interests	(112,713)	(73,826)	38,887	(34.50)
Total Equity	4,434,207	5,049,316	615,109	13.87

(II) Analysis of changes in proportion

1. Fixed assets increased by 59.86% due to the purchase of machinery and equipment and the construction of a clean room.
2. Current liabilities increased by 23.56% due to the increase in bank borrowings.
3. Other equities decreased by 84.38%, which was due to the decrease in the exchange difference arising on translation of foreign operations.
4. Treasury stocks decreased by 33.98%, due to the transfer of treasury stocks to employees in the current period.
5. Non-controlling interests decreased by 34.50% due to the increase in investment in the capital increase of a subsidiary.

II. Financial performance

(I) Financial performance comparison analysis table

Unit: NT\$ Thousand

Item \ Year	2022	2023	Amount increase (decrease)	Change in proportion (%)
Operating income	7,741,118	7,199,935	(541,183)	(6.99)
Operating costs	5,642,493	5,363,566	(278,927)	(4.94)
Gross profit	2,098,625	1,836,369	(262,256)	(12.50)
Operating Expenses	850,349	1,087,738	237,389	27.92
Operating profit (loss)	1,248,276	748,631	(499,645)	(40.03)
Non-operating income and expenses	(574,563)	(302,831)	271,732	(47.29)
Net income (loss) of this period from continuing operations	445,632	164,284	(281,348)	(63.13)
Other consolidated profit and loss after taxes	3,820	(10,012)	(13,832)	(362.09)
Total comprehensive income for the year	449,452	154,272	(295,180)	(65.68)

(II) Analysis of changes in proportion

1. The operating expenses increased by 27.92% and the net operating income decreased by 40.03%, due to the investment in research and development of new processes, development of new products, and the merger of Moment Semiconductor and Pilot in the current period.
2. Non-operating income and expenses decreased by 47.29%, mainly due to the decrease in valuation of financial assets.
3. The net profit of continuing operations for the current period decreased by 63.13%, and the total comprehensive income of the current period decreased by 65.68%, mainly due to the decrease in the profit of the main business.
4. Other comprehensive income for the current period decreased by 362.09%, mainly due to the decrease in exchange differences from the financial statements of foreign operating organizations for the current period.

(III) Expected sales volume and its basis, potential effects to future company finance and operations and contingency plan

In response to future trends of IC manufacturing technology advancement, current matured technology facilities owned by the Company are not sufficient to meet the demands of IC design companies. Thus, there are plans to purchase photomask equipment with high-level technology to satisfy customer demands for high-level manufacturing, and to elevate the Company's overall competitiveness. Estimated photomask sales volume in 2024 is expected to increase by 20% from 2023. The Company is actively reducing cost and various expenses, continues to research and develop and upgrade its technology to improve operations and increase profits.

III. Cash flow

(I) Analysis of the changes in the cash flow in the past two years

Item	Year		Ratio increase (decrease)
	2022	2023	
Cash flow ratio	20.24	9.47	(10.77)pps
Cash flow adequacy ratio	6.30	11.92	5.62pps
Cash flow reinvestment ratio	9.09	2.34	(6.75)pps

(II) Explanation of changes in the ratio

Cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio: Mainly due to decrease in net cash inflows from operating activities in the current period compared with the previous period.

(III) Improvement plan for liquidity shortfall

The Company does not observe signs of insufficient liquidity, thus, not applicable.

(IV) Cash flow analysis for the coming year

Unit: NT\$ Thousand

Opening Balance (1)	Estimated cash flow from operating activities (2)	Estimated cash flow from investment and financing activities (3)	Estimated cash balance (shortfall) amount (1)+(2)+(3)	Remedy for insufficient cash	
				investment plan	Financing plan
1,364,106	1,361,196	(3,575,193)	(849,891)	-	6,000,000

1. Operating activities: Mainly estimated cash generated from sales and added depreciation with no cash flow.
2. Investment activities: It is expected that there will be purchases of machinery and equipment, therefore, investment activities will have situations of net cash used.

IV. Effects of major capital expenditures on finance and operation in the most recent fiscal year

(I) Usage situations of major capital expenditures and funds transactions

Unit: NT\$ Thousand

Project item	Actual or planned source of capital	Actual usage of funds	
		2022	2023
1. Buildings and structures	Operating profit, issuance of convertible corporate bonds and medium and long-term borrowings.	2,911,204	3,179,581
2. Exposure equipment			
3. Test system			
4. Measurement equipment			
5. Process equipment			
6. Repair system			
7. Environmental equipment			

(II) Expected possible benefits generated

1. Estimated to increase production and sales volume, value and gross profit

Unit: Pieces; NT\$ Thousand

Year	Items	Unit	Production volume	Sales volume	Sales value	Gross profit
2024	Photomask	Pieces	11,000	11,000	1,320,000	660,000
2025	Photomask	Pieces	12,000	12,000	1,560,000	780,000

2. Description of other benefits

- (1) Continue to invest and develop unique and large-size photomasks, improve yield rate and increase market share. In response to the domestic industrial development, develop the technology required for finer fabrication, and expand production capacity to support the development of more automation industries.
- (2) The photomask needed in submicron requires precision equipment to work with, the equipment purchased can inspect for defects that are smaller, so as to provide better quality photomask to downstream wafer plants, further improving the yield rate of wafer manufacturing.
- (3) Since the opening of the Company's plant, we have placed environmental protection as first priority. The environmental equipment used are the most advanced wastewater and air emissions treatment systems globally, wastewater and air emissions are released within standards.

V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the generated profits/losses, the plan for improving re-investment profitability and investment plans for the coming year

The Company's re-investment are strategic investments, recognized investment losses based on the equity method of the 2023 consolidated financial statement is at NT\$85,789 thousand. Reasons for the loss and improvement plan are as shown below:

Investee	Profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Reasons	Improvement plan
Advagene Biopharma Co., Ltd.	(91,817)	(27,854)	Currently at the research and development stage, and continue to invest in research and development expenditures, resulting in net losses.	The Company continuously focuses on the R&D of intranasal vaccine and various mucous membrane immune therapy treatment, and not ruling out the possibility of licensing the products to multinational pharmaceutical companies in a mutually beneficial win-win model and establishing long-term partnerships with them.
Weida Hi-Tech Co., Ltd.	(210,648)	(57,935)	The semiconductor supply chain increased inventory. In order to digest the inventory, the revenue declined.	Enhance inventory closeout, and develop touch applications for All-in-Ones, laptops, and industrial control application panels to increase revenue.

VI. Analysis and assessment of risks

- (I) Impact of interest rate, exchange rate fluctuation and inflation on the Company's profit and loss and the future responsive measures for the most recent fiscal year and until annual report publication date.

Items	Impact to the Company's profit and loss	Future countermeasures
Changes in interest rate	Interest rate increases or decreased by 0.25% / Net income after tax increases or decreases 2023 NT\$19,544 thousand	The interest rate risk of Taiwan Mask mainly comes from financial liabilities, and most of the long-term financial liabilities are with fixed interest rates. To reduce risks, the Company will make good use of various financial instruments and lock in favorable fixed interest rates depending on market conditions, to reduce the risks of interest rate fluctuations.
Exchange rate fluctuation	Exchange rate fluctuation 1% / Increase in gains (losses) 2023 NT\$8,983 thousand	Adopt natural hedging measures as the countermeasure.
Inflation	No impacts	Inflation situations in the most recent fiscal year have limited impacts to the Company's gains or losses, continue to take note of changes in domestic and overseas economies.

- (II) In the two most recent fiscal years and until the publication date of the annual report, the policy, main reason for profit or loss, and future countermeasures of high-risk investments, high-leverage investments, loans to other parties, endorsements/guarantees, and derivatives transactions.

1. In the most recent fiscal year and until the publication date of the annual report, high-risk investments, high-leverage investments and derivatives transactions: None.
2. Loans to Others

Unit: NT\$ Thousand

Company that lent funds	Borrowing party	Type	December 31, 2023	March 31, 2024
Youe Chung Capital Corporation	Aptos Technology INC.	Working Capital Turnover	270,000	310,000
	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Working Capital Turnover	270,000	270,000
	Innova Vision INC.	Working Capital Turnover	90,000	150,000
	Moment Semiconductor, Inc.	Working Capital Turnover	30,000	0
Miracle Technology CO., LTD.	Aptos Technology INC.	Working Capital Turnover	170,000	170,000
Pilot Battery Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Working Capital Turnover	50,000	50,000
Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	Working Capital Turnover	0	44,080

3. Endorsement and guarantee

Unit: NT\$ Thousand

Endorser/guarantor	Party being endorsed/guaranteed	December 31, 2023	March 31, 2024
Taiwan Mask Corporation	Miracle Technology CO., LTD.	214,935	128,000
Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	224,165	224,808
Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	150,000	150,000
Miracle Technology CO., LTD.	Aptos Technology INC.	20,000	20,000
Pilot Battery Co., Ltd.	ADL Energy Corp	30,000	0
Pilot Battery Co., Ltd.	Youe Chung Capital Corporation	0	100,000

(III) Research and development programs in the future and the expenditures expected

To elevate competitiveness and to satisfy demands from customers and markets, it is expected to continue to invest in human resources and expenditures to research and develop high level photomask products, advanced manufacturing processes and so on technology development in the future, to maintain leading position in technology and product yield rate. In 2024, the expected research and development expenses will be approximately NT\$550 million.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and countermeasures

The Company abides by national policies and laws, related units monitor closely to any changes in major policies and laws and cooperate to adjust the company's internal system and operations activities to ensure smooth operations of the company.

(V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

1. Semiconductor technology is constantly developing towards the precision manufacturing process, it will increase demands for high level photomasks relatively. The Company continues to expand its production capacity, purchase high level manufacturing machinery, and currently the company is in sound financial position, which is sufficient to respond to the company's future technology development demand. Impacts to the company's finance and business from technology changes and industry changes are limited.

2. Information security risk assessment

(1) Cybersecurity risk management framework

- The Company's dedicated information security unit "IT Management department" is responsible for the Company's information security governance, planning, supervision and execution, to build a total information security defense capability and good employee awareness of information security.
- Hold information security management review meeting every year (for information security management system, information security policy) → Held in August 2023
- The head of the information unit reports the implementation status of the information security management system in the Company's monthly meetings.

(2) Cybersecurity policy and specific management program

- The Company's information security management policy, "Provide a reliable information security operating environment and maintain the legal use of information systems and data to ensure the continuous and normal operation of company services and achieve the Company's information security management goals."

- In order to effectively implement the information security management system, our specific practices are as follows:
 - A. Establish procedures for information processing system management to protect computer and internet security, implementing information security management through strengthening the concept, preventive measures, conduct records, active precaution, regular audits and so on procedures.
 - B. Formulate information security events notification management procedures assigning related personnel with necessary responsibility to facilitate rapid handling of information security incidents.
 - C. Establish information security facilities and systems change management notification mechanisms to prevent leaks in system security.
 - D. Handle prudently and protect personal data in accordance with the provisions as stipulated in “Computer-Processed Personal Data Protection Law.”
 - E. Establish backup facility, rigorous backup necessary data for 321 principle, software and backup procedures, to prepare for disaster or malfunction in storage media, enabling rapid recovery back to normal operation. However, it is not possible to guarantee a complete avoidance of illegal intrusion by third parties who use internet virus attack, serious internet attacks may result in system problems interrupting the company’s operations or prying of confidential information. These attacks may result in compensations to customers of the losses incurred from delays or interruptions from the company, or the need to bear expenses for rebuilding system security protection.
 - F. Improve employees’ information security awareness and regularly conduct social engineering drills and information security education and training sessions.
 - G. Develop risk assessment operations and take appropriate corrective and preventive measures for high-risk services to educe the probability or impact of risks.
 - H. Hold management review meetings every year to review the operation of the information security management system and the related improvements, maintenance and operation of documents at all levels.
 - I. Establish access control and management procedures, and standardize access control requirements for company systems, networks, and data, including configuration and management of employee accounts, passwords, and access authority to prevent information security incidents of unauthorized access to information assets.
 - J. Formulate remote work methods, and standardize the requirements of remote work environment, connection and computer, so that employees can comply with the authorization and requirements of the Company's information security management system in the remote work scenario.
 - K. Establish physical security control measures to regulate the Company's access requirements, including regulations on the devices carried by personnel and regulations on visitor access, to avoid information security incidents due to the leakage of internal sensitive information.
 - We have joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) in 2022 to process information.
- (3) Resources committed to cybersecurity management.
- Number of information security personnel (14 representatives from each department and 20 from the Information Management Department): 34
 - Information security management review meeting every year → Held in August 2023
 - Information security monthly meeting
- (4) Adopt the information security management system standards, and obtain third-party verification.

- We obtained the ISO/IEC 27001:2013 Information security management systems verification in October 2020, and completed the 2nd annual audit verification for the ISO 27001 at the end of 2022.

(5) Information security risk events

The Company has not discovered any information security risk events in 2023.

- (VI) Effect on the Company's crisis management from changes in the Company's corporate image and measures to be taken in response: None.
- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:
 1. In response to frequent changes to market demands, supply aspects need to have flexibility. Various major materials required by the Company's operations are steadily supplied by multiple suppliers. There have been plans each year in assessing new suppliers. The company plans to collaborate actively with suppliers for the supply of raw materials and equipment required by operations in the coming one year.
 2. Major sales customers of the Company are well-known companies, proportion of revenues from customers are diverted across major industries, there are no risks of concentration of sales.
- (X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: The Company's major shareholders are fairly supportive of the company's operations and management levels and submit timely reports to the Board of Directors and on shareholding situations of the top 10% major shareholders in accordance with the Securities and Exchange Act. There have been no situations of transfer of major quantities of shares or changed hands in the most recent fiscal year and up to the annual report publication date, thus, it has no effects on the Company.
- (XI) Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.
- (XII) Litigation or non-litigation matters, list major litigations, non-litigation or administrative litigation matters where a court's decision has been made or action is still pending of the company and company directors, supervisors, president, the de facto responsible persons, shareholders with over 10% shareholding, where the results may have a significant impact on shareholders' rights and interests or prices of securities, shall disclose facts of disputes, price or claim value, litigation start date, major parties of the litigation and handling situation up to publication date of the annual report: None.
- (XIII) Other important risks, and countermeasures being or to be taken: None.

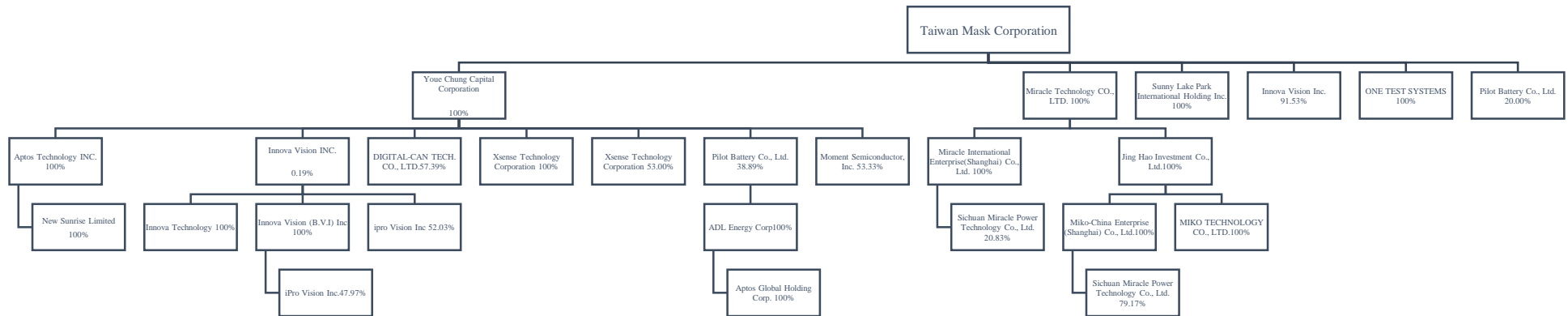
VII. Other important matters: None.

Eight. Special Items to be Included

I. Information of affiliated companies

(I) Organizational chart of affiliated companies

December 31, 2023



(II) Performance of affiliated companies

As of March 31, 2023 Unit: NT\$ Thousand

Name of entity	Amount of Capital	Total assets	Total Liabilities	Total Equity	Operating income	Operating profit	Profit and Loss of the Period (after taxes)
Youe Chung Capital Corporation	5,348,776	6,945,111	3,417,943	3,527,168	-	(79,082)	(810,367)
SunnyLake Park International Holdings, Inc	103,045	5,683	-	5,683	-	-	(64)
Miracle Technology CO., LTD.	229,550	1,188,217	752,231	435,986	720,108	(33,837)	17,169
Jing Hao Investment Co., Ltd.	258,609	401,797	80,127	321,670	-	(150)	43,005
Miko Technology Co., Ltd	37	6,812	93	6,719	-	(55)	(20)
Miko-China Enterprise (Shanghai) Co., Ltd.	3,283	405,614	13,483	392,131	116,852	64,694	54,528
Miracle International Enterprise(Shanghai) Co., Ltd.	10,215	300,675	197,908	102,767	707,373	15,115	11,025
Sichuan Miracle Power Technology Co., Ltd.	54,249	72,173	17,180	54,993	116,242	(3,100)	(2,723)
Aptos Technology INC.	603,560	750,007	1,220,081	(470,074)	346,496	(279,702)	(274,014)
ADL Energy Corp	119,845	162,979	94,669	68,310	190,372	(6,820)	20,396
New Sunrise Limited	-	-	-	-	-	-	-
Aptos Global Holding Corp.	29,795	-	-	-	-	-	-
Innova Vision INC.	502,000	1,003,675	945,836	57,839	114,854	(155,877)	(178,674)
iPro Vision Inc.	JPY 80,000,000	JPY 169,076,153	JPY 182,380,467	(JPY 13,304,314)	JPY 176,350,455	(JPY 3,181,380)	(JPY 11,710,611)
Innova Vision (B.V.I.) Inc	US\$1,000,000.00	US\$5,633.41	US\$45,145.34	(US\$39,511.93)	-	-	(US\$39,954.97)
Innova Technology	30,000	2,760	6,156	(3,396)	47	(60)	(58)
Xsense Technology Corporation	-	6,250	2,877	3,373	-	(90)	(72)
Digital-Can Tech. Co., Ltd.	126,880	152,974	95,441	57,533	182,732	(3,475)	(4,253)
Xsense Technology Corporation (B.V.I.) Taiwan Branch	230,000	615,655	833,431	(217,776)	663,280	21,849	10,768
Pilot Battery Co., Ltd.	180,000	597,521	204,567	392,954	38,924	(58,175)	(58,757)
Moment Semiconductor, Inc.	75,000	164,065	152,432	11,633	363,526	(23,669)	(24,327)
One Test Systems	28,338	9	49	(40)	0	(5)	5,823

Note: Pilot and Moment Semiconductor were merged into the Group in March 2023, and One Test Systems was merged into the Group in May 2023.

(III) Information on the directors, supervisors, general manager of each affiliated company

March 31, 2024. Unit: shares; NT\$; %

Name of entity	Job title	Name or Representative	Shareholding	
			Number of shares (capital contributions)	Proportion
Youe Chung Capital Corporation	Chairman	Taiwan Mask Corporation, Representative: Eve Yang	534,877,568	100%
	Director	Taiwan Mask Corporation, Representative: Shih-Hsien Chao		
	Director	Taiwan Mask Corporation, Representative: Chang-Ji Hsu		
Sunnylake Park International Holdings, Inc.	Director	Representative, Taiwan Mask Corporation: Sean Chen	US\$3,120,000	100%
Miracle Technology CO., LTD.	Chairman	Taiwan Mask Corporation, Representative: Chang-Ji Hsu	22,955,033	100%
	Director	Taiwan Mask Corporation, Representative: Ming-Cheng Liang		
	Director	Taiwan Mask Corporation, Representative: Yung-Ming Chao		
	Supervisor	Taiwan Mask Corporation, Representative: Ya-Hui Huang		
Jing Hao Investment Co., Ltd.	Chairman	Miracle Technology CO., LTD., Representative: Yung-Ming Chao	25,860,907	100%
Miko Technology Co., Ltd	Chairman	Representative, Jingjing Investment Co., Ltd.: Shih-Yang Huang	HKD 10,000	100%
Miko-China Enterprise (Shanghai) Co., Ltd.	Legal representative	Jingjing Investment Co., Ltd., Representative: Yung-Ming Chao	USD102,000	100%
	Supervisor	Jingjing Investment Co., Ltd., Representative: Pei-Chen Chen		
Miracle International Enterprise(Shanghai) Co., Ltd.	Legal representative	Miracle Technology CO., LTD., Representative: Yung-Ming Chao	USD300,000	100%
	Supervisor	Representative, Miracle Technology Co., Ltd. Pei-Chen Chen		
Sichuan Miracle Power Technology Co., Ltd.	Legal representative	Miko-China Enterprise (Shanghai) Co., Ltd. Representative: Yung-Ming Chao	CNY 12,000,000	79.17%
	Supervisor	Representative, Miko-China Enterprise (Shanghai) Co., Ltd.: Pei-Chen Chen		
Aptos Technology Inc.	Chairman	Youe Chung Capital Corporation, Representative: Ming-Cheng Liang	28,481,161	47.19%
	Director	Youe Chung Capital Corporation, Representative: Lidon Chen		
	Director	Youe Chung Capital Corporation, Representative: Chang-Ji Hsu		
	Director	Youe Chung Capital Corporation, Representative: Nester Huang		
	Director	Youe Chung Capital Corporation, Representative: Chih-Ming Chen		
	Supervisor	Yu-Chen Lai		
	Supervisor	Pi-Chia Hsiao	30,000	0.05%
ADL Energy Corp	Chairman	Representative, Pilot Battery Co., Ltd.: Chien-Li Cheng	11,984,526	100%
	Director	Representative, Pilot Battery Co.,Ltd.: Hung-Sheng Chang		
	Director	Representative, Pilot Battery Co.,Ltd.: Hao-Chung Ke		
	Supervisor	Yi-Hsien Lin		
Aptos Global Holding Corp.	Director	ADL Energy Corp	USD1,000,000	100.00%
New Sunrise Limited	Director	Aptos Technology INC.	Note	100.00%

Name of entity	Job title	Name or Representative	Shareholding	
			Number of shares (capital contributions)	Proportion
Innova Vision INC.	Chairman	Youe Chung Capital Corporation, Representative: Mei-Hui Li	94,370	0.19%
	Director	Youe Chung Capital Corporation, Representative: Yu-Shian Tsai		
	Director	Youe Chung Capital Corporation, Representative: Jui-Jung Huang		
	Director	Youe Chung Capital Corporation, Representative: Yao-Lun Chen		
	Director	Youe Chung Capital Corporation, Representative: Lung-Sheng Yu		
	Supervisor	Jing-Ying Huang	0	0.00%
Innova Technology	Director	Innova Vision representative: Mei-Hui Li	3,000,000	100%
Innova Vision Inc. (B. V. I.)Inc.	Director	Innova Vision representative: Parkson Chen	USD 1,000,000	100%
	Director	Innova Vision representative: Sheng-Chung Kuo		
iPro Vision Inc.	Director	Mei-Hui Li	JPY 38,376,000	47.97%
	Director	Wan-Chun Yen		
	Director	Rui-Long Huang		
	Supervisor	Yao-Lun Chen	0	0.00%
Xsense Technology Corporation	Director	Sean Chen	1	100%
Digital-Can Tech. Co., Ltd.	Chairman	Youe Chung Capital Corporation, Representative: Nester Huang	7,281,250	57.39%
	Director	Youe Chung Capital Corporation, Representative: Lidon Chen		
	Director	Youe Chung Capital Corporation, Representative: Eve Yang		
	Director	Bing-Ming Du	2,000,000	15.76%
	Director	Ming-Chih Chou	1,500,000	11.82%
	Supervisor	Shih-Hsien Chao	0	0.00%
Pilot Battery Co., Ltd.	Chairman	Representative, Youe Chung Capital Corporation: Chien-Li Cheng	7,000,000	38.89%
	Director	Youe Chung Capital Corporation, Representative: Lidon Chen		
	Director	Representative of Youe Chung Capital Corporation: Hao-Lin Chang		
	Supervisor	Shih-Hsien Chao	0	0.00%
Moment Semiconductor, Inc.	Chairman	Representative of Youe Chung Capital Corporation: Chih-Ming Chen	4,000,000	53.33%
	Director	Youe Chung Capital Corporation, Representative: Lidon Chen		
	Director	Representative of Youe Chung Capital Corporation: De-Hong Yang		
	Supervisor	Jing-Ying Huang	0	0.00%
One Test Systems	Director	Representative, Taiwan Photomask Co., Ltd.: Chih-Ming Chen	US\$940,000	100%

Note: New Sunrise Limited was established in 2015, Aptos Technology has not invested at that time.

(IV) Basic information on affiliates

December 31, 2023, Unit: NT\$ Thousand

Name of entity	Date of incorporation	Address	Paid-up capital	Main business activities
Youe Chung Capital Corporation	March 26, 2004	4F., No. 38, Shengli 2nd Road, Neighborhood 27, Shixing Vil., Zhubei City, Hsinchu County	NTD5,348,776	Investment
SunnyLake Park International Holdings, Inc	March 27, 1990	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	USD3,120	Investment
Miracle Technology CO., LTD.	November 22, 1993	4F., No. 38, Shengli 2nd Road, Neighborhood 27, Shixing Vil., Zhubei City, Hsinchu County	NTD229,550	Electronics components manufacturing, electronics materials and precision equipment distribution and product design business
Jing Hao Investment Co., Ltd.	October 13, 2006	4F., No. 38, Shengli 2nd Road, Neighborhood 27, Shixing Vil., Zhubei City, Hsinchu County	NTD258,609	Investment
Miko Technology Co., Ltd	December 8, 1997	Room 1203, 12/F., Tung Wah Mansion, 199-203 Hennessy Road, Wanchai, Hong Kong.	HK10	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design
Miko-China Enterprise (Shanghai) Co., Ltd.	May 17, 2000	Room 301, Building #3, No. 1077, ZuChongZhi Road, ZhangJiang Hi-Tech Science Park, PuDong, Shanghai Zip: 201203	USD102	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design
Miracle International Enterprise(Shanghai) Co., Ltd.	February 9, 2004	Room 204, Building #3, No. 1077, ZuChongZhi Road, ZhangJiang Hi-Tech Science Park, PuDong, Shanghai Zip: 201203	USD300	IC product design, production and sales
Sichuan Miracle Power Technology Co., Ltd.	June 6, 2017	No. 598, Yulong Rd, Chuanshan District, Suining City, Sichuan Province, PR China Innovative Innovation Incubation Center, 5F, No. 5001-5002	CNY12,000	IC product design, production and sales
Aptos Technology INC.	March 10, 2006	Hsinchu Science Park, 1st Floor, No. 21, Kebei 1st Road, Zhunan Township, Miaoli County	NTD603,560	Electronics components
ADL Energy Corp	May 29, 2007	4F., No. 38, Shengli 2nd Road, Zhubei City, Hsinchu County	NTD119,845	Electronics components
New Sunrise Limited	December 10, 2015	Offshore Chambers, P.O. Box 217, Apia, Samoa	(Note 1)	Investment
Aptos Global Holding Corp.	August 2, 2000	Second Floor, Capital City, Independence Avenue, P.O. Box 1008, Victoria, Seychelles	USD1,000	Investment
Innova Vision INC.	January 21, 1990	2nd Floor, No. 20, Zhanye 1st Road, Hsinchu City, Hsinchu Science Park	NTD502,000	Medical equipment manufacturing, retail and wholesale Wholesale
Innova Technology	May 29, 2003	No. 231-1, Wende Road, Qionglin, Hsinchu County	NTD30,000	Medical equipment retail and wholesale
iPro Vision Inc.	May 16, 2001	2-9-2 HigashiNihonbashi Chuo-ku, Tokyo, Japan	JPY80,000	Medical equipment retail and wholesale
Innova Vision(B.V.I.)Inc	August 10, 1998	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.	USD1,000	Investment
Xsense Technology Corporation	October 13, 2014	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.	(Note 2)	Investment
Xsense Technology Corporation (B.V.I.) Taiwan Branch	August 20, 2020	Hsinchu Science Park, 3rd Floor, No. 21, Kebei 1st Road, Zhunan Township, Miaoli County	NTD230,000	Precious metal coating
Digital-Can Tech. Co., Ltd.	September 17, 2003	2nd Floor-1, No. 88, Zhouzi Street, Neihu District, Taipei City	NTD126,880	3D Printing and Plastic Mold Design 199

Name of entity	Date of incorporation	Address	Paid-up capital	Main business activities
Pilot Battery Co., Ltd.	September 18, 1979	No. 2 & 4, Ziqiang Rd., Longde Village, Suao Township, Yilan County	NTD180,000	Electronic parts and components and energy technical services
Moment Semiconductor, Inc.	November 14, 2017	No. 388, Zhonghua Road, Sec. 1, East District, Hsinchu City	NTD75,000	Retail and wholesale of memory products
One Test Systems	December 14, 2018	Suite 102, Cannon Place, North Sound Road, George Town, Grand Cayman KYI-9006, Cayman Islands	USD940	Research, development and design of test equipment and related components

Note 1: New Sunrise Limited was established in 2015, Aptos Technology has not invested at that time.

Note 2: Xsense Technology Corporation conducted a capital decrease in kind in November 2022, and only one share was remained to be held 100% by You Zhuan Investment Co., Ltd.

(V) Consolidated Financial Statements

The companies that are required to be included in the affiliated companies' consolidated financial statements are the same as those included in the consolidated financial statements of parent company and subsidiaries prepared in conformity with the International Accounting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the affiliated companies' consolidated financial statements is included in the consolidated financial statements of the aforesaid parent company and subsidiaries. Thus, the Company only presents the declaration on the cover page of the consolidated financial report of parent company and subsidiaries, and will not prepare separate affiliated companies' consolidated financial statements and its declaration (Please refer to this handbook Chapter "Six. Overview of Financial Status" and "IV. Latest financial report").

(VI) Relationship report: Not applicable.

(VII) Information on the controlling and controlled entities presumably sharing the same shareholders: None.

II. Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year and up to the date of publication of the annual report:

Unit: NT\$ Thousands; Thousand shares; %

Name of Subsidiary	Paid-up capital	Source of funds	The Company's shareholding ratio	Date of acquisition or disposal	Number of shares and amount acquired (Note 1)	Number of shares and amount disposed (Note 1)	Investment income (loss)	Number of shares and amount held up to publication date of annual report	Status of creation of pledge	Endorsements/guarantees of amount by parent company to subsidiary	Amount the Company lends to subsidiary
Youe Chung Capital Corporation	\$5,348,776 thousand	Proprietary funds	100%	2023 and as of March 31, 2024	-	-	-	Number of shares 35,331 thousand shares Amount: NT\$2,402,538 thousand	34,550 thousand shares	NT\$128,000 thousand	None

Note 1: "Amount" refers to the actual amount acquired or disposed of.

Note 2: Effects to the financial performance and financial situation of the company: Not applicable.

IV. Other supplementary information: None.

V. Situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed: None.

Taiwan Mask Corporation



Chairman: Sean Chen



Taiwan Mask Corporation
Parent Only financial statements and independent
auditor's report
2023 and 2022
(Stock Code: 2338)

Company address: No. 11, Chuangxin 1st Road, Hsinchu
County, Hsinchu Science Park
Telephone: (03)563-4370

Taiwan Mask Corporation

2023 and 2022 Parent-Only Financial Statements and Independent Auditor's Report

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Independent Auditors' Report

(113) Tsai-Sheng-Bao-Zi No. 23002831

To Taiwan Mask Corporation,

Opinions

We have audited the accompanying parent-only balance sheets of Taiwan Mask Corporation as of December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2023 and 2022, and notes to the parent-only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the parent-only financial statements present fairly, in all material respects, the standalone financial position of Taiwan Mask Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in Taiwan. Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Parent Only Financial Statements section of our report. We are independent of Taiwan Mask Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of Taiwan Mask Corporation of fiscal year 2023. These matters were addressed in the context of our audit of the parent only financial statements as a whole and, in forming our opinion thereon, we do not provide a parent only opinion on these matters.

Key audit matters for the parent-only financial statements in fiscal year 2023 are stated as follows:

Evaluation of Inventories

Explanation

Refer to Note 4(12) for the accounting policies on the valuation of inventories, Note 5(2) for the uncertainty of accounting estimations and assumptions for valuation of inventories, inventory accounts description please refer to Note 6(5), for the details of allowance for inventory valuation. The inventory amount and allowance for inventory valuation loss as of December 31, 2023 is NT\$134,369 thousand and NT\$4,794 thousand, respectively.

Taiwan Mask Corporation is primarily engaged in mask and integrated circuit services in the semiconductor industry. Due to rapid technological innovations, short life-cycle and competition within the mask industry, the risk of price fluctuations, loss on decline in value of inventories and obsolescence is higher than that of other industries. Management evaluates inventories stated at the lower of cost and net realizable value. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand and evaluate the accounting policy for the provision of allowance for losses on decline in value of inventories.
2. Perform test to evaluate the ageing statement of inventories and the statement of lower of cost and net realizable value of inventories, including validating the supporting documents related to the date of inventory movement to confirm the correct ageing classification, and validating the supporting documents related to the net realizable value to assess and confirm the reasonableness of the net realizable value determination.
3. Verify the reasonableness of allowance for inventory valuation loss.

Income recognition

Explanation

For the accounting policy on income recognition, please refer to Note 4(27) of the financial report. For sales revenue please refer to Note 6(21); the operating income in fiscal year 2023 is NT\$3,985,541 thousand.

Taiwan Mask Corporation mainly produces and sells products such as masks and integrated circuits used in semiconductors, and has a large and diversified sales base. Trading conditions vary according to market conditions and customer needs. Considering that sales revenue is a major transaction that significantly impacts the standalone financial statements, we believe that the recognition of sales revenue is one of the most important matters to be considered in this year's audit.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand the type of major income and assess internal operations, review revenue recognition and accounting treatment.
2. Obtain the sales revenue statement, sample the sales transactions and verify the relevant documents to determine the appropriateness of the sales revenue.
3. Execute the cut-off test for the sales receipts transaction for a certain period of time before and after the closing date, and confirm that the account is correct at the time of entry.

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

Management is responsible for the preparation and fair presentation of the parent only 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 as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent only financial statements, management is responsible for assessing Taiwan Mask Corporation'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 Taiwan Mask Corporation 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 Taiwan Mask Corporation's financial reporting process.

Independent auditor's responsibilities for the audit of the parent only financial statements

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

As part of an audit conducted in accordance with ROC AS, we exercise professional judgment and professional skepticism throughout the audit. We also conduct the following undertakings:

1. Identify and assess the risks of material misstatement of the parent 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 Taiwan Mask Corporation'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 Taiwan Mask Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent 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 report. However, future events or conditions may cause Taiwan Mask Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent only financial statements, including the disclosures, and whether the parent 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 Taiwan Mask Corporation to express an opinion on the parent only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicated 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 for the current period.

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-only financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonable are expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Ya-Hui Cheng

Accountant

Chien-Yu Liu

Securities and Futures Bureau of Financial Supervisory Commission of the Executive Yuan

Approval Certificate No. 0960072936

Financial Supervisory Commission of the Executive Yuan

Approval Document for Attestation: Jin-Guan-Zheng-Shen-Zi No. 1090350620

March 6, 2024

Taiwan Mask Corporation
Parent Only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and Cash Equivalents	6(1)	\$ 451,993	3	\$ 1,211,411	9
1110	Financial Assets at Fair Value	6(2) and 8				
	Through Profit or Loss - Current		397,340	3	307,448	2
1136	Financial Assets at Amortized Cost -	6(3)				
	Current		3,000	-	3,000	-
1140	Contract Asset - Current	6(21)	86,821	-	90,642	1
1170	Accounts Receivables (Net)	6(4)	685,798	5	800,431	6
1180	Accounts Receivables - Related	6(4) and 7				
	Parties (Net)		6,494	-	9,525	-
1200	Other Receivables		4,520	-	4,566	-
1210	Other Receivables - Related Parties	7	90,940	-	17,443	-
130X	Inventories	6(5)	129,575	1	118,709	1
1410	Prepayments		97,617	1	104,427	1
1470	Other Current Assets		190	-	803	-
11XX	Total Current Assets		<u>1,954,288</u>	<u>13</u>	<u>2,668,405</u>	<u>20</u>
Non-Current Assets						
1510	Financial Assets at Fair Value	6(2) and 8				
	Through Profit or Loss - Non Current		859,962	6	925,006	7
1535	Financial Assets at Amortized Cost -	6(3) and 8				
	Non Current		417,504	3	222,774	2
1550	Investment under Equity Method	6(6)	1,866,791	13	1,897,832	15
1600	Property, plant and equipment	6(7) and 8	7,862,213	54	4,762,328	37
1755	Right-of-use Asset	6(8)	535,527	4	541,438	4
1760	Investment property (Net)	6(10) and 8	662,854	5	683,746	5
1780	Intangible assets		45,675	-	41,720	-
1840	Deferred Income Tax Assets	6(28)	5,310	-	1,780	-
1900	Other Non-Current Assets	6(11)	359,147	2	1,331,600	10
15XX	Total Non-Current Assets		<u>12,614,983</u>	<u>87</u>	<u>10,408,224</u>	<u>80</u>
1XXX	Total Assets		<u>\$ 14,569,271</u>	<u>100</u>	<u>\$ 13,076,629</u>	<u>100</u>

(continued on next page)

Taiwan Mask Corporation
Parent Only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

Liabilities and Equities	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2100	Short Term Loans	6(12)	\$ 1,079,983	8	\$ 1,054,934	8
2120	Financial liabilities at fair value through profit or loss - Current	6(2)	9,383	-	5,697	-
2130	Contract Liabilities - Current	6(21)	33,984	-	57,323	1
2170	Accounts Payable		117,596	1	109,004	1
2200	Other Payables	6(13)	669,580	5	520,173	4
2220	Other Payables - Related Parties	7	4,131	-	-	-
2230	Income Tax Liabilities for the Period		2,623	-	150,791	1
2280	Lease Liability - Current		31,939	-	30,682	-
2320	Long-term liabilities due within one year or one business cycle	6(15)	872,834	6	484,737	4
2399	Other Current Liabilities - Other		47,783	-	29,182	-
21XX	Total Current Liabilities		<u>2,869,836</u>	<u>20</u>	<u>2,442,523</u>	<u>19</u>
Non-current liabilities						
2530	Corporate bonds payable	6(14)	3,424,600	23	2,609,044	20
2540	Long-term Loans	6(15)	2,592,429	18	2,905,263	22
2570	Deferred Income Tax	6(28)	219	-	3,850	-
2580	Lease liability - Non Current		514,436	4	518,641	4
2640	Defined Benefit Liabilities - Non Current	6(16)	10,648	-	16,514	-
2645	Guarantee Deposits Received	6(31)	33,961	-	33,874	-
25XX	Total Non-Current Liabilities		<u>6,576,293</u>	<u>45</u>	<u>6,087,186</u>	<u>46</u>
2XXX	Total Liabilities		<u>9,446,129</u>	<u>65</u>	<u>8,529,709</u>	<u>65</u>
Equities						
Capital						
3110	Capital stock	6(17)	2,564,465	18	2,564,465	20
Capital surplus						
3200	Capital surplus	6(18)	1,439,959	9	1,251,681	10
Retained earnings						
3310	Legal reserve	6(19)	827,460	6	769,952	6
3350	Unappropriated earnings		1,464,101	10	1,729,293	13
Other equity interests						
3400	Other equity interests	6(20)	1,641	-	10,508	-
3500	Treasury stock	6(17)	(1,174,484)	(8)	(1,778,979)	(14)
3XXX	Total Equities		<u>5,123,142</u>	<u>35</u>	<u>4,546,920</u>	<u>35</u>
Major Commitments and Contingencies 9						
Major Events after Financial Statement Date 11						
3X2X	Total Liabilities and Equities		<u>\$ 14,569,271</u>	<u>100</u>	<u>\$ 13,076,629</u>	<u>100</u>

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Supervisor: Eve Yang

Taiwan Mask Corporation
Parent Company Only Comprehensive Income Statement
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand
(Except for earnings per share)

Items	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating income	6 (21) and 7	\$ 3,985,541	100	\$ 3,887,648	100
5000 Operating costs	6(5)	(2,322,564)	(58)	(1,796,579)	(46)
5900 Gross profit		<u>1,662,977</u>	<u>42</u>	<u>2,091,069</u>	<u>54</u>
Operating expenses	6(26) (27)				
6100 Selling Expenses		(75,496)	(2)	(63,495)	(2)
6200 Administrative Expenses		(304,800)	(8)	(272,202)	(7)
6300 R&D Expenses		(152,015)	(4)	(92,972)	(2)
6450 Expected loss on credit impairment	12(2)	(418)	-	(821)	-
6000 Total Operating Expenses		<u>(532,729)</u>	<u>(14)</u>	<u>(429,490)</u>	<u>(11)</u>
6900 Operating profit		<u>1,130,248</u>	<u>28</u>	<u>1,661,579</u>	<u>43</u>
Non-operating income and expenses					
7100 Interest income	6(22)	27,316	1	11,798	-
7010 Other Incomes	6(23)	204,573	5	195,387	5
7020 Other Gains and Losses	6(24)	(8,162)	-	(205,013)	(5)
7050 Financial Costs	6(25)	(162,406)	(4)	(91,694)	(2)
7070 The share of subsidiaries, affiliates and joint venture profits and losses recognized by the equity method		<u>(579,274)</u>	<u>(15)</u>	<u>(676,888)</u>	<u>(18)</u>
7000 Total Non-Operating Incomes and Losses		<u>(517,953)</u>	<u>(13)</u>	<u>(766,410)</u>	<u>(20)</u>
7900 Earnings Before Tax		612,295	15	895,169	23
7950 Income Tax Expense	6(28)	(246,169)	(6)	(191,650)	(5)
8200 Net profit for the period		<u>\$ 366,126</u>	<u>9</u>	<u>\$ 703,519</u>	<u>18</u>
Other Comprehensive Incomes (Net)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Re-measurements of defined benefit plan	6(16)	(\$ 1,145)	-	(\$ 2,721)	-
8330 Profit and loss of subsidiaries, associates and joint ventures recognized by using equity method - Items that will not be reclassified to profit or loss		<u>-</u>	<u>-</u>	<u>65</u>	<u>-</u>
8310 Total items that will not be reclassified subsequently to profit or loss		<u>(1,145)</u>	<u>-</u>	<u>(2,656)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statement translation differences of foreign operations	6(20)	<u>(8,867)</u>	<u>-</u>	<u>6,476</u>	<u>-</u>
8360 Total Components of other comprehensive income that will be reclassified to profit or loss		<u>(8,867)</u>	<u>-</u>	<u>6,476</u>	<u>-</u>
8300 Other Comprehensive Incomes (Net)		<u>(\$ 10,012)</u>	<u>-</u>	<u>\$ 3,820</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 356,114</u>	<u>9</u>	<u>\$ 707,339</u>	<u>18</u>
Earnings per share	6(29)				
9750 Net Income (Loss)		<u>\$</u>	<u>1.75</u>	<u>\$</u>	<u>3.37</u>
Diluted Earnings per share	6(29)				
9850 Net profit for the period		<u>\$</u>	<u>1.65</u>	<u>\$</u>	<u>3.12</u>

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairperson: Sean Chen

Managerial Officer: Lidon Chen

Accounting Officer: Eve Yang

Taiwan Mask Corporation
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand

	Notes	Retained earnings				Other equity interests			Treasury stock	Total Equity
		Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income		
<u>2022</u>										
Balance January 1, 2022		\$ 2,556,735	\$ 1,315,828	\$ 656,037	\$ -	\$ 1,470,151	\$ 6,698	(\$ 2,666)	(\$ 941,423)	\$ 5,061,360
Net Income		-	-	-	-	703,519	-	-	-	703,519
Other Comprehensive Profit or Loss	6(20)	-	-	-	-	(2,656)	6,476	-	-	3,820
Total comprehensive income for the year		-	-	-	-	700,863	6,476	-	-	707,339
Distribution and appropriation of earnings for 2021	6(19)	-	-	-	-	-	-	-	-	-
Legal capital reserve		-	-	113,915	-	(113,915)	-	-	-	-
Cash dividends		-	-	-	-	(241,189)	-	-	-	(241,189)
Conversion of convertible bonds	6(17)	7,730	55,472	-	-	-	-	-	-	63,202
Distribution of cash from capital surplus	6(18)	-	(241,189)	-	-	-	-	-	-	(241,189)
Adjustment of capital reserve by dividends paid to subsidiaries	6(18)	-	73,463	-	-	-	-	-	-	73,463
Changes in ownership interests in subsidiaries recognized	6(18)	-	10,169	-	-	(86,617)	-	-	-	(76,448)
Changes in shares of affiliates and joint ventures recognized under the equity method	6(18)	-	21,107	-	-	-	-	-	-	21,107
Share-based payment transaction	6(18)	-	16,831	-	-	-	-	-	-	16,831
Treasury Stock Buyback	6(17)	-	-	-	-	-	-	-	(842,536)	(842,536)
Subsidiaries donated treasury stock	6(17)	-	-	-	-	-	-	-	4,980	4,980
Balance December 31, 2022		\$ 2,564,465	\$ 1,251,681	\$ 769,952	\$ -	\$ 1,729,293	\$ 13,174	(\$ 2,666)	(\$ 1,778,979)	\$ 4,546,920
<u>2023</u>										
Balance as at January 1, 2023		\$ 2,564,465	\$ 1,251,681	\$ 769,952	\$ -	\$ 1,729,293	\$ 13,174	(\$ 2,666)	(\$ 1,778,979)	\$ 4,546,920
Net profit for the period		-	-	-	-	366,126	-	-	-	366,126
Other Comprehensive Profit or Loss	6(20)	-	-	-	-	(1,145)	(8,867)	-	-	(10,012)
Total comprehensive income for the year		-	-	-	-	364,981	(8,867)	-	-	356,114
Distribution and appropriation of earnings for 2022	6(19)	-	-	-	-	-	-	-	-	-
Legal capital reserve		-	-	57,508	-	(57,508)	-	-	-	-
Cash dividends		-	-	-	-	(572,665)	-	-	-	(572,665)
Distribution of cash from capital surplus	6(18)	-	(49,797)	-	-	-	-	-	-	(49,797)
Adjustment of capital reserve by dividends paid to subsidiaries	6(18)	-	90,829	-	-	-	-	-	-	90,829
Changes in ownership interests in subsidiaries recognized	6(18)	-	133,604	-	-	-	-	-	-	133,604
Changes in shares of affiliates and joint ventures recognized under the equity method	6(18)	-	13,793	-	-	-	-	-	-	13,793
Subsidiaries donated treasury stock	6(17)	-	-	-	-	-	-	-	12,807	12,807
Treasury stocks transfer to employees	6(17)	-	-	-	-	-	-	-	591,688	591,688
Payment of overdue unclaimed dividends to shareholders	6(18)	-	(151)	-	-	-	-	-	-	(151)
Balance as of December 31, 2023		\$ 2,564,465	\$ 1,439,959	\$ 827,460	\$ -	\$ 1,464,101	\$ 4,307	(\$ 2,666)	(\$ 1,174,484)	\$ 5,123,142

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Supervisor: Eve Yang

Taiwan Mask Corporation
Parent Company Only Cash Flow Statements
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand

	Notes	2023	2022
<u>Cash Flow from Operating Activities</u>			
Net Income(Loss) Before Tax		\$ 612,295	\$ 895,169
Adjustments to Reconcile Net Income to Net Cash			
Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(26)	798,565	513,116
Amortization	6(26)	24,041	6,284
Expected loss on credit impairment	12(2)	418	821
Dividend income	6(23)	(51,566)	(33,682)
Interest income	6(22)	(27,317)	(11,798)
Interest Incomes	6(25)	162,406	91,694
Loss (gain) on financial assets measured at fair value through profit or loss	6(24)	(8,662)	114,183
Loss on disposal of investments	6(24)	-	119,316
Share-based payment transaction	6(17)	-	14,131
The Share of Subsidiaries and Affiliates Profits and Losses Recognized by the Equity Method		579,274	676,888
Property, plant and equipment reclassified as expenses	6(7)	78	116
The Changes of Assets/ Liabilities related to Operating Activities			
Net Changes of Assets related to Operating Activities			
Mandatory financial assets at fair value through profit or loss		(12,500)	(357,348)
Contract Assets		3,821	25,212
Accounts Receivables		114,215	(208,285)
Accounts Receivables – Related Parties		3,031	(4,413)
Other Receivables		(1,455)	993
Other Receivables – Related Parties		(73,497)	(2,573)
Inventories		(10,866)	(8,820)
Prepayments		7,020	(67,468)
Other Current Assets		613	170
Net Changes of Liabilities related to Operating Activities			
Contract Liabilities		(23,339)	49,663
Accounts Payable		8,592	27,553
Other Payables		7,370	29,844
Other Payables- related Parties		1,626	-
Other Current Liabilities		18,601	(3,385)
Defined Benefit Liabilities		(7,012)	(1,749)
Net Cash In-Flow from Operating		2,125,752	1,865,632
Dividends Received		69,929	70,496
Interest Received		28,813	10,065
Interest Paid		(134,928)	(90,670)
Income Tax Paid		(401,498)	(157,909)
Net Cash In-Flow (Out-Flow) from Operating Activities		<u>1,688,068</u>	<u>1,697,614</u>

(continued on next page)

Taiwan Mask Corporation
Parent Company Only Cash Flow Statements
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand

	Notes	2023	2022
<u>Cash Flow from Investment Activities</u>			
Acquisition of Amortized Cost Financial Assets		(\$ 527,651)	(\$ 187,349)
Disposal of Amortized Cost Financial Assets		332,921	-
Acquisition of investment property by the Equity Method		(324,431)	-
Acquisition of Property, Plants and Equipment	6(30)	(2,732,591)	(2,662,286)
Acquisition of Intangible Assets		(27,996)	(39,486)
Increase in refundable deposit		(1,431)	(2,370)
Net Cash Outflow from Investing Activities		(3,281,179)	(2,891,491)
<u>Cash Flows from Financing Activities</u>			
Increase of Short Term Loan	6(31)	4,395,672	5,662,100
Redemption of Short Term Loan	6(31)	(4,370,623)	(5,467,166)
Increase of Long Term Loan	6(31)	930,631	4,624,737
Redemption of Long Term Loan	6(31)	(855,368)	(3,884,737)
Issuance of ordinary corporate bonds	6(31)	797,338	997,095
Distribution of cash dividends (including capital surplus distribution cash)	6(19)	(622,462)	(482,378)
Treasury stocks transfer to employees	6(17)	591,688	-
Cost of treasury stock buyback	6(17)	-	(842,536)
Redemption of Lease Principal	6(31)	(33,119)	(29,737)
Increase in Guarantee Deposits Received	6(31)	87	29,069
Transfer of unclaimed dividends as Additional Paid-in Capital		(151)	-
Net Cash In-Flow (Out-Flow) from Funding Activities		833,693	606,447
Increase (Decrease) in Cash and Cash Equivalents		(759,418)	(587,430)
Beginning Balance of Cash and Cash Equivalents		1,211,411	1,798,841
Ending Balance of Cash and Cash Equivalents		\$ 451,993	\$ 1,211,411

The attached notes to the standalone financial statements are part of the standalone financial report.

Chairperson: Sean Chen

Managerial Officer: Lidon Chen

Accounting Officer: Eve Yang

Taiwan Mask Corporation
Notes to the Parent Company Only Financial Statements
2023 and 2022

Unit: NT\$ Thousand
(Unless otherwise specified)

I. Company History

Taiwan Mask Corporation (hereinafter referred to as the “Company”) was established on October 21, 1988, and started its operations in March 1989. The Company was approved by the shareholders meeting on June 12, 2000 to acquire Shin-Tai Technology Co., Ltd., on the merger record date of December 1, 2000, with the Company being the surviving entity. The Company mainly engage in the research, development, manufacturing and sales of photomask, providing technical assistance, consultation, inspection and repair of the abovementioned products.

II. Date and procedures for passing the financial report

The accompanying parent-only financial statements were approved and authorized for issuance by the Board of Directors on March 6, 2024.

III. Application of New and Revised International Financial Reporting Standards

(I) The impact from adopting the newly released and revised IFRS and IAS recognized and issued into effect by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS recognized and issued into effect by the Financial Supervisory Commission in 2023:

Newly released/corrected/amended standards and interpretations	Effective Date	Issued by
Amendment to IAS 1 - “Disclosure of Accounting Policies”	January 1, 2023	IASB
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023	IASB
Amendments to IAS 12, “Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023	IASB
Amendment to IAS 12 “International Tax Reform - Pillar Two Model Rules”	May 23, 2023	IASB

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(II) Impact of the newly released and amended IFRS and IAS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS recognized by the Financial Supervisory Commission in 2024:

Newly released/corrected/amended standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 - “Liabilities of Lease from the Leaseback”	January 1, 2024
Amendment to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendment to IAS 1 “Non-Current Liabilities With Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(III) IFRS and IAS issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS issued by the IASB but not yet recognized by the FSC:

Newly released/corrected/amended standards and interpretations	Effective Date Issued by IASB
IFRS 10 and IAS 28 amendments, Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the IASB
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendments to IFRS 17 “First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS No. 21 “Lack of Exchangeability”	January 1, 2023

The Company believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

IV. Summary of significant accounting policies

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

(I) Compliance statement

These parent only financial statements of the Company have been prepared in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.

(II) Basis of Preparation

1. Except for the following items, these parent only financial statements have been prepared under the historical cost convention.
 - (1) Financial assets and financial liabilities at fair value through profit or loss (including derivatives).
 - (2) Financial Assets at Fair Value Through Other Comprehensive Income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRS, IAS, IFRIC Interpretations, and SIC Interpretations 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.

(III) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent only financial statements are presented in New Taiwan dollar, which is the Company’s functional currency and reporting currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using spot exchange rate 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 recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated using spot exchange rate at the balance sheet date. Exchange differences arising from re-translation at the balance sheet date are recognized in profit or loss.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using spot exchange rate at the balance sheet date. Their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated using spot exchange at the balance sheet date. Their translation differences are recognized in other comprehensive income. For those which are not measured at fair value, they measured by the historical exchange rate of the initial transaction date.

- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within “Other gains and losses”.

2. Translation of foreign operations

- (1) The operating results and financial position of all corporate group entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation that is partially disposed of or sold is a subsidiary, the accumulated conversion difference recognized as other comprehensive income is re-attributed to the foreign operation’s non-controlling interests on a pro rata basis. However, even if the Company retains part of its equity in the former subsidiary, but has lost control of the subsidiary of the foreign operation, it will be treated with as a disposal of the entire equity of the foreign operation
- (3) Goodwill and fair value adjustments arising on acquisition of a foreign entity are regarded as assets and liabilities of the foreign entity, and are translated at the closing rate.

(IV) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Assets that are expected to be realized within twelve months from the balance sheet date.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets that do not meet the above criteria are considered non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be paid off within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Liabilities that are to be paid off within twelve months from the balance sheet date.
- (4) 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.

Liabilities that do not meet the above criteria are considered non-current.

(V) 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.

(VI) Financial assets at fair value through profit and loss

1. Refer to the financial assets that are not measured at amortized cost, or are measured at fair value through other comprehensive gain or loss.
2. 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.
3. The Company measures financial assets at fair value in initial recognition. The related transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits associated with the dividends are likely to flow in, and the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(VII) Financial assets measured at amortized cost

1. Refer to those that meet the following criteria at the same time:
 - (1) The objective of the business model is achieved by collecting contractual cash flows.
 - (2) The assets' contractual cash flows solely represent payments of principal and interest.
2. The Company holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and is measured by the amount of investment.

(VIII) Accounts and notes receivable

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment Loss of Financial Assets

Regarding the financial assets measured at amortized cost, accounts receivable or contract assets that contain significant financing components, the Company, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for contract assets or trade receivables that do not constitute a financing transaction.

(X) De-recognition of financial assets

A financial asset is derecognized when the Company's rights to receive cash flows from the financial assets have expired.

(XI) Lessor's lease transaction - Operating lease

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(XII) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (amortized according to normal production capacity), but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable costs of completion and selling expenses.

(XIII) Investments accounted for using equity method - Subsidiaries and associates

1. 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.
2. Unrealized gains or losses on transactions between Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognized the profit and loss upon the acquisition of subsidiaries as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. If the Company's recognized profit and loss of the subsidiaries equal to or exceed the equity in the subsidiaries, the Company will continue to recognize the loss in proportion to its shareholding.
4. 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 equity transactions, and they are considered as 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 directly recognized in equity.
5. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized 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 Company loses control of a subsidiary, all gains or losses previously recognized 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.
6. Associates refer to entities over which the Company has significant influence but is not in control. In general, the associates may have more than 20% of their voting shares directly or indirectly owned by the Company. The Company accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
7. The Company recognizes the profit and loss upon the acquisition of associates as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. 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 will not recognize further losses, unless it has

incurred legal or constructive obligations or make payments on behalf of the associate.

8. If an associate has changes in equity not from profit or loss or other comprehensive income, and such changes do not affect the Company's shareholding in the associate, the Company will recognize all changes in equity attributable to the Company's share of the associate as "capital surplus" according to the shareholding percentage.
9. Unrealized gains on transactions between the Company and associates are eliminated to the extent of the Company's interest in the associates. Unrealized 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.
10. In the event that an associate issues new shares and the Company does not subscribe to or acquire the new shares in proportion, which results in a change to the Company's shareholding percentage but the Company maintains a significant influence on the associate, the increase or decrease of the Company's share of equity interest is the adjustment of "capital surplus" and "investments accounted for under the equity method". If the investment percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the relevant assets or liabilities were disposed of.
11. Pursuant to the "Guidelines Governing the Preparation of Financial Statements by Securities Issuers", the profit or loss during the period and other comprehensive income presented in consolidated financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized 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 costs of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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 changes are 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	3 years to 56 years
Machinery and equipment	2 years to 16 years
Transportation equipment	5 years
Office equipment	3 years to 9 years

(XV) Leasing agreements (lessee) - Right-of-use assets/lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.
2. 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 include fixed payments, less any lease incentives receivables.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized 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.

3. At the commencement date, the right-of-use asset is recognized at cost which includes:
 - (1) The amount of initial measurement of lease liability.
 - (2) Any lease payments made at or before the commencement date.
 - (3) Any original direct costs incurred.
 - (4) The estimated cost of dismantling, removing the underlying asset and restoring its location, or restoring the underlying asset to the condition required in the lease terms and conditions.

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 service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

(XVI) Real estate investment

Investment properties are initially measured at cost, and may be subsequently measured using a cost model. Except for land, the service life is recognized on a straight-line basis of depreciation and is about 45 years.

(XVII) Intangible assets

Computer software is recognized at the cost of acquisition, and amortized based on the estimated useful life of 3 years based on the straight-line method.

(XVIII) Impairment of non-financial assets

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 recognized 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 disposal cost or value in use.

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 amortized historical cost would have been if the impairment had not been recognized.

(XIX) Borrowings

Refers to long- and short-term funds borrowed from banks and other long- and short-term borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XX) Accounts and notes receivable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXI) Convertible bonds payable

The convertible bonds payable issued by the Company are embedded with conversion options (i.e., the holder's right to choose to convert to the Company's common stock for a fixed amount of shares), put options and call options. The issuance price is classified as financial assets, financial liabilities or equity at the time of initial issuance according to the terms of issuance, which is treated as follows:

1. Embedded put options and call options: "Financial assets or liabilities at fair value through profit or loss" are recorded at their net fair value on initial recognition; subsequently, "Gain or loss on financial assets (liabilities) at fair value through profit or loss" is recognized on the balance sheet date, with the difference valued at current fair value.
2. Master contract of corporate bonds: The difference between the fair value of the corporate bonds and the redemption value is recognized as a premium or discount on the corporate bonds payable at the time of original recognition; subsequently, it is recognized in profit or loss as an adjustment to "finance costs" using the effective interest method under the amortization procedure over the circulation period.
3. Embedded conversion options (which meet the definition of equity): On initial recognition, the remaining value of the issue amount, net of the above "financial assets or liabilities at fair value through profit or loss" and "corporate bonds payable", is recorded as "capital surplus - stock options" and is not subsequently remeasured.
4. Any directly attributable transaction costs of the issuance are allocated to each component of liabilities and equity in proportion to the original carrying amount of each component mentioned above.
5. Upon conversion, the components of liabilities (including "corporate bonds payable" and "financial assets or liabilities at fair value through profit or loss") are subsequently measured according to their respective classifications, and the carrying amount of the aforementioned components of liabilities is added to the carrying amount of "capital surplus - stock options" as the issuance cost of common stock exchanged.

(XXII) Employee benefits

1. 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 recognized as expenses in that period when the employees render service.

2. Pension

(1) Defined contribution plans

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

(2) Defined-benefit plans

A. 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 recognized 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 the current interest rates of government bonds (at the balance sheet date) consistent with the currency and period of the defined-benefit plan instead.

B. Re-measurements arising on defined-benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. The related expenses of the past service cost are immediately recognized as profit and loss.

3. Termination benefits

Refer to when companies decide to terminate the employees before the normal retirement date, or when employees decide to accept the benefits in exchange for the termination. The Company recognizes expenses when it is no longer able to withdraw the offer of termination benefits or when the relevant restructuring costs are recognized, whichever is earlier. Liabilities that are not expected to be paid off within twelve months from the balance sheet date should be discounted.

4. Remuneration for employees and directors

Employees' bonuses and directors' remuneration are recognized 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.

(XXIII) Share-based payment to employees

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at fair value, and it is recognized as compensation costs during the vesting period, and the

equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(XXIV) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted by 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.
3. Deferred income tax is recognized, 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 only balance sheet. However, the deferred income tax arising from the initially recognized goodwill 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 and does not generate taxable and deductible temporary difference. Deferred income 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 income 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 income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(XXV) Capital

1. 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.
2. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental costs, is recognized as a deduction of shareholders' equity with the net amount after tax. When the purchased shares are subsequently reissued, the difference between the consideration received and the book value after deducting any directly attributable incremental costs and the impact of income tax is recognized as an adjustment to shareholders' equity.

(XXVI) Dividend distribution

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 dividends to be distributed and transferred to be common stocks on the record date of issuance of new shares.

(XXVII) Recognized revenue

1. The Company mainly provides photomask manufacturing services. The actual services provided and fees will vary according to different customers. Prices are negotiated separately before providing services, and are based on the prevailing market price. The performance obligations identified based on customer contracts are mainly for photomask manufacturing services, and revenue is recognized by measuring the degree of completion of performance obligations during the period of service provision.

With the provision of photomask manufacturing services, the customer simultaneously receives and consumes the performance benefits, and the customer has control over the asset when the asset is created or enhanced. The Company's performance does not create any assets available for other purposes and has the exercisable right to the amount that has been completely performed till now. The related revenue is recognized by measuring the degree of completion of the performance obligation during the service period. The photomask manufacturing service is based on the input of the technical staff on the basis of the service, and the progress of completion is measured based on the percentage of the incurred cost to the estimated total cost. After the agreed service or shipment is fulfilled for the contract agreement, a bill is issued, so the contract assets are recognized when the service provided, and transferred to account receivables when the customer agrees to the Company to issue the bill.

2. The time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Company has not adjusted the transaction price to reflect the time value of money.

(XXVIII) Government subsidies

Government subsidies are recognized at fair value once it is reasonably convinced that the Company complies with the conditions for subsidies and will be receiving the subsidies. If the nature of the government subsidies is to compensate the expenses incurred by the Company, the government subsidies are recognized as current gains and losses on a systematic basis during the period in which the related expenses are incurred.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

The preparation of these parent only financial statements requires the management to make critical judgments 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. Please see the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(I) Important judgments adopted by the accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of Inventories

The Company is primarily engaged in production and sale of photomask products in the semiconductor industry. Due to rapid technological innovations, short life-cycle and competition within the photomask industry, the risk of price fluctuations, Loss on decline in value of inventories and obsolescence is higher than that of other industries. The Company measures inventory based on the lower of cost and net realizable value. For inventories that are older than a certain period of inventory age or are outdated and obsolete, the Company must use judgment and estimation to determine the net realizable value of the inventory on the balance sheet date. The valuation of inventory may undergo major changes.

As of December 31, 2023, the book value of the Company's inventory was NT\$129,575.

VI. Summary of Significant Accounting Items

(I) Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Demand Deposit	\$ 421,288	\$ 474,371
Time deposits	<u>30,705</u>	<u>737,040</u>
Total	<u>\$ 451,993</u>	<u>\$ 1,211,411</u>

1. The Company associates 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.
2. The Company has no cash and cash equivalents pledged to others.

(II) Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	\$ 442,498	\$ 442,498
Valuation adjustment	<u>(45,158)</u>	<u>(135,050)</u>
	<u>\$ 397,340</u>	<u>\$ 307,448</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Convertible bond call/put options	<u>\$ 9,383</u>	<u>\$ 5,697</u>
Non-current items:		
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	\$ 866,133	\$ 866,133
Shares of non-listed and non-OTC company	12,500	-
Valuation adjustment	<u>(18,671)</u>	<u>58,873</u>
	<u>\$ 859,962</u>	<u>\$ 925,006</u>

1. Details of financial assets/liabilities at fair value through profit or loss recognized in profit or loss are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Shares of listed and OTC company	\$ 13,256	(\$ 211,992)
Shares of non-listed and non-OTC company	(908)	(10,810)
Convertible bond call/put options	<u>(3,686)</u>	<u>(10,697)</u>
	<u>\$ 8,662</u>	<u>(\$ 233,499)</u>

2. Please see Note 8 on how the Company provides financial assets at fair value through profit or loss as a pledged collateral.
3. Please see Note 12 (2) and (3) for the price risk and fair value information related to financial assets at fair value through profit or loss.

(III) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits	<u>\$ 3,000</u>	<u>\$ 3,000</u>
Non-current items:		
Time deposits	\$ 43,954	\$ 222,729
Demand Deposit	<u>373,550</u>	<u>45</u>
Total	<u>\$ 417,504</u>	<u>\$ 222,774</u>

1. Financial assets at amortized cost is recognized in the profit or loss shown as follows:

	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 1,837</u>	<u>\$ 246</u>

2. While not considering the collaterals or other credit enhancements, the financial assets at amortized cost held by the Company had the maximum exposure of credit risk at NT\$420,504 and NT\$225,774 as of December 31, 2023 and 2022, respectively.
3. Please see Note 8 how the Company provides financial assets at amortized cost as a pledged collateral.

(IV) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts Receivables	\$ 688,122	\$ 802,337
Accounts Receivables— Related Parties	<u>6,494</u>	<u>9,525</u>
	694,616	811,862
Less: Loss allowance	<u>(2,324)</u>	<u>(1,906)</u>
	<u>\$ 692,292</u>	<u>\$ 809,956</u>

1. Aging of accounts receivable is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts</u>	<u>Notes</u>	<u>Accounts</u>	<u>Notes</u>
	<u>Receivables</u>	<u>Receivables</u>	<u>Receivables</u>	<u>Receivables</u>
Not past due	\$ 575,140	\$ -	\$ 723,205	\$ -
Up to 30 days	88,263	-	72,473	-
31-90 days	28,821	-	13,355	-
91-180 days	2,090	-	1,581	-
More than 181 days past due	<u>302</u>	<u>-</u>	<u>1,248</u>	<u>-</u>
	<u>\$ 694,616</u>	<u>\$ -</u>	<u>\$ 811,862</u>	<u>\$ -</u>

The above is an aging report based on the number of days past due.

2. As of December 31, 2023 and 2022, accounts receivable and notes receivable were from contracts with customers. The balances of notes and accounts receivable as of January 1, 2022 was NT\$598,079.
3. While not considering the collaterals or other credit enhancements, the accounts receivable held by the Company had the maximum exposure of credit risk at NT\$692,292 and NT\$809,956, respectively, as of December 31, 2023 and 2022.
4. Please refer to Note 12 (2) for the information on credit risk of accounts receivable.

(V) Inventories

	<u>December 31, 2023</u>		
	<u>(Gain from reversal of)</u>		
	<u>loss allowance on</u>		
	<u>decline in market value</u>		
	<u>Cost</u>	<u>of inventories</u>	<u>Book value</u>
Raw materials	\$ 103,921	(\$ 4,794)	\$ 99,127
Work in process	26,609	-	26,609
Finished goods	<u>3,839</u>	<u>-</u>	<u>3,839</u>
Total	<u>\$ 134,369</u>	<u>(\$ 4,794)</u>	<u>\$ 129,575</u>

	<u>December 31, 2022</u>		
	<u>(Gain from reversal of)</u>		
	<u>loss allowance on</u>		
	<u>decline in market value</u>		
	<u>Cost</u>	<u>of inventories</u>	<u>Book value</u>
Raw materials	\$ 99,179	(\$ 5,115)	\$ 94,064
Work in process	22,831	-	22,831
Finished goods	<u>1,814</u>	<u>-</u>	<u>1,814</u>
Total	<u>\$ 123,824</u>	<u>(\$ 5,115)</u>	<u>\$ 118,709</u>

The cost of inventories recognized as losses by the Company.

	<u>2023</u>	<u>2022</u>
	\$	\$
Cost of goods sold	2,318,607	1,797,466
Loss on falling prices of inventory and inventory obsolescence (gain from recovery)	(321)	(887)
Loss on scrapping of inventory	<u>4,278</u>	<u>-</u>
	<u>\$ 2,322,564</u>	<u>\$ 1,796,579</u>

For 2023 and 2022, part of the inventory for which the provision for impairment losses had been made in the previous period was sold and scrapped, resulting in a gain from recovery.

(VI) Investment under Equity Method

	<u>2023</u>	<u>2022</u>
	\$	\$
SunnyLake Park International Holdings, Inc.	5,683	5,746
Youe Chung Capital Corporation	987,383	1,140,806
Innova Vision INC.	142,651	151,324
Advagene Biopharma Co., Ltd.	32,974	33,508
Miracle Technology CO., LTD.	472,096	482,368
Weida Hi-Tech Co., Ltd.	26,081	84,080
ONE TEST SYSTEMS	121,332	-
Pilot Battery Co., Ltd.	<u>78,591</u>	<u>-</u>
	<u>\$ 1,866,791</u>	<u>\$ 1,897,832</u>

For information on the Company's subsidiaries, please refer to Note 4 (3) of 2023 consolidated financial statements.

(VII) Property, plant and equipment

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment to be inspected</u>	<u>Total</u>
January 1, 2023							
Cost	\$ 1,884,128	\$ 4,526,313	\$ 43,591	\$ 6,292	\$ 315,058	\$ 364,782	\$ 7,140,164
Accumulated depreciation	(654,821)	(1,615,533)	(24,094)	(3,425)	(79,963)	-	(2,377,836)
	<u>\$ 1,229,307</u>	<u>\$ 2,910,780</u>	<u>\$ 19,497</u>	<u>\$ 2,867</u>	<u>\$ 235,095</u>	<u>\$ 364,782</u>	<u>\$ 4,762,328</u>
2023							
January 1	\$ 1,229,307	\$ 2,910,780	\$ 19,497	\$ 2,867	\$ 235,095	\$ 364,782	\$ 4,762,328
Additions	154,027	2,501,097	12,261	2,165	193,715	978,499	3,841,764
Depreciation	(171,556)	(480,815)	(11,210)	(1,172)	(81,542)	-	(746,295)
Reclassification - Cost	146,113	157,313	260	-	42,413	(332,453)	13,646
Reclassification - Accumulated depreciation	(9,230)	-	-	-	-	-	(9,230)
December 31	<u>\$ 1,348,661</u>	<u>\$ 5,088,375</u>	<u>\$ 20,808</u>	<u>\$ 3,860</u>	<u>\$ 389,681</u>	<u>\$ 1,010,828</u>	<u>\$ 7,862,213</u>
December 31, 2023							
Cost	\$ 2,184,268	\$ 7,184,723	\$ 56,112	\$ 6,268	\$ 551,186	\$ 1,010,828	\$10,993,385
Accumulated depreciation	(835,607)	(2,096,348)	(35,304)	(2,408)	(161,505)	-	(3,131,172)
	<u>\$ 1,348,661</u>	<u>\$ 5,088,375</u>	<u>\$ 20,808</u>	<u>\$ 3,860</u>	<u>\$ 389,681</u>	<u>\$ 1,010,828</u>	<u>\$ 7,862,213</u>

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment to be inspected</u>	<u>Total</u>
January 1, 2022							
Cost	\$ 1,692,966	\$ 3,215,027	\$ 31,105	\$ 5,635	\$ 10,942	\$ 149,749	\$ 5,105,424
Accumulated depreciation	(602,039)	(1,304,734)	(16,357)	(2,581)	(1,248)	-	(1,926,959)
	<u>\$ 1,090,927</u>	<u>\$ 1,910,293</u>	<u>\$ 14,748</u>	<u>\$ 3,054</u>	<u>\$ 9,694</u>	<u>\$ 149,749</u>	<u>\$ 3,178,465</u>
<u>2022</u>							
January 1	\$ 1,090,927	\$ 1,910,293	\$ 14,748	\$ 3,054	\$ 9,694	\$ 149,749	\$ 3,178,465
Additions	363,662	1,280,116	12,159	657	24,528	363,204	2,044,326
Depreciation	(140,346)	(309,183)	(7,737)	(844)	(3,913)	-	(462,023)
Reclassification - Cost	(172,500)	31,170	327	-	279,588	(148,171)	(9,586)
Reclassification - Accumulated depreciation	87,564	(1,616)	-	-	(74,802)	-	11,146
December 31	<u>\$ 1,229,307</u>	<u>\$ 2,910,780</u>	<u>\$ 19,497</u>	<u>\$ 2,867</u>	<u>\$ 235,095</u>	<u>\$ 364,782</u>	<u>\$ 4,762,328</u>
December 31, 2022							
Cost	\$ 1,884,128	\$ 4,526,313	\$ 43,591	\$ 6,292	\$ 315,058	\$ 364,782	\$ 7,140,164
Accumulated depreciation	(654,821)	(1,615,533)	(24,094)	(3,425)	(79,963)	-	(2,377,836)
	<u>\$ 1,229,307</u>	<u>\$ 2,910,780</u>	<u>\$ 19,497</u>	<u>\$ 2,867</u>	<u>\$ 235,095</u>	<u>\$ 364,782</u>	<u>\$ 4,762,328</u>

1. The Company had no interest capitalization in 2023 and 2022.
2. The major components of the Company's houses and buildings include land, buildings and factory renovation projects. Except for land, they are depreciated for 5 to 56 years.
3. Information on property, plant and equipment pledged to others as collateral is provided in Note 8.
4. The abovementioned property, plant and equipment of the Company are for self-use.

(VIII) Leasing arrangements - lessee

1. The underlying assets leased by the Company include land, buildings and company vehicles, and the leasing contracts are typically made for periods of 3 to 20 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.
2. 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>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 481,190	\$ 506,900
Buildings and structures	4,590	71
Transportation equipment (company vehicles)	9,941	9,063
Other equipment	<u>39,806</u>	<u>25,404</u>
	<u>\$ 535,527</u>	<u>\$ 541,438</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 25,710	\$ 24,679
Buildings and structures	1,116	936
Transportation equipment (company vehicles)	6,092	5,092
Other equipment	<u>3,164</u>	<u>1,855</u>
	<u>\$ 36,082</u>	<u>\$ 32,562</u>

4. For 2023 and 2022, the increases of right-of-use assets were NT\$30,171 and NT\$10,585, respectively. The decreases of right-of-use assets of the Company in 2023 and 2022 were NT\$0 and NT\$0, respectively.
5. The information on profit or loss items related to lease contracts is as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 7,046	\$ 6,787
Expenses for short-term lease contracts	619	-
Lease of low-value assets	806	945

6. The Company's total cash outflow on leases for 2023 and 2022 was NT\$41,590 and NT\$37,469, respectively.
7. Options to extend or terminate leases

In determining lease terms, the Company into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate.

(IX) Leasing arrangements - lessor

1. The Company leases out assets such buildings. The lease contracts are typically made for periods of 1 to 5 years. The terms of lease contracts are negotiated separately and include various terms and conditions. In order to preserve the condition of leased assets, the Company usually requires lessees not to pledge the underlying leased assets.
2. The Company recognized rental income of NT\$138,419 and NT\$141,022 based on operating lease contracts in 2023 and 2022, respectively, and none of the lease contracts were variable lease payments.
3. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 83,026
2024	71,264	37,049
2025	<u>26,577</u>	<u>26,577</u>
Total	<u>\$ 97,841</u>	<u>\$ 146,652</u>

(X) Real estate investment

	<u>Buildings and structures</u>
January 1, 2023	
Cost	\$ 770,879
Accumulated depreciation	<u>(87,133)</u>
	<u>\$ 683,746</u>
<u>2023</u>	
January 1	\$ 683,746
Reclassification - Cost	(13,934)
Reclassification - Accumulated depreciation	9,230
Depreciation	<u>(16,188)</u>
December 31	<u>\$ 662,854</u>
December 31, 2023	
Cost	\$ 756,945
Accumulated depreciation	<u>(94,091)</u>
	<u>\$ 662,854</u>

	<u>Buildings and structures</u>
January 1, 2022	
Cost	\$ 761,409
Accumulated depreciation	<u>(57,456)</u>
	<u>\$ 703,953</u>
<u>2022</u>	
January 1	\$ 703,953
Reclassification - Cost	9,470
Reclassification - Accumulated depreciation	(11,146)
Depreciation	<u>(18,531)</u>
December 31	<u>\$ 683,746</u>
December 31, 2022	
Cost	\$ 770,879
Accumulated depreciation	<u>(87,133)</u>
	<u>\$ 683,746</u>

1. Rental income and direct operating expenses of investment real estate:

	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 138,419</u>	<u>\$ 91,063</u>
Direct operating expenses incurred by investment properties that generate rent income in the period	<u>\$ 18,744</u>	<u>\$ 19,305</u>

2. The fair value of the investment property held by the Company as of December 31, 2023 and 2022 were NT\$1,854,899 and NT\$1,177,524, respectively. They were valued using the income method and were of Level 3 fair value, and the major assumptions are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	3.75%	7.09%
Annual rent (net income)	\$ 119,675	\$ 87,708
Number of years	31~56	45~50

3. No capitalization of interest for investment property in 2023 and 2022.
4. As of December 31, 2023 and 2022, the investment properties had been used as collaterals. Please refer to Note 8.

(XI) Other Non-Current Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for equipment	\$ 348,993	\$ 1,322,877
Refundable deposit	<u>10,154</u>	<u>8,723</u>
	<u>\$ 359,147</u>	<u>\$ 1,331,600</u>

(XII) Short Term Loans

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 919,983	0.88%~2.26%	None
Secured borrowings	<u>160,000</u>	1.96%	Shares of listed and OTC company
	<u>\$ 1,079,983</u>		

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	<u>\$ 1,054,934</u>	1.06%~4%	None

The interest expenses recognized in profit and loss in 2023 and 2022 were NT\$25,937 and NT\$24,652, respectively.

(XIII) Other Payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable on machinery and equipment	\$ 238,389	\$ 105,604
Director and supervisor remuneration and employee bonus payable	92,000	120,000
Payroll and bonus payable	64,314	51,825
Machine maintenance payable	44,906	51,362
Others	<u>229,971</u>	<u>191,382</u>
	<u>\$ 669,580</u>	<u>\$ 520,173</u>

(XIV) Corporate bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Corporate bonds payable	\$ 3,800,000	\$ 3,000,000
Less: Amount of exercised conversion options	(324,400)	(324,400)
Less: Discount on corporate bonds payable	<u>(51,000)</u>	<u>(66,556)</u>
	3,424,600	2,609,044
Less: Corporate bonds matured in one year or a business cycle or have the put option exercised	<u>-</u>	<u>-</u>
	<u>\$ 3,424,600</u>	<u>\$ 2,609,044</u>

1. The terms of issuance for the Company's 3rd domestic unsecured convertible bonds are as follows:

- (1) The Company has been approved by the competent authority to raise and issue \$2,000,000 of the 3rd domestic unsecured convertible bonds, with a coupon rate of 0% and an issuance period of 5 years from August 3, 2021 to August 3, 2026. The convertible bonds are repayable in cash at par value on maturity. The convertible bonds were listed for trading on August 3, 2021.
- (2) The bondholders may request the conversion of the convertible bonds into the Company's common shares at any time from the day after the expiration of three months from the date of issuance of the corporate bonds to the maturity date, except during the period when the transfer of the corporate bonds is suspended in accordance with the regulations or laws, and the rights and obligations of the converted common shares are the same as those of the original issued common shares.
- (3) The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in the Measures, and the conversion price will be adjusted in accordance with the pricing model stipulated in the Conversion Measures in the event that the Company is subject to anti-dilution provisions. The conversion price will be reset on the base date set by the Regulations in accordance with the pricing model stipulated in the Conversion Measures. As of December 31, 2023, the conversion price was NT\$82.4 per share.
- (4) If the closing price of the Company's common stock exceeds 30% of the then conversion price for 30 consecutive business days from the day following the third month of the issuance of the convertible bonds to the 40th business day prior to the expiration of the issuance period, the Company may redeem the outstanding corporate bonds within the next 30 business days at the par value of the corporate bonds in cash.
- (5) If the outstanding balance of the convertible bonds is less than 10% of the total par value of the corporate bonds issued, the Company may redeem the convertible bonds at any time thereafter for cash at the par value of the corporate bonds, from the day following the third month of the issuance of the corporate bonds to the 40th business day prior to the expiration of the issuance period.
- (6) As of December 31, 2023, a total amount of NT\$324,400 had been converted into 3,733 thousand shares of common stock.

2. Upon issuance of convertible bonds, the Company separated the conversion options from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation," and recorded "capital surplus - stock options" at \$406,616. The embedded repurchase and repurchase rights are separated from the principal contractual debt instruments in accordance with IFRS 9, "Financial Instruments", because they are not closely related to the economic characteristics and risks of the principal contractual debt instruments, and are recorded as "financial assets or liabilities at fair value through profit or loss" on a net basis. The effective interest rate of the master contract debt after the separation was 0.0902%.

3. First series domestic secured corporate bonds

In order to raise the Company's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the first series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount of issue: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of \$300,000, and B is issued with an amount of \$200,000, totaling \$500,000.
- (2) Issue period: Five years, issued on September 28, 2022, and matured on September 28, 2027.
- (3) Coupon rate and repayment method of principal and interest: Both Bond A and Bond B have a fixed annual coupon rate of 1.80%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

4. Second series domestic secured convertible corporate bonds

In order to raise the Company's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the second series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount of issuance: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of \$200,000, and B is issued with an amount of \$300,000, totaling \$500,000.
- (2) Issue period: Five years, issued on December 27, 2022, and matured on December 27, 2027.
- (3) Coupon rate and repayment method of principal and interest: Bond A has a fixed annual coupon rate of 2.20% and Bond B has a fixed annual coupon rate of 2.38%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

5. Third series domestic secured convertible corporate bonds

In order to raise the Company's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the third series domestic secured corporate bond. The issue

has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$300,000 in total.
- (2) Issuance period: Five years from issuance on August 28, 2023 to expiration on August 28, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.62% per annum, and the simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

6. Fourth series domestic secured convertible corporate bonds

In order to raise the Company's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the fourth series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$500,000 in total.
- (2) Issuance period: Five years from issuance on December 12, 2023 to expiration on December 12, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.8% per annum, and the simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

(XV) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	From December 28, 2021 to January 28, 2027, to be repaid in installments and installments over the agreed period	2.55%	Buildings and structures and machine and equipment	\$ 1,000,000
Secured borrowings	From December 27, 2021 to December 27, 2027, to be repaid in installments and installments over the agreed period	2.25%~ 2.80%	Machinery and equipment	900,000
Secured borrowings	From December 27, 2021 to December 27, 2032, to be repaid in installments and installments over the agreed period	2.20%~ 2.55%	Buildings and structures and investment properties	1,005,263

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Other long-term borrowings				
Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from May 22, 2023 to May 31, 2027	3.58%	Machinery and equipment	560,000
				-
				3,465,263
Less: Long-term borrowings due within one year or one business cycle)				(872,834)
				<u>\$ 2,592,429</u>

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	From December 28, 2021 to January 28, 2027, to be repaid in installments and installments over the agreed period	2.43%	Buildings and structures and machine and equipment	\$ 1,250,000
Secured borrowings	From December 27, 2021 to December 27, 2024, repayable in portions and in installments during the term specified in the agreement	2.41%	Buildings and structures	250,000
Secured borrowings	From December 27, 2021 to December 15, 2026, to be repaid in installments and installments over the agreed period	2.13%	Machinery and equipment	240,000
Secured borrowings	From December 28, 2022 to December 27, 2032, repayable in portions and in installments during the term specified in the agreement	2.07%	Buildings and structures and investment properties	850,000
Secured borrowings	From December 21, 2022 to December 21, 2027, to be repaid in installments and installments over the agreed period	2.68%	Machinery and equipment	400,000
Secured borrowings	From December 27, 2022 to December 27, 2027, to be repaid in installments and installments over the agreed period	2.00%	Machinery and equipment	400,000
				-
				3,390,000
Less: Long-term borrowings due within one year or one business cycle)				(484,737)
				<u>\$ 2,905,263</u>

(XVI) Pensions

1. (1) The Company operates a defined-benefit pension plan in accordance with the Labor Standards Act, which cover 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 Labor Standards Act. 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 six months prior to retirement. The Company contributes a monthly amount equal to 2% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by the end of next March.
- (2) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 22,650)	(\$ 21,153)
Fair value of plan assets	<u>12,417</u>	<u>4,947</u>
Defined Benefit Liabilities	<u>(\$ 10,233)</u>	<u>(\$ 16,206)</u>

(3) Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Defined Benefit Liabilities</u>
2023			
Balance on January 1	(\$ 21,153)	\$ 4,947	(\$ 16,206)
Current service cost	-	-	-
Interest (expense) income	(296)	84	(212)
	<u>(21,449)</u>	<u>5,031</u>	<u>(16,418)</u>
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	56	56
Change in financial assumptions	(251)	-	(251)
Experience adjustments	(950)	-	(950)
	<u>(1,201)</u>	<u>56</u>	<u>(1,145)</u>
Pension fund contribution	-	7,330	7,330
Paid pension	-	-	-
Balance on December 31	<u>(\$ 22,650)</u>	<u>\$ 12,417</u>	<u>(\$ 10,233)</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Defined Benefit Liabilities</u>
2022			
Balance on January 1	(\$ 22,595)	\$ 7,145	(\$ 15,450)
Current service cost	(61)	-	(61)
Interest (expense) income	(169)	62	(107)
	<u>(22,825)</u>	<u>7,207</u>	<u>(15,618)</u>
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	407	407
Change in financial assumptions	1,620	-	1,620
Experience adjustments	(4,748)	-	(4,748)
	<u>(3,128)</u>	<u>407</u>	<u>(2,721)</u>
Pension fund contribution	-	2,133	2,133
Paid pension	4,800	(4,800)	-
Balance on December 31	<u>(\$ 21,153)</u>	<u>\$ 4,947</u>	<u>(\$ 16,206)</u>

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and

Utilization of the Labor Retirement Fund” (Article 6: The scope of utilization 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 utilization 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 are less than the aforementioned rates, government shall make payments for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating the fund and hence the Company is unable to disclose the classification of fair value of plan asset in accordance with IAS19 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 Utilization Report announced by the government.

- (5) The principal actuarial assumptions used were as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.3%</u>	<u>1.4%</u>
Future salary increases	<u>2.125%</u>	<u>2.125%</u>

Assumptions for 2023 and 2022 regarding future mortality experience are set based on the Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>0.25% increase</u>	<u>0.25% decrease</u>	<u>0.25% increase</u>	<u>0.25% decrease</u>
December 31, 2023				
Effect on present value of defined benefit obligation				
	(\$ <u>637</u>)	<u>\$ 661</u>	<u>\$ 640</u>	(<u>\$ 620</u>)
December 31, 2022				
Effect on present value of defined benefit obligation				
	(\$ <u>631</u>)	<u>\$ 656</u>	<u>\$ 636</u>	(<u>\$ 616</u>)

The sensitivity analysis above analyzes the impact from changing one of the assumptions while others remain constant. In practice, more than one assumption may change all at once. The sensitivity analysis is the same with the method used to calculate the net pension liabilities of the balance sheet.

- (6) The expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 are NT\$2,133.
- (7) As of December 31, 2023, the weighted average duration of the retirement plan is 12 years.
2. (1) Starting July 1, 2005, the Company has established a retirement plan based on the

Labor Pension Act applicable to the domestic employees. 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.

- (2) For 2023 and 2022, the pension costs recognized by the Company in accordance with the above mentioned pension measures were NT\$14,779 and NT\$12,196, respectively.

(XVII) Capital

1. As of December 31, 2023, the Company's authorized capital was NT\$5,000,000, consisting of 500,000 thousand shares (including 20,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was NT\$2,564,465 with a par value of NT\$10. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

	Unit: Thousand shares	
	<u>2023</u>	<u>2022</u>
January 1	205,230	214,107
Conversion of convertible bonds	-	773
Treasury stocks transfer to employees	7,023	-
Treasury Stock Buyback	-	(10,000)
Subsidiaries donated treasury stock	900	350
December 31	<u>213,153</u>	<u>205,230</u>

2. Treasury stock

- (1) Reasons for repurchase of shares and changes in the quantity:

<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>December 31, 2023</u>	
		<u>Number of shares (thousand)</u>	<u>Book value</u>
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	35,831	\$ 509,891
The Company	Transfer shares to employees	7,462	664,593
		<u>43,293</u>	<u>\$1,174,484</u>

<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>December 31, 2022</u>	
		<u>Number of shares (thousand)</u>	<u>Book value</u>
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	36,731	\$ 522,698
The Company	Transfer shares to employees	<u>14,485</u>	<u>1,256,281</u>
		<u>51,216</u>	<u>\$1,778,979</u>

- (2) For 2023 and 2022, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract Period</u>	<u>Vesting conditions</u>
Transfer of treasury stocks to employees	2022.01.26	4,485	Immediate vesting	Note
Transfer of treasury stocks to employees	2023.04.19	10,000	Immediate vesting	Note

Note: The Company grants treasury stocks to employees of the Company and its subsidiaries.

- (3) Remuneration costs related to the transfer of treasury stocks of the Company in 2023 and 2022 were NT\$0 and NT\$19,061, respectively.
- (4) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.
- (5) The treasury stocks bought back by the Company in accordance with the Securities and Exchange Act shall not be pledged. Before transfer, shareholders are not entitled to the shareholders' rights.
- (6) According to the provisions of the Securities and Exchange Act, the share repurchased to be transferred to employees shall be transferred within 5 years from the date of the purchase. If the transfer is not made within the time limit, the shares are deemed as unissued shares and a change of registration shall be made to cancel the shares. In order to maintain the Company's credit and shareholders equity, the shares bought back should have the registration changed to cancel the shares within six months from the date of the purchase.
- (7) The Company's stock held by the subsidiary Youe Chung Capital is treated as treasury stock. As of December 31, 2023 and 2022, Youe Chung Capital held 35,831 thousand and 36,731 shares, respectively, of the Company. The average book value per share was NT\$14.23, and the fair value per share was NT\$71.1 and NT\$84.7, respectively. The cost of transferring treasury stocks is calculated based on the book value of the Company's stock held by Youe Chung Capital and the Company's indirect shareholding during each period.

- (8) On November 3, 2021, the Board of Directors resolved to purchase 6,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 2.37% of the total number of issued shares of the Company. The repurchase of 4,485 thousand shares was completed between November 4, 2021 and January 3, 2022. On January 21, 2022, the Board of Directors approved the transfer of 4,485 thousand shares to employees.
- (10) On May 6, 2022, the Board of Directors resolved to purchase 10,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 3.91% of the total number of issued shares of the Company. The repurchase of 10,000 thousand shares was completed between May 9, 2022 and July 8, 2022. On April 14, 2023, the Board of Directors approved the transfer of 10,000 thousand shares to employees, of which 7,023 shares were transferred to employees in June 2023.

(XVIII) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the 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 Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient. The following is a breakdown of the capital reserve:

	<u>Issue premiums</u>	<u>Trading of treasury stock</u>	<u>Changes in ownership interests in subsidiaries recognized</u>	<u>stock option</u>	<u>Affiliates Equity changes</u>	<u>Others</u>	<u>Total</u>
January 1, 2023	\$96,650	\$768,509	\$ 17,788	\$295,848	\$ 68,427	\$4,459	\$1,251,681
Distribution of cash from capital surplus	(49,797)	-	-	-	-	-	(49,797)
Adjustment of capital reserve by dividends paid to subsidiaries	-	90,829	-	-	-	-	90,829
Changes in ownership interests in subsidiaries recognized	(2,705)	-	136,309	-	-	-	133,604
Changes in shares of affiliates recognized under the equity method	-	-	-	-	13,793	-	13,793
Payment of overdue unclaimed dividends to shareholders	-	-	-	-	-	(151)	(151)
December 31, 2023	<u>\$44,148</u>	<u>\$859,338</u>	<u>\$ 154,097</u>	<u>\$295,848</u>	<u>\$ 82,220</u>	<u>\$4,308</u>	<u>\$1,439,959</u>

	<u>Issue premiums</u>	<u>Trading of treasury stock</u>	<u>Changes in ownership interests in subsidiaries recognized</u>	<u>stock option</u>	<u>Affiliates Equity changes</u>	<u>Others</u>	<u>Total</u>
January 1, 2022	\$269,010	\$695,046	\$ 4,919	\$295,074	\$ 47,320	\$4,459	\$1,315,828
Conversion of convertible bonds	68,829	-	-	(13,357)	-	-	55,472
Distribution of cash from capital surplus	(241,189)	-	-	-	-	-	(241,189)
Adjustment of capital reserve by dividends paid to subsidiaries	-	73,463	-	-	-	-	73,463
Changes in ownership interests in subsidiaries recognized	-	-	10,169	-	-	-	10,169
Changes in shares of affiliates recognized under the equity method	-	-	-	-	21,107	-	21,107
Share-based payment transaction	-	-	2,700	14,131	-	-	16,831
December 31, 2022	<u>\$96,650</u>	<u>\$768,509</u>	<u>\$ 17,788</u>	<u>\$295,848</u>	<u>\$ 68,427</u>	<u>\$4,459</u>	<u>\$1,251,681</u>

(XIX) Retained earnings

1. According to the Articles of Incorporation, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.
2. The Company takes into account the overall business environment, industrial growth, and the Company's long-term financial planning for stable operation and development to adopt a residual dividend policy, which is mainly based on the Company's future capital budgeting plan to measure the annual capital needs. After using the retained earnings for funding, the remaining surplus will be distributed in the form of dividends, and the distribution steps are shown as follows:
 - (1) Decide on the best capital budgeting.
 - (2) Decide on the financing required for one of the capital budgeting items.
 - (3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).
 - (4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.

3. 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 the 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.
4. 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.
5. The Company's Board meeting resolved on March 6, 2024 to distribute a cash dividend of NT\$1.5 per common share from the 2023 earnings, with a total dividend of NT\$373,477.
6. The Company's board of directors resolved on May 24, 2023 to distribute a cash dividend of NT\$2.30 per ordinary share from the 2022 surplus with a total dividend of NT\$556,511. NT\$0.20 per share is to be distributed from the capital surplus, with a total of NT\$48,392. In addition, as the Company implemented the transfer of 7,023 thousand shares of treasury stock to employees, which changed the number of outstanding shares to 248,984 thousand shares, so the cash dividend was adjusted to \$572,665 to be distributed from the capital surplus of \$49,797.
7. The Company's board of directors resolved on May 26, 2022 to distribute a cash dividend of NT\$1.00 per ordinary share from the 2021 surplus with a total dividend of NT\$255,674. NT\$1.00 per share is to be distributed from the capital surplus, with a total of NT\$255,674. In addition, as the Company implemented the repurchase of 14,485 thousand shares of treasury stock, which changed the number of outstanding shares to 241,189 thousand shares, so the cash dividend was adjusted to \$241,189 to be distributed from the capital surplus of \$241,189.

(XX) Other equity interests

	<u>2023</u>		
	<u>Unrealized gains and losses</u>	<u>Foreign currency translation</u>	<u>Total</u>
January 1	(\$ 2,666)	\$ 13,174	\$ 10,508
Difference in foreign currency translation	-	(8,867)	(8,867)
December 31	<u>(\$ 2,666)</u>	<u>\$ 4,307</u>	<u>\$ 1,641</u>

	<u>2022</u>		
	<u>Unrealized gains and losses</u>	<u>Foreign currency translation</u>	<u>Total</u>
January 1	(\$ 2,666)	\$ 6,698	\$ 4,032
Difference in foreign currency translation	-	6,476	6,476
December 31	<u>(\$ 2,666)</u>	<u>\$ 13,174</u>	<u>\$ 10,508</u>

(XXI) Operating income

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	\$ <u>3,985,541</u>	\$ <u>3,887,648</u>

1. Segmentation of revenue from contracts with customers

The Company derives its revenue from the transfer of goods and services either over time. The revenue can be divided into the following main product lines:

<u>2023</u>	<u>Photomask and semiconductor segment</u>
Revenue from contracts with external customers	\$ <u>3,985,541</u>
Cut-off point of income recognition	
Income recognized gradually over time	\$ <u>3,985,541</u>

<u>2022</u>	<u>Photomask and semiconductor segment</u>
Revenue from contracts with external customers	\$ <u>3,887,648</u>
Cut-off point of income recognition	
Income recognized gradually over time	\$ <u>3,887,648</u>

2. Contract Asset and Contract Liability

(1) The Company has recognized the following revenue-related contract assets and contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract Assets	\$ <u>86,821</u>	\$ <u>90,642</u>	\$ <u>115,854</u>
Contract Liabilities	\$ <u>33,984</u>	\$ <u>57,323</u>	\$ <u>7,660</u>

(2) Contract liabilities at the beginning of the period recognized as revenue of the period

	<u>2023</u>	<u>2022</u>
Opening balance of contract liabilities recognized in the current period	\$ <u>1,704</u>	\$ <u>2,986</u>

(XXII) Interest income

	<u>2023</u>	<u>2022</u>
Interest from bank deposits	\$ 25,360	\$ 11,491
Interest income from financial assets measured at amortized cost	1,837	246
Other interest incomes	119	61
	<u>\$ 27,316</u>	<u>\$ 11,798</u>

(XXIII) Other Incomes

	<u>2023</u>	<u>2022</u>
Rental income	\$ 138,419	\$ 141,022
Dividend income	51,566	33,682
Subsidy income	5,335	12,343
Other income - Others	9,253	8,340
	<u>\$ 204,573</u>	<u>\$ 195,387</u>

(XXIV) Other Gains and Losses

	<u>2023</u>	<u>2022</u>
Loss on disposal of investments	\$ -	(\$ 119,316)
Foreign currency exchange gains (losses)	(636)	47,090
Loss (gain) on financial assets/liabilities at fair value through profit or loss	8,662	(114,183)
Other losses -- Depreciation of investment properties	(16,188)	(18,531)
Other miscellaneous expenses	-	(73)
	<u>(\$ 8,162)</u>	<u>(\$ 205,013)</u>

(XXV) Financial Costs

	<u>2023</u>	<u>2022</u>
Interest Expenses:		
Bank borrowings	\$ 111,935	\$ 66,804
Convertible bonds	43,376	18,103
Lease liabilities	7,046	6,787
Others	49	-
	<u>\$ 162,406</u>	<u>\$ 91,694</u>

(XXVI) Expenses by nature

	<u>2023</u>		<u>2022</u>
Employee benefits expenditure	\$ 516,888	\$	467,529
Depreciation expense (Note)	798,565		513,116
Amortization expense	24,041		6,284

Note: Including investment property and right-of-use assets

(XXVII) Employee benefits expenditure

	<u>2023</u>		<u>2022</u>
Payroll expenses	\$ 441,770	\$	395,385
Employee stock options	-		14,131
Labor and health insurance fees	34,816		29,229
Pension expense	14,991		12,364
Other personnel expenses	25,311		16,420
	<u>\$ 516,888</u>	<u>\$</u>	<u>467,529</u>

1. According to the Articles of Incorporation, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any.
2. For 2023 and 2022, employee remuneration was accrued at NT\$80,000 and NT\$102,000, respectively, and director remunerations was accrued at NT\$12,000 and NT\$18,000, respectively. The amounts were listed as payroll expenses.

The remuneration of employees and directors for 2023 and 2022 were estimated in accordance with the Articles of Incorporation taking into account the annual profit.

The 2022 employees' and directors' remuneration as resolved by the Board of Directors are consistent with the amounts recognized in the 2022 financial statements.

Information about employees remuneration and director remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System".

(XXVIII) Income tax

1. Income tax expense

Components of income tax expense:

	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the year	\$ 182,991	\$ 189,639
Additional surtax on undistributed earnings	-	-
Over provision of prior year's income tax	<u>70,339</u>	<u>-</u>
Total current tax	<u>253,330</u>	<u>189,639</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>(7,161)</u>	<u>2,011</u>
Total Deferred Income Tax	<u>(7,161)</u>	<u>2,011</u>
Income Tax Expense	<u>\$ 246,169</u>	<u>\$ 191,650</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 122,459	\$ 179,034
Impact tax deductibles of investment	(50,000)	-
Fees excluded according to the tax law	113,684	23,042
Tax-exempt income under the tax law	(10,313)	(10,426)
Over provision of prior year's income tax	<u>70,339</u>	<u>-</u>
Income Tax Expense	<u>\$ 246,169</u>	<u>\$ 191,650</u>

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

	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>2023 Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Pension liabilities	\$ -	\$ 2,047	\$ -	\$ -	\$ 2,047
Loss on inventory	-	959	-	-	959
Unrealized exchange loss	1,780	524	-	-	2,304
Subtotal	<u>\$ 1,780</u>	<u>\$ 3,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,310</u>
- Deferred income tax liabilities:					
Unrealized gain on exchange	<u>(\$ 3,850)</u>	<u>\$ 3,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 219)</u>
Total	<u>(\$ 2,070)</u>	<u>\$ 7,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,091</u>

	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>2022 Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Unrealized exchange loss	\$ -	\$ 1,780	\$ -	\$ -	\$ 1,780
Subtotal	<u>\$ -</u>	<u>\$ 1,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,780</u>
- Deferred income tax liabilities:					
Unrealized gain on exchange	<u>(\$ 59)</u>	<u>(\$ 3,791)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3,850)</u>
Total	<u>(\$ 59)</u>	<u>(\$ 2,011)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,070)</u>

4. Deductible temporary difference not recognized as deferred income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary difference	<u>\$ 100,350</u>	<u>\$ 105,407</u>

5. The Company's income tax returns through 2021 have been assessed and approved by the tax authority.

(XXIX) Earnings per share

	<u>Amount after</u> <u>tax</u>	<u>2023</u> <u>Weighted average</u> <u>share outstanding</u> <u>(thousand shares)</u>	<u>Earnings per</u> <u>share (NTD)</u>
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 366,126	209,180	\$ 1.75
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 366,126	209,180	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	14,029	20,335	
Employee remuneration	-	1,331	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 380,155	230,846	\$ 1.65

	<u>Amount after</u> <u>tax</u>	<u>2022</u> <u>Weighted average</u> <u>share outstanding</u> <u>(thousand shares)</u>	<u>Earnings per</u> <u>share (NTD)</u>
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 703,519	208,572	\$ 3.37
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 703,519	208,572	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	14,422	19,713	
Employee remuneration	-	1,473	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 717,941	229,758	\$ 3.12

The weighted average number of shares outstanding in 2023 and 2022 has deducted the number of shares held by the Company and the subordinate company Youe Chung Capital deemed as the Company's treasury stock (the number of shares is based on the Company's shareholding).

(XXX) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 3,841,764	\$ 2,044,326
Add: Opening balance of payable on equipment	105,604	44,545
Prepayments for equipment at the end of the period	348,993	1,322,877
Less: Ending balance of payable on equipment	(240,893)	(105,604)
Prepayments for equipment at the beginning of the period	(1,322,877)	(643,858)
Cash paid during the year	<u>\$ 2,732,591</u>	<u>\$ 2,662,286</u>

(XXXI) Changes in liabilities arising from financing activities

	<u>Short Term</u>	<u>Corporate bonds</u>	<u>Long-term borrowings</u>	<u>Lease</u>	<u>Guarantee</u>	<u>Total liabilities</u>
	<u>Loans</u>	<u>payable</u>	<u>(including current portion)</u>	<u>liabilities</u>	<u>Deposits Received</u>	<u>arising from financing activities</u>
January 1, 2023	\$1,054,934	\$2,609,044	\$ 3,390,000	\$549,323	\$ 33,874	\$ 7,637,175
Change in cash flow from financing activities	25,049	797,338	75,263	(33,119)	87	864,618
Interest Incomes	-	43,376	-	7,046	-	50,422
Interest Paid	-	(20,540)	-	(7,046)	-	(27,586)
Other Non-Cash Transactions	-	(4,618)	-	30,171	-	25,553
December 31, 2023	<u>\$1,079,983</u>	<u>\$3,424,600</u>	<u>\$ 3,465,263</u>	<u>\$546,375</u>	<u>\$ 33,961</u>	<u>\$ 8,550,182</u>

	<u>Short Term</u>	<u>Corporate bonds</u>	<u>Long-term borrowings</u>	<u>Lease</u>	<u>Guarantee</u>	<u>Total liabilities</u>
	<u>Loans</u>	<u>payable</u>	<u>(including current portion)</u>	<u>liabilities</u>	<u>Deposits Received</u>	<u>arising from financing activities</u>
January 1, 2022	\$ 860,000	\$1,657,049	\$2,650,000	\$ 568,475	\$ 4,805	\$ 5,740,329
Change in cash flow from financing activities	194,934	997,095	740,000	(29,737)	29,069	1,931,361
Interest Incomes	-	18,103	-	6,787	-	24,890
Interest Paid	-	-	-	(6,787)	-	(6,787)
Other Non-Cash Transactions	-	(63,203)	-	10,585	-	(52,618)
December 31, 2022	<u>\$1,054,934</u>	<u>\$2,609,044</u>	<u>\$3,390,000</u>	<u>\$ 549,323</u>	<u>\$ 33,874</u>	<u>\$ 7,637,175</u>

VII. Related Party Transactions

(I) Related parties' names and relationship

<u>Name of the related parties</u>	<u>Relationship with the Company</u>
Miracle Technology CO., LTD.	Subsidiary
Youe Chung Capital Corporation	Subsidiary
Innova Vision INC.	Subsidiary
Aptos Technology INC.	2nd-tier subsidiary
Miracle International Enterprise(Shanghai) Co., Ltd.	2nd-tier subsidiary
One Test Systems	Subsidiary
Xsense Technology Corporation	2nd-tier subsidiary (Note 1)
Xsense Technology Corporation (B.V.I.) Taiwan Branch	2nd-tier subsidiary (Note 1)
Digital-Can Tech. Co., Ltd.	2nd-tier subsidiary
ADL Energy Corp	2nd-tier subsidiary
Pilot Battery Co., Ltd.	Subsidiary
Weida Hi-Tech Co., Ltd.	Affiliates
Image Match Design Inc.	Other related party (Note 2)
BKS Tec Corp.	Other related party
Taiwan Mask Charity Foundation	Other related party

Note 1: Xsense Technology Corporation underwent a physical capital reduction in November 2022, leaving only 1 share held by Youe Chung Capital Corporation; at the same time, Xsense Technology Corporation applied to have the shares of Xsense Technology Corporation (B.V.I.) Taiwan Branch it held transferred to the original shareholders of Xsense Technology Corporation according to the original shareholding percentage; as of December 31, 2023, Youe Chung Capital Corporation held 100% equity of Xsense Technology Corporation and 53.00% of Xsense Technology Corporation (B.V.I.) Taiwan Branch.

Note 2: Image Match Design Inc. re-elected its directors on June 1, 2023. Youe Chung Capital Corporation is no longer a director of the company, and the company is not a related party of the Company.

(II) Significant transactions with the related parties

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Product sales:		
Subsidiary	\$ 11,716	\$ 14,828
2nd-tier subsidiary	23,415	17,609
Affiliates	1,336	7,066
Other related party	-	1,169
	<u>\$ 36,467</u>	<u>\$ 40,672</u>

There are no major abnormalities in the transaction prices and payment terms of the related party compared to that of non-related parties.

2. Account receivable from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts Receivables:		
Subsidiary	\$ 1,629	\$ 5,221
2nd-tier subsidiary	4,865	3,978
Affiliates	-	326
Subtotal	<u>6,494</u>	<u>9,525</u>
Other receivables:		
Subsidiary	29,161	7,421
2nd-tier subsidiary	61,372	10,022
Other related party	407	-
Subtotal	<u>90,940</u>	<u>17,443</u>
Total	<u>\$ 97,434</u>	<u>\$ 26,968</u>

3. Other Payables - Related Parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables - acquisition of real property:		
2nd-tier subsidiary	\$ 2,505	\$ -
Other Payables:		
2nd-tier subsidiary	1,626	-
Subtotal	<u>4,131</u>	-
Total	<u>\$ 4,131</u>	<u>\$ -</u>

4. Acquisition of other assets

		<u>2023</u>	<u>2022</u>
	<u>Account item</u>	<u>Acquisition price</u>	<u>Acquisition price</u>
2nd-tier subsidiary	Fixed assets	<u>\$ 163,637</u>	<u>\$ 32,884</u>

5. Acquisition of financial assets

2023:

			<u>2023</u>
	<u>Account item</u>	<u>Number of shares acquired</u>	<u>Acquisition price</u>
Subsidiary	Investment under equity method	940,000	<u>\$ 124,031</u>
Subsidiary	Investment under equity method	1,020,000	<u>\$ 20,400</u>
2nd-tier subsidiary	Investment under equity method	3,600,000	<u>\$ 180,000</u>

2022: None.

6. Others

(1) Guarantee Deposits Received:		<u>2023</u>	<u>2022</u>
Subsidiary		\$ 473	\$ 416
Other related party		<u>118</u>	<u>95</u>
		<u>\$ 591</u>	<u>\$ 511</u>

(2) Rental income:		<u>2023</u>	<u>2022</u>
Subsidiary		\$ 18,800	\$ 21,577
2nd-tier subsidiary		101,527	102,104
Other related party		<u>1,677</u>	<u>891</u>
		<u>\$ 122,004</u>	<u>\$ 124,572</u>

The Company leases buildings to subsidiaries, 2nd-tier subsidiaries and other related parties. The lease contract period is from 2018 to 2031, and the rent is collected in accordance with the contract.

(3) Prepayments for equipment:		<u>2023</u>	<u>2022</u>
2nd-tier subsidiary		<u>\$ 20,894</u>	<u>\$ 71,804</u>

- (4) The Company issued cash dividends of NT\$90,829 and NT\$73,463 to Youe Chung Capital in 2023 and 2022, respectively.
- (5) In 2023 and 2022, the Company donated NT\$2,685 and NT\$4,416, respectively, in cash to the Taiwan Mask Charity Foundation.

(III) Compensation of key management personnel

	<u>2023</u>	<u>2022</u>
Salary and short-term employee benefits	\$ 28,344	\$ 31,197
Post-employment benefits	<u>108</u>	<u>216</u>
	<u>\$ 28,452</u>	<u>\$ 31,413</u>

VIII. Pledged Assets

Assets pledged by the Company as collateral are as follows:

<u>Assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Time deposit (Recognized as financial assets at amortized cost)	\$ 43,954	\$ 222,729	Guarantee of cargo out of free trade zone and lease deposit
	373,550	45	Short-term borrowings and corporate bond guarantee
Demand deposit (Recognized as financial assets at amortized cost)			guarantee
Stocks of publicly traded and OTC companies (recognized as “Financial assets at fair value through profit or loss”)	626,858	640,740	Short Term Loans
Buildings and structures	594,621	608,646	Long-term Loans
Real estate investment	662,854	683,746	Long-term Loans
Machinery and equipment and equipment under acceptance	2,846,465	2,213,811	Long-term borrowings
Office equipment	<u>2,702</u>	<u>2,401</u>	Long-term borrowings
	<u>\$ 5,151,004</u>	<u>\$ 4,372,118</u>	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. Machine equipment maintenance contracts that have been signed but not yet paid

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Machine maintenance	\$ <u>44,906</u>	\$ <u>51,362</u>

2. Capital expenditures that have been signed but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ <u>980,980</u>	\$ <u>15,539</u>

3. Lease agreement

Please see Note 6 (8) and (9)

X. Losses due to Major Disasters

None.

XI. Major Events after Financial Statement Date

1. The resolution of the Company's Board on March 6, 2024 passed the appropriation of earnings. Please refer to Note 6 (19) for details.
2. On March 6, 2024, the Company's Board of Directors resolved to acquire the common shares of TrueLight Corporation through private placement. The expected subscription quantity is 13,500 thousand shares for an investment amount of NT\$410,400.

XII. Others

(I) 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 parent only balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the parent only balance sheet plus net debt.

The Company's strategy in 2023 and 2022 was to borrow long-term loans and issue corporate bonds to purchase machinery and equipment and obtain long-term working capital. For the years ended December 31, 2023 and 2022, the debt-to-capital ratios were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total borrowings	\$ 7,969,846	\$ 7,053,978
Less: Cash and cash equivalents	(451,993)	(1,211,411)
Net debt	7,517,853	5,842,567
Total equity	<u>5,123,142</u>	<u>4,546,920</u>
Total capital	<u>\$ 12,640,995</u>	<u>\$ 10,389,487</u>
Debt-to-equity ratio	<u>59.47%</u>	<u>56.23%</u>

(II) Financial instruments

1. Types of financial instrument

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial Liabilities at Fair Value Through Profit or Loss		
Mandatory financial assets at fair value through profit or loss	<u>\$ 1,257,302</u>	<u>\$ 1,232,454</u>
Financial assets measured at amortized cost		
Cash and Cash Equivalents	\$ 451,993	\$ 1,211,411
Financial assets measured at amortized cost	420,504	225,774
Accounts receivable (Including related parties)	692,292	809,956
Other account receivable (Including related parties)	95,460	22,009
Refundable deposit	<u>10,153</u>	<u>8,723</u>
	<u>\$ 1,670,402</u>	<u>\$ 2,277,873</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities		
Financial liabilities at amortized cost		
Short Term Loans	1,079,983	\$ 1,054,934
Accounts Payable	117,596	109,004
Other accounts payable (Including related parties)	673,711	520,173
Corporate bonds payable (Including related parties)	3,424,600	2,609,044
Long-term borrowings (including current portion)	3,465,263	3,390,000
Guarantee Deposits Received	33,961	33,874
	<u>\$ 8,795,114</u>	<u>\$ 7,717,029</u>
Lease liabilities	<u>\$ 546,375</u>	<u>\$ 549,323</u>

2. Risk management policies

- (1) The Company's activities expose it to a variety of financial risks, including market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and performance.
- (2) Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. Company's finance department identifies, evaluates and hedges financial risks in close collaboration 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 currency exchange risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

The Company's operations involve certain non-functional currencies (the Company's functional currency is the New Taiwan dollar (NTD)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values would be materially affected by exchange rate fluctuations are as follows:

(Foreign currency: functional currency)	<u>December 31, 2023</u>			Book value (NT\$ in thousands)
	<u>Foreign currency (in thousand)</u>	<u>Exchange rate</u>		
Financial assets				
<u>Monetary items</u>				
USD : NTD	USD	24,952	30.705	\$ 766,154
JPY : NTD	JPY	6,857	0.2172	1,489
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	10,926	30.705	\$ 335,484
JPY : NTD	JPY	836,916	0.2172	181,778
Euro : NTD	EUR	359	33.980	12,192

<u>December 31, 2022</u>				
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>	<u>Exchange rate</u>	<u>Book value (NT\$ in thousands)</u>	
Financial assets				
<u>Monetary items</u>				
USD : NTD	USD	44,731	30.71	\$ 1,373,703
JPY : NTD	JPY	1,496	0.2324	348
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	3,422	30.71	\$ 105,090
JPY : NTD	JPY	616,283	0.2324	143,224

B. Total exchange gain, including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Company amounted to (NT\$636) and N\$47,090 for the years ended December 31, 2023 and 2022, respectively.

C. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

<u>2023</u>				
<u>Sensitivity Analysis</u>				
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effect on profit or loss</u>	<u>Other comprehensive profit and loss affected</u>	
Financial assets				
<u>Monetary items</u>				
USD : NTD	1%	\$ 7,662	\$	-
JPY : NTD	1%	15		-
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	1%	(\$ 3,355)		-
JPY : NTD	1%	(1,818)		-
Euro : NTD	1%	(122)		-

		<u>2022</u>		
		<u>Sensitivity Analysis</u>		
			<u>Effect on</u>	<u>Other</u>
		<u>Fluctuation</u>	<u>profit or loss</u>	<u>comprehensive</u>
				<u>profit and loss</u>
				<u>affected</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD		1%	\$ 13,737	\$ -
JPY : NTD		1%	3	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD		1%	(\$ 1,051)	-
JPY : NTD		1%	(1,432)	-

Price risk

- A. The equity instruments owned by the Company exposing to the price risk are financial assets at fair value through profit or loss.
- B. The Company invests primarily in beneficiary certificates and equity instruments. The price of such equity instrument is subject to the uncertainty of the future value of investment target. If the price of such equity instrument increases or decreases by 1%, while all other factors remain unchanged, the net profit after tax affected by equity instruments at fair value through profit or loss after tax for 2023 and 2022 is an increase or decrease of NT\$10,058 and NT\$9,860, respectively.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk mainly comes from long-term borrowings issued at floating rates, which exposes the Company to cash flow interest rate risk. For 2023 and 2022, the Company's borrowings issued at floating rates were mainly denominated in New Taiwan Dollars.
- B. The Company's borrowings are measured at amortized cost, and the annual interest rate is re-priced according to the contract, which exposes the Company to the risk of future market interest rate changes.
- C. If the long- and short-term borrowing rates increase or decrease by 0.25%, while all other factors remain constant, the net profit after tax for 2023 and 2022 is a decrease or increase of NT\$9,090 and NT\$8,890, respectively, mainly due to the interest expense changes caused by the floating interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable and the contract cash flow from debt instruments measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

- B. The management of credit risk is established with a Company perspective. Only the banks and financial institutions with an independent credit rating of at least “A” can be accepted as transaction partners of the Group. According to the internal credit policy, each operating entity of the Company is responsible for managing and analyzing 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 utilization of credit limits is regularly monitored.
- C. The Company considers a contract payment overdue in accordance with the agreed payment terms a breach of contract.
- D. The Company uses IFRS 9 to provide the following assumption as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:
- (A) If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.
 - (B) For bond investments in Taipei Exchange, if any external rating agency rates it as an investment grade on the balance sheet date, the credit risk of the financial asset is considered low.
- E. The Company uses the following indicators to determine the status of credit impairments of debt instruments:
- (A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
 - (B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
 - (C) The issuer delays or does not pay for the interest or principal.
 - (D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer’s default.
- F. The Company categorizes the accounts receivable from customers based on the characteristics of trade credit risks. The simplified approach is adopted for estimating the expected credit loss based on the provision matrix.
- G. The Company may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Company will continue the recourse to protect the rights of the claims.
- H. The Company has incorporated forward-looking considerations to adjust the loss rate built according to historic and current data in order to estimate the loss allowance of accounts receivables. The provision matrix for the years ended December 31, 2023 and 2022 are shown as follows:

	<u>Not past due</u>	<u>30 days past due</u>	<u>31 to 90 days past due</u>	<u>91 to 180 days past due</u>	<u>181 to 360 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss rate	0.01%	0.50%	5.27%	15.37%	64.93%	
Total book value	\$575,140	\$ 88,263	\$ 28,821	\$ 2,090	\$ 302	\$694,616
Loss allowance	\$ -	\$ -	(\$ 1,442)	(\$ 731)	(\$ 151)	(\$ 2,324)
<u>December 31, 2022</u>						
Expected loss rate	0.01%	0.20%	1.85%	5.23%	56.58%~100%	
Total book value	\$723,205	\$72,473	\$ 13,355	\$ 1,581	\$ 1,248	\$811,862
Loss allowance	\$ -	\$ -	(\$ 729)	(\$ 554)	(\$ 623)	(\$ 1,906)

- I. The Company adopts a simplified method in which the loss allowance for the accounts receivable is shown as follows:

	<u>2023</u>
	<u>Accounts Receivables</u>
January 1	\$ 1,906
Recognize impairment loss	418
December 31	<u>\$ 2,324</u>
<u>2022</u>	
	<u>Accounts Receivables</u>
January 1	\$ 1,085
Recognize impairment loss	821
December 31	<u>\$ 1,906</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed by the operating entities of the Company and aggregated by the Company's finance department. It monitors rolling forecasts of liquidity requirements to ensure the Company has sufficient cash to meet operational needs.
- B. The remaining cash held by each operating entity will be transferred back to the Company's finance department. The finance department of the Company invests the remaining funds in interest-bearing demand deposits, time deposits, financial assets at fair value through profit or loss, financial assets at amortized cost (time deposits with a maturity of more than 3 months and less than 12 months), as the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. For the years ended December 31, 2023 and 2022, the position of money market held by the Company is at NT\$451,993 and NT\$1,214,411, respectively, and is expected to generate immediate cash flow to manage liquidity risk.

C. The Company's undrawn borrowing facilities are shown as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate		
Mature within one year	\$ 1,141,826	\$ 255,100
Maturity of more than 1 year	<u>-</u>	<u>120,000</u>
	<u>\$ 1,141,826</u>	<u>\$ 375,100</u>

D. The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net or total amount, grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$ 1,105,920	\$ -	\$ -	\$ -
Accounts Payable	117,596	-	-	-
Other accounts payable (Including related parties)	673,711	-	-	-
Lease liabilities	38,896	35,466	97,241	446,083
Corporate bonds payable	34,400	34,400	3,558,260	-
Long-term borrowings (including current portion)	953,532	822,570	1,528,823	374,298
Guarantee Deposits Received	-	33,961	-	-

December 31, 2022	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$ 1,054,934	\$ -	\$ -	\$ -
Accounts Payable	109,004	-	-	-
Other Payables	520,173	-	-	-
Lease liabilities	36,293	33,544	89,277	469,121
Corporate bonds payable	-	-	2,696,140	-
Long-term borrowings (including current portion)	496,418	845,808	175,591	1,664,852
Guarantee Deposits Received	-	33,874	-	-

(III) Fair value information

1. 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. The fair value of the Company's investment in stocks of publicly traded or OTC firms and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability The fair value of the Company's investment in stocks of non-publicly traded or non-OTC firms is included in Level 3.

2. Financial instruments not measured at fair value

Cash and cash equivalents, notes receivable, accounts receivable, other receivable, short-term borrowings, notes payable, accounts payable and other payable as reasonable approximation of fair value.

3. The related information for 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 is as follows:

December 31, 2023	<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 - Equity securities	<u>\$1,190,010</u>	<u>\$ 67,292</u>	<u>\$ -</u>	<u>\$1,257,302</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,383</u>	<u>\$ 9,383</u>
December 31, 2022	<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 - Equity securities	<u>\$1,153,154</u>	<u>\$ 79,300</u>	<u>\$ -</u>	<u>\$1,232,454</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,697</u>	<u>\$ 5,697</u>

4. The methods and assumptions adopted by the Company for assessing the fair value are as follows:

- (1) The Company adopt market pricing as the input of fair value (i.e. Level 1), and the breakdown of the characteristics of the instrument is as follows:

	<u>Shares of listed and OTC company</u>	<u>Open-end funds</u>
Market price	Closing price	Net Value

- (2) Except for the abovementioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained using valuation techniques. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the date of the parent only balance sheet (for example, the Taipei Exchange refers to the yield curve, the Reuters adopts the average quotation of interest rate of commercial promissory notes).
- (3) The output of the valuation model is the estimated value, and the valuation technique may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Company. Therefore, the estimated value of the valuation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policies and related control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the parent only balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully assessed and appropriately adjusted according to current market conditions.
- (4) The Company incorporates credit risk valuation adjustments into the consideration of fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of the Company, respectively.

5. There were no transfers between Level 1 and 2 in 2023 and 2022.

6. The following table shows the changes in Level 3 in 2023 and 2022:

	<u>Financial instruments</u>
January 1, 2023	(\$ 5,697)
Recognized in profit or loss	(3,686)
December 31, 2023	<u>(\$ 9,383)</u>
	<u>Financial instruments</u>
January 1, 2022	\$ 12,132
Disposal this period	(7,132)
Recognized in profit or loss	(10,697)
December 31, 2022	<u>(\$ 5,697)</u>

7. The quantitative information about the significant unobservable input value of the valuation model and the sensitivity analysis of the significant unobservable input value change used in Level 3 fair value measurements are explained as follows:

December 31, 2023

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Derivative equity / liability					
Convertible bond call/put options	(\$9,383)	Convertible bond evaluation model	Stock price volatility	29.44%	The higher the stock price volatility, the higher the fair value

December 31, 2022

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Derivative equity / liability					
Convertible bond call/put options	(5,697)	Convertible bond evaluation model	Stock price volatility	50.65%	The higher the stock price volatility, the higher the fair value

8. The Company has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurement. For financial assets or liabilities classified in Level 3, changes in valuation parameters have the following impacts on the income or other comprehensive income of the period:

		<u>December 31, 2023</u>				
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Debt	Stock price fluctuation	± 1%	<u>\$ 20</u>	<u>(\$ 10)</u>	<u>-</u>	<u>-</u>

		<u>December 31, 2022</u>				
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Debt	Stock price fluctuation	± 1%	<u>\$ 20</u>	<u>(\$ 20)</u>	<u>-</u>	<u>-</u>

XIII. Supplementary Disclosure

(I) Significant transactions information

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate exceeding NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Engaged in derivative trading: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(II) Information on Reinvested Businesses

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 5.

(III) Information on investments in Mainland China

Please see Table 6.

(IV) Information on Major Shareholders

Please see Table 7.

XIV. Segments Information

Not applicable.

Taiwan Mask Corporation
Cash and Cash Equivalents Schedule
December 31, 2023

Schedule 1

Unit: NT\$ Thousand

Item	Summary	Amount
Bank deposits		
	Demand deposits - NTD	\$ 200,183
	- Foreign currencyUSD 7,152, exchange rate 30.705	219,587
	JPY 6,857, exchange rate 0.2172	1,489
	EUR 1, exchange rate 33.980	29
	Demand deposits - Foreign currencyUSD 1,000, exchange rate 30.705	
	Duration: December 20, 2023 to January 05, 2024	
	Range of interest rate: 5%	30,705
		<u>\$ 451,993</u>

Taiwan Mask Corporation
Accounts Receivable Schedule
December 31, 2023

Schedule 2

Unit: NT\$ Thousand

Customer Name	Summary	Amount	Note
General customers			
Company F		\$ 103,651	
Company A		72,317	
Company B		70,789	
Company G		51,259	
Company H		39,552	
Company C		36,476	
Others		314,078	The balance of each separate account did not exceed 5% of this account.
		688,122	Account balance that has been more than a year is \$0
Less: Allowance for bad debts	(2,324)	
		685,798	
Related party			
Miracle Technology Co., Ltd.		\$ 1,629	
Miracle International Enterprise(Shanghai) Co., Ltd.		4,865	
		6,494	Account balance that has been more than a year is \$0
Less: Allowance for bad debts		-	
		<u>\$ 6,494</u>	

Taiwan Mask Corporation
Inventories Schedule
December 31, 2023

Schedule 3

Unit: NT\$ Thousand

<u>Items</u>	<u>Summary</u>	<u>Amount</u>		<u>Note</u>
		<u>Cost</u>	<u>Market price</u>	
Raw materials		\$ 103,921	\$ 104,350	Net realizable value as the market value
Work in process		26,609	47,372	Net realizable value as the market value
Finished goods		<u>3,839</u>	<u>6,976</u>	Net realizable value as the market value
		134,369	<u>\$ 158,698</u>	
Add: Loss on falling prices of inventory and inventory obsolescence		<u>(4,794)</u>		
			<u>\$ 129,575</u>	

Taiwan Mask Corporation
Financial assets schedule at fair value through profit and loss
January 1 to December 31, 2023

Schedule 4

Unit: NT\$ Thousand

Name	Opening balance		Increase this period		Decrease this period		Closing balance		Guarantee or pledge	Remarks
	Number of Shares	Book value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Book value		
Common stocks of United Microelectronics Corporation	7,554,000	\$ 307,448	-	\$ 89,892	-	\$ -	7,554,000	\$ 397,340	Yes	500,000 shares pledged
Common stock of China Steel Structure Co., Ltd.	14,334,000	845,706	-	-	-	(53,036)	14,334,000	792,670	Yes	10,860,000 shares pledged
Common stocks of Avision Inc. through private placement.	10,000,000	79,300	-	-	-	(23,600)	10,000,000	55,700	None	
Common Stock of 3S Silicon Tech Inc.	-	-	1,000,000	12,500	-	(908)	1,000,000	11,592	None	
Convertible bond call/put options	-	(5,697)	-	-	-	(3,686)	-	(9,383)	None	
Total		<u>\$ 1,226,757</u>		<u>\$ 102,392</u>		<u>(\$ 81,230)</u>		<u>\$ 1,247,919</u>		

Taiwan Mask Corporation
Schedule of Investments Changes Accounted for Using Equity Method
January 1 to December 31, 2023

Schedule 5

Unit: NT\$ Thousand

Name	Opening Balance		Increase in investment for the period			Ending balance			Market value or equity net value			
	Number of Shares	Amount	Number of Shares	Amount	Increase (decrease) under equity method Amount (Note)	Number of Shares	Ratio of Share Proportion	Amount	Unit price (in dollars)	Total amount	Guarantee or pledge	Note
SunnyLake Park International Holdings, Inc.	3,120,000	\$ 5,746	-	\$ -	(\$ 63)	3,120,000	100.00%	\$ 5,683	\$ -	\$ 5,683	None	
Youe Chung Capital Corporation	534,877,568	1,140,806	-	-	(153,423)	534,877,568	100.00%	987,383	-	987,383	None	
Innova Vision INC.	36,793,134	151,324	1,020,000	20,400	(29,073)	37,813,134	75.32%	142,651	-	154,397	None	
Advagene Biopharma Co., Ltd.	12,549,652	33,508	-	-	(534)	12,549,652	23.51%	32,974	-	32,974	None	
Miracle Technology CO., LTD.	22,955,033	482,368	-	-	(10,272)	22,955,033	100.00%	472,096	-	472,096	None	
Weida Hi-Tech Co., Ltd.	12,176,880	84,080	-	-	(57,999)	12,176,880	28.20%	26,081	-	26,081	None	
ONE TEST SYSTEMS			940,000	124,031	(2,699)	940,000	100.00%	121,332	-	121,332	None	
Pilot Battery Co., Ltd.		-	3,600,000	180,000	(101,409)	3,600,000	20.00%	78,591		78,591	None	
Total		<u>\$ 1,897,832</u>		<u>\$ 324,431</u>	<u>(\$ 355,472)</u>			<u>\$ 1,866,791</u>				

Note: Mainly the share of profit or loss of subsidiaries and affiliates accounted for using the equity method, the share of other comprehensive income, and the cash dividends received from investees.

Taiwan Mask Corporation
Property, Plant and Equipment Cost Changes Schedule
January 1 to December 31, 2023

Schedule 6

Unit: NT\$ Thousand

Items	Opening balance	Increase this period	Decrease this period	Reclassification for the year	Closing balance	Guarantee or pledge	Note
Buildings and structures (including land)	\$ 1,884,128	\$ 154,027	\$ -	\$ 146,113	\$ 2,184,268	Yes	
Machinery and equipment	4,526,313	2,501,097	-	157,313	7,184,723	Yes	
Transportation equipment	6,292	2,165	(2,189)	-	6,268	None	
Office equipment	43,591	12,261	-	260	56,112	Yes	
Other equipment	315,058	193,715	-	42,413	551,186	None	
Unfinished construction and equipment to be inspected	364,782	978,499	-	(332,453)	1,010,828	None	
	<u>\$ 7,140,164</u>	<u>\$ 3,841,764</u>	<u>(\$ 2,189)</u>	<u>\$ 13,646</u>	<u>\$10,993,385</u>		

Taiwan Mask Corporation
Property, Plant and Equipment Accumulated Depreciation Changes Schedule
January 1 to December 31, 2023

Schedule 7

Unit: NT\$ Thousand

Items	Opening balance	Increase this period	Decrease this period	Reclassification for the year	Balance of the period	Note
Buildings and structures	\$ 654,821	\$ 171,556	\$ -	\$ 9,230	\$ 835,607	
Machinery and equipment	1,615,533	480,815	-	-	2,096,348	
Transportation equipment	3,425	1,172	(2,189)	-	2,408	
Office equipment	24,094	11,210	-	-	35,304	
Other equipment	79,963	81,542	-	-	161,505	
	<u>\$ 2,377,836</u>	<u>\$ 746,295</u>	<u>(\$ 2,189)</u>	<u>\$ 9,230</u>	<u>\$ 3,131,172</u>	

Taiwan Mask Corporation
Right-of-Use Assets Schedule
January 1 to December 31, 2023

Schedule 8

Unit: NT\$ Thousand

Items	Opening Balance	Increase this period	Decrease this period	Balance at the end of period	Note
Land	\$ 572,982	\$ -	\$ -	\$ 572,982	
Buildings and structures	3,660	5,635	-	9,295	
Transportation equipment (company vehicles)	17,420	6,970	-	24,390	
Other equipment	27,259	17,566	-	44,825	
Total	<u>\$ 621,321</u>	<u>\$ 30,171</u>	<u>\$ -</u>	<u>\$ 651,492</u>	

Taiwan Mask Corporation
Right-of-Use Assets Accumulated Depreciation Schedule
January 1 to December 31, 2023

Schedule 9

Unit: NT\$ Thousand

Items	Opening Balance	Increase this period	Decrease this period	Balance at the end of period	Note
Land	\$ 66,082	\$ 25,710	\$ -	\$ 91,792	
Buildings and structures	3,589	1,116	-	4,705	
Transportation equipment (company vehicles)	8,357	6,092	-	14,449	
Other equipment	1,855	3,164	-	5,019	
Total	<u>\$ 79,883</u>	<u>\$ 36,082</u>	<u>\$ -</u>	<u>\$ 115,965</u>	

Taiwan Mask Corporation
Short-Term Borrowings Schedule
December 31, 2023

Schedule 10

Unit: NT\$ Thousand

Types of borrowings	Description	Ending balance	Contract Duration	Range of interest rate	Financing Amount	Pledge or Guarantee	Remarks
Credit loan		\$ 40,000	11.09.2023~02.07.2024	1.95%	\$ 200,000	None	
Credit loan		60,000	10.20.2023~04.20.2024	2.06%	100,000	None	
Credit loan		50,000	12.20.2023~01.19.2024	2.05%	300,000	None	
Credit loan		100,000	12.29.2023~03.29.2024	2.16%	100,000	None	
Credit loan		70,000	11.28.2023~02.27.2024	2.26%	300,000	None	
Credit loan		30,000	12.29.2023~03.19.2024	2.08%	60,000	None	
Credit loan		30,000	12.20.2023~03.19.2024	2.12%	60,000	None	
Credit loan		100,000	05.17.2023~05.17.2024	1.95%	100,000	None	
Credit loan		200,000	12.04.2023~03.01.2024	1.75%	300,000	None	
Credit loan		139,983	09.20.2023~06.17.2024	0.88%~2.08%	220,000	None	
Credit loan		100,000	11.08.2023~01.05.2024	2.11%	100,000	None	
Secured borrowings		160,000	12.25.2023~02.23.2024	1.96%	160,000	Yes	Stock
		<u>\$ 1,079,983</u>					

Taiwan Mask Corporation
Long-Term Borrowings Schedule
December 31, 2023

Schedule 11

Unit: NT\$ Thousand

Creditor	Summary	Amount of borrowings	Duration of contract	Coupon rate	Pledge or guarantee	Remarks
King's Town Bank	Intermediate- and long-term secured loans	\$ 1,000,000	01.28.2022~01.28.2027	2.55%	Houses and buildings and machine and equipment	
Shanghai Commercial and Savings Bank	Intermediate- and long-term secured loans	805,263	12.28.2022~12.28.2032	2.20%	Buildings and investment property	
King's Town Bank	Intermediate- and long-term secured loans	320,000	12.21.2022~12.21.2027	2.80%	Machinery and equipment	
Agricultural Bank of Taiwan	Intermediate- and long-term secured loans	400,000	12.27.2022~12.27.2027	2.26%	Machinery and equipment	
Taishin International Bank	Intermediate- and long-term secured loans	200,000	12.27.2021~12.25.2024	2.55%	Buildings and investment property	
Shanghai Commercial and Savings Bank	Intermediate- and long-term secured loans	180,000	12.27.2022~12.25.2026	2.25%	Machinery and equipment	
Chailease Finance Co., Ltd.	Intermediate- and long-term secured loans	280,000	05.22.2023~05.22.2027	3.58%	Machinery and equipment	
Chailease Finance Co., Ltd.	Intermediate- and long-term secured loans	280,000	05.31.2023~05.31.2027	3.58%	Machinery and equipment	
		3,465,263				
Less: Mature within one year		(872,834)				
		<u>\$ 2,592,429</u>				

Taiwan Mask Corporation
Sales Income Schedule
January 1 to December 31, 2023

Schedule 12

Unit: NT\$ Thousand

Items	Quantity	Amount
Photomask	63,905 pieces	<u>\$ 3,985,541</u>

Taiwan Mask Corporation
Operating Costs Schedule
January 1 to December 31, 2023

Schedule 13

Unit: NT\$ Thousand

Items	Amount	Note
Direct raw materials		
Opening raw materials	\$ 99,179	
Incoming materials in the current period	678,558	
Closing raw materials	(103,921)	
Less: Transfer to expense	(41,161)	
Consumption in this period	632,655	
Direct labor	115,397	
Manufacturing expenses	1,576,358	
Manufacturing cost	2,324,410	
Add: Opening work-in-progress	22,831	
Less: Closing work-in-progress	(26,609)	
Cost of finished goods	2,320,632	
Add: Opening finished goods	1,814	
Less: Closing finished goods	(3,839)	
Cost of manufacturing and sales	2,318,607	
Other operating costs		
Loss on falling prices of inventory and inventory obsolescence (gain from recovery)	(321)	
Loss on scrapping of inventory	4,278	
Operating costs	<u>\$ 2,322,564</u>	

Taiwan Mask Corporation
Manufacturing Expenses Schedule
January 1 to December 31, 2023

Schedule 14

Unit: NT\$ Thousand

Item	Summary	Amount	Remarks
Depreciation		\$ 658,076	
Contract maintenance fee		416,871	
Salaries expense		173,740	
Utilities		84,216	
Others		243,455	The balance of each separate account did not exceed 5% of this account.
		<u>\$ 1,576,358</u>	

Taiwan Mask Corporation
Operating Expenses Schedule
January 1 to December 31, 2023

Schedule 15

Unit: NT\$ Thousand

Item	Summary	Amount	Remarks
Marketing expenses:			
Shipping expenses		\$ 29,062	
Salaries expense		24,712	
Export declaration fee		7,451	
Sample fee		4,366	
Others		9,905	The balance of each separate account did not exceed 5% of this account.
		<u>\$ 75,496</u>	
Administrative Expenses:			
Depreciation		\$ 89,719	
Salaries expense		77,121	
Utilities		16,786	
Others		121,174	The balance of each separate account did not exceed 5% of this account.
		<u>\$ 304,800</u>	
Research and development expenses:			
Research and experiment fee		\$ 43,515	
Salaries expense		38,800	
Depreciation		33,506	
Material costs		9,248	
Others		26,946	The balance of each separate account did not exceed 5% of this account.
		<u>\$ 152,015</u>	

Taiwan Mask Corporation
Employee Benefits, Depreciation, Depletion and Amortization in the Current Period
January 1 to December 31, 2023

Schedule 16

Unit: NT\$ Thousand

Function Type	2023				2022			
	Operating costs	Operating expenses	Non-operating income and expenses	Total	Operating costs	Operating expenses	Non-operating income and expenses	Total
Employee benefits expenditure								
Payroll expenses	\$ 289,137	\$ 140,633	\$ -	\$ 429,770	\$ 256,622	\$ 132,903	\$ -	\$ 389,525
Employee stock options	-	-	-	-	-	14,131	-	14,131
Labor and health insurance fees	23,053	11,763	-	34,816	17,476	11,753	-	29,229
Pension expense	9,887	5,104	-	14,991	7,912	4,452	-	12,364
Director remuneration	-	12,000	-	12,000	-	5,860	-	5,860
Other employee benefit expenses	16,150	9,161	-	25,311	8,763	7,657	-	16,420
Depreciation	658,076	124,301	16,188	798,565	432,485	62,100	18,531	513,116
Amortization expense	19,075	4,966	-	24,041	3,153	3,131	-	6,284

1. As of the end of the current period and the previous year, there were 463 and 379 employees, respectively, and there were 5 and 5 directors, respectively, who did not hold a concurrent employee position.
2. Stocks are listed on the Taiwan Stock Exchange or the Taipei Exchange and the following information is disclosed:
 - (1) Average employee benefit expenses for the current year were NT\$1,102 thousand (“Total employee benefit expenses for the current year - total directors’ remuneration”/”Number of employees for the current year - number of directors who are not also employees”).
Average employee benefit expenses for the previous year were NT\$1,234 thousand (“Total employee benefit expenses for the previous year - total directors’ remuneration”/”Number of employees for the previous year - number of directors who are not also employees”).

Taiwan Mask Corporation
Employee Benefits, Depreciation, Depletion and Amortization in the Current Period (continued)
January 1 to December 31, 2023

Schedule 16

Unit: NT\$ Thousand

- (2) Average employee salary expense for the current year was NT\$938 thousand (Total salary expense for the current year / “Number of employees for the current year - Number of directors who were not also employees”).
Average employee salary expense for the previous year was NT\$1,042 thousand (Total salary expense for the previous year / “Number of employees for the previous year - Number of directors who were not also employees”).
- (3) Change in average employee salary expense adjustment was (10%) (“Average employee salary expense for the current year - Average employee salary expense for the previous year”/ Average employee salary expense for the previous year)
- (4) The Company has an audit committee, so there is no supervisor’s remuneration.
- (5) The Company has established and regularly reviewed the policies, systems, standards and structure of performance appraisal and salary remuneration of directors and managerial officers according to the Remuneration Committee charter, and abided by the following rules:
- A. The performance evaluation of the directors and managerial officers and their salary and remuneration shall be considered in reference to the payment standard among industry peers and individual performances, in relevance to its reasonableness with the Company’s operations performance and future risks.
 - B. Shall not lead directors and managerial officers to pursue salary and remuneration, engaging in risky conducts that outstrip the Company’s capacity to handle.
 - C. The bonus proportion of short-term performance for directors and senior level managerial officers and partial changes to remuneration payment time shall be decided in consideration of the industrial characteristics and the nature of the Company’s business.
- (6) Directors’ remuneration and employee remuneration are subject to the Company’s Articles of Incorporation. The distribution shall be executed after the resolution approval at the Board meeting with more than two-thirds of directors attending and of more than half of the attending directors agreed and passed the resolution, and reported to the shareholders meeting.
- A. Employee remuneration: Allocated based on the Company’s operating condition, and is distributed based on employee’s position, performance, and tenure of service.
 - B. Quarterly bonus: Allocated based on the Company’s operating condition, and is given as an incentive for achieving the set targets.
 - C. Annual salary adjustment: Carried out in accordance with the Company’s operating condition. Annual salary adjustment: Carried out in accordance with the Company’s operating condition. The salary adjustment range takes into account the salary adjustment in the industry, domestic economic growth, price index, and individual performance appraisal.

Taiwan Mask Corporation and Subsidiaries
Loans to Others
January 1 to December 31, 2023

Table 1

Unit: NTD in thousand
(Unless otherwise specified)

No. (Note 1)	Company that lent funds	Borrowing party	General ledger account	Related party?	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Range of interest rate	Nature of loan	Amount of transaction with borrower	Reason for short-term financing	Amount of recognized impairment loss	Collateral		Limit on loans granted to a single party	Ceiling on total loan granted	Note
													Name	Value			
1	ADL Energy Corp	Aptos Technology INC.	Other Receivables – Related Parties	Y	\$ 10,000	\$ -	\$ -	2.7%	Short-term financing	-	Business operations	-	Promissory note		\$ 27,324	\$ 34,155	Note 3
2	Miracle Technology CO., LTD.	Aptos Technology INC.	Other Receivables – Related Parties	Y	170,000	170,000	170,000	2.7%	Short-term financing	-	Working capital	-	Promissory note	170,000	174,394	174,394	Note 4
3	Youe Chung Capital Corporation	Aptos Technology INC.	Other Receivables – Related Parties	Y	370,000	270,000	270,000	2.7%	Short-term financing	-	Working capital	-	Promissory note	270,000	1,410,867	1,410,867	Note 6
3	Youe Chung Capital Corporation	Xsense Technology	Other Receivables – Related Parties	Y	570,000	300,000	270,000	2.7%	Short-term financing	-	Working capital	-	Promissory note	300,000	1,410,867	1,410,867	Note 6
3	Youe Chung Capital Corporation	Innova Vision INC.	Other Receivables - Related Parties	Y	90,000	90,000	90,000	2.7%	Short-term financing	-	Working capital	-	Promissory note	90,000	1,410,867	1,410,867	Note 6
3	Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Other Receivables - Related Parties	Y	30,000	30,000	30,000	2.7%	Short-term financing	-	Working capital	-	Promissory note	30,000	1,410,867	1,410,867	Note 6
4	Pilot Battery Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Other Receivables – Related Parties	Y	50,000	50,000	50,000	2.7%	Short-term financing	-	Working capital	-	Promissory note	50,000	157,182	157,182	Note 7

Note 1: The description of the number columns are as follows:

- (1) Fill in “0” for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: Amendment to the Procedures for Lending Funds to Others:

- (1) Total amount of loans: The total amount of the Company’s loans shall not exceed 40% of the Company’s net value.
- (2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.
- (3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company’s net value.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loans to a single party shall not exceed 50% of the Company’s net value.

Note 3: Subsidiary - ADL Energy Corp Procedures for Lending Funds to Others:

- (1) The total loan amount shall not exceed 50% of the Company’s net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed 40% of the Company net value.
- (2) In addition to the provisions in (1), the loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- (3) In addition to the provisions in (1), in which companies or businesses have a short-term financing need, and the loan amount of each individual borrowers not exceeding 40% of the Company net value, the financing amount refers to the accumulated balance of the company’s short-term financing.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, or loans to the Company from any overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are not restricted by paragraph 1, subparagraph 1. However, the total loan amount, limits for each individual borrower, and the period of loan should be specified. However, the total amount of funds to be loaned and the limits for individual borrowers should be set, and the period for which funds should be loaned should be clearly defined. The total amount of loans lent between the overseas companies or to the parent company and the limit for each limit are specified as follows:
 - I. The total amount loans to enterprises shall not exceed 50% of the Company’s net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.
 - II. For overseas companies that have business dealings with each other, the individual loan amount shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.

III. If there is a need for short-term financing, the loan amount of each individual borrowers shall not exceed 40% of the company's net value, and the financing amount refers to the accumulated balance of the short-term financing between overseas companies.

(5) The highest balance for the current period is the amount resolved by the board.

Note 4: Subsidiary - Miracle Technology Procedures for Lending Funds to Others

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

(4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loans to a single party shall not exceed 50% of the Company's net value.

Note 5: Subsidiary - Innova Vision Procedures for Lending Funds to Others

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) The loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties in the past year. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties, and shall not exceed 20% of the Company's net value.

(3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

Note 6: Subsidiary - Youe Chung Capital Corporation Procedures for Lending Funds to Others

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) For companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

Note 7: Subsidiary - Pilot Battery Co.,Ltd. Procedures for Lending Funds to Others:

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement.

(2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.

Taiwan Mask Corporation and Subsidiaries
Endorsements and Guarantees to Others
January 1 to December 31, 2023

Table 2

Unit: NTD in thousand
(Unless otherwise specified)

No. (Note 1)	Endorser/guarantor Name of Company	Guaranteed Party		Limit of endorsement and guarantee for a single enterprise (Note 3, 4, 5, 6)	Maximum Balance of Endorsement/G uarantee for the Period	Ending Balance of Endorsement/G uarantee	Amount Actually Drawn	Amount of Endorsement/Gu arantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarante e to Net Equity per Latest Financial Statements	Maximum Endorsement/Guar antee Amount Allowable (Note 3, 4, 5, 6)	Guarantee Provided by Parent Company to Subsidiary	Guarantee Provided by Subsidiary to Parent Company	Guarantee Provided by Subsidiaries in Mainland China	Note
		Name of Company	Relationship (Note 2)											
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	2	\$ 229,550	\$ 226,975	\$ 214,935	\$ -	\$ -	4.43%	\$ 2,049,257	Y	N	N	Note 3
1	ADL Energy Corp	Aptos Technology INC.	3	20,493	19,500	-	-	-	0.00%	20,493	N	Y	N	Note 4
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	392,131	226,695	224,165	224,165	224,165	57.17%	392,131	N	Y	N	Note 5
3	Miracle Technology CO., LTD.	Xsense Technology	1	174,394	150,000	150,000	150,000	150,000	34.40%	174,394	N	N	N	Note 6
3	Miracle Technology CO., LTD.	Aptos Technology INC.	1	174,394	20,000	20,000	20,000	20,000	4.59%	174,394	N	N	N	Note 6
4	Pilot Battery Co., Ltd.	ADL Energy Corp	1	157,182	50,000	30,000	30,000	30,000	7.63%	157,182	N	N	N	Note 7

Note 1: The description of the number columns are as follows:

- (1) Fill in "0" for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: The relationship between the guarantor and the guarantee are one of the seven types indicated below:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4) Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other.
- (5) A company that is mutually insured by a contract between peers or co-founders based on the needs of the contracted work.
- (6) A company that is guaranteed by all contributing shareholders in proportion to their shareholdings due to a joint investment relationship.
- (7) Companies that are engaged in joint and several guarantees for the performance guarantee of pre-sale housing sales contracts in accordance with the regulations of the Consumer Protection Act.

Note 3: The Company's endorsement and guarantee practices for others provide that:

- (1) The total amount of the Company's external endorsement guarantee shall not exceed 30% of the Company's paid-in capital.
- (2) The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- (3) Companies with which the Company has a parent-child relationship: The endorsement and guarantee for a single enterprise shall not exceed 10% of the Company's paid-in capital and the company's paid-in capital being endorsed and guaranteed.
- (4) The aggregate amount of the endorsement and guarantee of the Company and its subsidiaries as a whole shall not exceed 40% of the net worth of the Company, of which the endorsement and guarantee of a single subsidiary shall not exceed 20% of the net worth of the Company.

Note 4: Subsidiary - ADL Energy Corp Endorsement and Guarantee Procedures:

- (1) The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.
- (2) The amount of the endorsement guarantee for a single enterprise shall not exceed 30% of the net value of the company's most recent audited or reviewed financial statements.
- (3) The Company and its subsidiaries shall state in the shareholders' meeting the necessity and reasonableness of any endorsement or guarantee of more than 50% of the net value of the Company's most recent audited or reviewed financial statements.

Note 5: Miko-China Enterprise (Shanghai) Co., Ltd. Endorsement and Guarantee Procedures:

The total amount of endorsement guarantee liability is limited to RMB 30 million, and the amount of endorsement guarantee for a single enterprise shall not exceed RMB 30 million; however, for the parent company that directly or indirectly holds, through a subsidiary, more than 50% of the common stock equity of a company, it may endorse up to its net value.

Note 6: Subsidiary - Miracle Technology Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Note 7: Subsidiary - Pilot Battery Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Taiwan Mask Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 3

Unit: NTD in thousand
(Unless otherwise specified)

Company name of the shareholding	Marketable securities	Relationship with the marketable securities issuer	General ledger account	End of period				
				Number of shares	Book value	Ownership	Fair value	Note
Taiwan Mask Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	7,554,000	\$ 397,340	0.06%	\$ 397,340	
Taiwan Mask Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	14,334,000	792,670	7.17%	792,670	
Taiwan Mask Corporation	Common stocks of Avision Inc. through private placement.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	10,000,000	55,700	4.61%	55,700	
Taiwan Mask Corporation	Common Stock of 3S Silicon Tech Inc.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	1,000,000	11,592	2.69%	11,592	
Youe Chung Capital Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	5,680,000	298,768	0.05%	298,768	
Youe Chung Capital Corporation	Common stocks of Microtek International	None	Financial Assets at Fair Value Through Profit or Loss - Current	40,966,000	929,928	19.92%	929,928	
Youe Chung Capital Corporation	Common stocks of Taiwan Mask Corporation	Parent company	Financial Asset at Fair Value Through Profit or Loss - Non Current	35,831,440	2,547,615	13.97%	2,547,615	
Youe Chung Capital Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	24,999,000	1,382,445	12.50%	1,382,445	
Youe Chung Capital Corporation	Common stocks of EVERBRITE Technology	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	12,798,000	540,076	19.99%	540,076	
Youe Chung Capital Corporation	Image Match Design Inc.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	378,000	2,925	2.26%	2,925	
Youe Chung Capital Corporation	B Current Impact Investment	The Company is a director of that company	Financial Asset at Fair Value Through Profit or Loss - Non Current	1,000,000	10,000	10.00%	10,000	
Youe Chung Capital Corporation	B Current Impact Investment Partnership	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	500,000	5,000	-	5,000	
Youe Chung Capital Corporation	Intellectual Property Innovation Corporation Partnership Fund	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	20,000	-	20,000	
Youe Chung Capital Corporation	Wisdom Capital Limited Partnership	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	55,000	-	55,000	
Jing Hao Investment Co., Ltd.	G-TECH ELECTRONICS LTD.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	1,097,092	-	8.08%	-	
Jingjing Investment Co., Ltd.	Memchip Technology Co., Ltd.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	187,915	-	3.13%	-	
Aptos Technology INC.	Common stocks of TOPFUN TECHNOLOGY INC.	None	Financial assets measured at fair value through other comprehensive income - Non Current	100,000	-	12.27%	-	
ADL Energy Corp	Franklin Templeton SinoAm Asia Pacific Balanced Fund-Accu. Beneficiary Certificate	None	Financial Assets at Fair Value Through Profit or Loss - Current	50,000	500	-	500	
Miko-China Enterprise (Shanghai) Co., Ltd.	Common stocks of Shenzhen He Mei Jing Yi Semiconductor Technology Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	400,000	20,770	0.31%	20,770	

Taiwan Mask Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1 to December 31, 2023

Table 4

Unit: NTD in thousand
(Unless otherwise specified)

No. (Note 1)	Name of the counterparty	Counterparty	Relationship with the counterparty (Note 2)	Status of transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Sales	11,716	Net 60	0.16%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Endorsement and guarantee	214,935	Same with other customers	1.03%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Accounts Receivables	1,629	Net 60	0.01%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Rental income	2,626	Same with other customers	0.04%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Sales	23,415	Net 60	0.33%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Accounts Receivables	4,865	Net 60	0.02%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Rental income	52,812	Same with other customers	0.73%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	35,350	Same with other customers	0.17%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Rental income	16,174	Same with other customers	0.22%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	28,883	Same with other customers	0.14%
0	Taiwan Mask Corporation	Xsense Technology Xsense Technology Corporation	1	Rental income	48,697	Same with other customers	0.68%
0	Taiwan Mask Corporation	(B.V.I.) Taiwan Branch	1	Other Receivables	26,021	Same with other customers	0.12%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Other Incomes	1,912	Same with other customers	0.03%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Incomes	2,490	Same with other customers	0.03%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Incomes	2,587	Same with other customers	0.04%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	Other Incomes	1,391	Same with other customers	0.02%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Other receivables (loans of funds)	170,000	Receipt and payment at an agreed time	0.81%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Interest income	4,590	Receipt and payment at an agreed time	0.06%
1	Miracle Technology CO., LTD.	Xsense Technology	3	Endorsement and guarantee	150,000	Same with other customers	0.72%
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Sales	2,308	Net 60	0.03%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Sales	70,257	Net 30	0.98%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Accounts Receivables	1,082	Net 30	0.01%
1	Miracle Technology CO., LTD.	Sichuan Miracle Power Technology Co., Ltd.	3	Accounts Receivables	1,470	Net 60	0.01%
1	Miracle Technology CO., LTD.	Sichuan Miracle Power Technology Co., Ltd.	3	Sales	7,391	Net 60	0.10%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Endorsement and guarantee	20,000	Same with other customers	0.10%
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	Endorsement and guarantee	224,165	Same with other customers	1.07%

No. (Note 1)	Name of the counterparty	Counterparty	Relationship with the counterparty (Note 2)	Status of transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	Sichuan Miracle Power Technology Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	3	Sales	7,912	Net 30	0.11%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Other receivables (loans of funds)	270,000	Receipt and payment at an agreed time	1.29%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Interest income	7,148	Receipt and payment at an agreed time	0.10%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other receivables (loans of funds)	270,000	Receipt and payment at an agreed time	1.29%
4	Youe Chung Capital Corporation	Xsense Technology	3	Interest income	7,283	Receipt and payment at an agreed time	0.10%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Other receivables (loans of funds)	90,000	Receipt and payment at an agreed time	0.43%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Interest income	2,437	Receipt and payment at an agreed time	0.03%
4	Youe Chung Capital Corporation	Moment Semiconductor, Inc.	3	Other receivables (loans of funds)	30,000	Receipt and payment at an agreed time	0.14%
5	Aptos Technology INC.	Moment Semiconductor, Inc.	3	Sales	13,420	Net 60	0.19%
5	Aptos Technology INC.	Moment Semiconductor, Inc.	3	Accounts Receivables	1,440	Net 60	0.01%
6	ADL Energy Corp	Taiwan Mask Corporation	2	Sales	11,255	Net 60	0.16%
7	Innova Vision INC.	iPro Vision Inc.	3	Sales	31,780	Net 60	0.44%
7	Innova Vision INC.	iPro Vision Inc.	3	Accounts Receivables	36,655	Receipt and payment at an agreed time	0.18%
8	Pilot Battery Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other receivables (loans of funds)	50,000	Receipt and payment at an agreed time	0.24%
8	Pilot Battery Co., Ltd.	ADL Energy Corp	3	Endorsement and guarantee	30,000	Receipt and payment at an agreed time	0.14%
8	Pilot Battery Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Interest income	1,073	Receipt and payment at an agreed time	0.01%
9	Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	2	Sales	148,644	Net 60	2.06%
9	Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	2	Accounts Receivables	3,832	Net 60	0.02%
10	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan Mask Corporation	2	Other Incomes	9,000	Receipt and payment at an agreed time	0.13%
10	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan Mask Corporation	2	Other operating revenue	1,000	Receipt and payment at an agreed time	0.01%
11	iPro Vision Inc.	Innova Vision INC.	2	Sales	1,555	Receipt and payment at an agreed time	0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiaries.

Note 3: Only transactions with an amount of more than NT\$1 million will be disclosed, and transactions with related parties will not be disclosed separately.

Taiwan Mask Corporation and Subsidiaries
Names, locations and other information of investee companies (not including investees in China)
January 1 to December 31, 2023

Table 5

Unit: NTD in thousand
(Unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Ownership	Book value			
Taiwan Mask Corporation	SunnyLake Park International Holdings, Inc.	British Virgin Islands	Re-investment	\$ 103,045	\$ 103,045	3,120,000	100%	\$ 5,683	(\$ 64)	(\$ 64)	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Taiwan	Re-investment	1,260,000	1,260,000	534,877,568	100%	987,383	(810,367)	(347,421)	
Taiwan Mask Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	165,691	165,691	12,549,652	23.51%	32,974	(91,817)	(22,792)	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Taiwan	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	252,651	252,651	22,955,033	100%	472,096	17,169	17,169	
Taiwan Mask Corporation	Weida Hi-Tech Co., Ltd.	Taiwan	Display panel control chip and other module's research, design, development, manufacturing and sales	293,371	293,371	12,176,880	28.20%	26,081	(210,648)	(57,935)	
Taiwan Mask Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	598,721	578,321	37,813,134	75.32%	142,651	(178,674)	(165,774)	
Taiwan Mask Corporation	ONE TEST SYSTEMS	United States	Research, development and design of test equipment and related components	121,372	-	940,000	100%	121,332	5,823		6 Note 2
Taiwan Mask Corporation	Pilot Battery Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	180,000	-	3,600,000	20.00%	78,591	(58,757)	(2,463)	
Youe Chung Capital Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	75,021	60,021	3,216,223	6.03%	8,451	(91,817)	(5,062)	
Youe Chung Capital Corporation	Xsense Technology Corporation	British Virgin Islands	Precious metal coating	325,965	325,965	1	100.00%	6,247	(72)	(72)	
Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan	Precious metal coating	-	-	12,189,191	53.00%	(3,294)	10,768	2,175	
Youe Chung Capital Corporation	Aptos Technology INC.	Taiwan	Design, packaging and testing of NAND flash memory, solid state drives and the related products	434,692	434,692	28,481,161	47.19%	(221,433)	(274,014)	(129,303)	
Youe Chung Capital Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	151,533	151,533	94,370	0.19%	449	(178,674)	(405)	
Youe Chung Capital Corporation	Digital-Can Tech. Co., Ltd.	Taiwan	3D Printing and Plastic Mold Design	139,072	139,072	7,281,250	57.39%	106,507	(4,253)	(7,351)	
Youe Chung Capital Corporation	Pilot Battery Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	178,500	-	7,000,000	38.89%	249,031	(58,757)	(30,513)	

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Ownership	Book value			
Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Taiwan	Retail and wholesale of memory products	40,000	-	4,000,000	53.33%	29,910	(24,327)	(10,090)	
Aptos Technology INC.	New Sunrise Limited	Samoa	Re-investment	-	-	-	100%	-	-	-	Note 1
Aptos Technology INC.	ONE TEST SYSTEMS	United States	Research, development and design of test equipment and related components	-	-	-	0%	-	5,823	(46)	Note 2
Aptos Technology INC.	ADL Energy Corp	Taiwan	Electronic parts and components and energy technical services		413,050		0%	-	20,396	20,396	Note 3
ADL Energy Corp	Aptos Global Holding Corp.	Seychelles	Re-investment	29,795	29,795	10,000,000	100%	-	-	-	
Miracle Technology CO., LTD.	Jingjing Investment Co., Ltd.	Taiwan	Re-investment	10,012	10,012	25,860,907	100%	321,670	43,005	43,005	
Jingjing Investment Co., Ltd.	Miko Technology Co., Ltd	Hong Kong	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	37	37	10,000	100%	6,719	(20)	(20)	
Innova Vision INC.	Innova Technology	Taiwan	Sales of contact lens	64,650	64,650	3,000,000	100%	(3,396)	(58)	(58)	
Innova Vision INC.	Innova Vision (B.V.I) Inc.	British Virgin Islands	Re-investment	60,157	60,157	1,000,000	100%	(2,717)	(1,245)	(1,245)	
Innova Vision INC.	iPro Vision Inc.	Japan	Sales of contact lens	84,204	84,204	6,400	52.03%	(1,756)	(3,305)	(1,720)	
Innova Vision (B.V.I) Inc.	iPro Vision Inc.	Japan	Sales of contact lens	56,420	56,420	5,900	47.97%	(1,626)	(3,305)	(1,585)	
Pilot Battery Co., Ltd.	ADL Energy Corp	Taiwan	Electronic parts and components and energy technical services	413,050	-	11,984,526	100%	68,310	20,396	-	Note 3

Note 1: As of December 31, 2023, the funds for shares have not been remitted.

Note 2: The Company's subsidiary, Aptos Technology INC. invested in One Test Systems in May 2023 with a 100% shareholding. In August 2023, the Group was reorganized and One Test Systems was directly owned by the Company, with its shareholding remaining at 100%.

Note 3: The Group's organization was restructured in December 2023 and the Company's subsidiary, Pilot Battery Co.,Ltd., directly owned ADL Energy Corp. with a shareholding ratio of 100%.

Taiwan Mask Corporation and Subsidiaries
Information on investments in China
January 1 to December 31, 2023

Table 6

Unit: NTD in thousand
(Unless otherwise specified)

Investee in Mainland China	Main business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China at the beginning of the period	Amount remitted from Taiwan to China/Amount remitted back to Taiwan for the period		Accumulated amount of remittance from Taiwan to China	Profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the current period (Note 2)	Ending carrying amount	Accumulated amount of investment income remitted back to Taiwan	
					Remitted to	Remitted back							Note
Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	\$ 3,283	1	\$ 3,283	\$ -	\$ -	\$ 3,283	\$ 54,528	100%	\$ 54,528	\$ 392,131	\$ -	Note 2 (2) B
Miracle International Enterprise(Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	10,215	1	10,215	-	-	10,215	11,025	100%	11,025	102,768	-	Note 2 (2) B, Note 4
Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	53,676	3	-	-	-	-	(2,723)	100%	(2,723)	54,994	-	Note 2 (2) B
<u>Name of Company</u>		<u>Accumulated amount of remittance from Taiwan to China as of the end of the period</u>		<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>		<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>							
Miracle Technology CO., LTD.		\$ 13,498		\$ 13,498		\$ 261,592							

Note 1: Investment methods are classified into the following three categories; fill in the number of categories each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (please specify the company), which then invested in Mainland China.
- (3) Others

Note 2: Investment income recognized by the Company for the current period

- (1) If it is still under preparation with no actual gain or loss, it shall be indicated in the box.
- (2) The basis for recognition of the investment gains or losses is divided into the following three, it shall be indicated in the box.
 - A. Financial statements audited and validated by an international accounting firm that has a collaborative relationship with CPA firms in Taiwan.
 - B. Financial statements audited and validated by a certified accountant or accounting firm who work with the parent company in Taiwan.
 - C. Unaudited financial statements.

Note 3: The relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: It was originally invested through Misun Technology Co., Ltd. Since the aforementioned company has gone through dissolution and liquidation, it has been changed to Miracle Technology Co., Ltd. directly investing in Miracle International Enterprise (Shanghai) Co., Ltd.

Taiwan Mask Corporation and Subsidiaries
Information on Major Shareholders
December 31, 2023

Table 7

Name of Main Shareholders	Shares	
	No. of shares held	Ownership
Youe Chung Capital Corporation	35,831,440	13.97%

Taiwan Mask Corporation and Subsidiaries
Consolidated financial statements and
independent auditor's report
2023 and 2022
(Stock Code: 2338)

Company address: No. 11, Chuangxin 1st Road, Baoshan,
Hsinchu County, Hsinchu Science Park

Telephone: (03)563-4370

Taiwan Mask Corporation and Subsidiaries

2023 and 2022 Consolidated Financial Statements and Accounting Auditor's Report

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Taiwan Mask Corporation
Consolidated Financial Statements Declaration

The companies that are required to be included in the affiliated companies consolidated financial statements as of and for the year ended on December 31, 2023, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements of parent company and subsidiaries prepared in conformity with the International Accounting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the affiliated companies consolidated financial statements is included in the consolidated financial statements of the aforesaid parent company and subsidiaries. Consequently, do not prepare a separate set of consolidated financial statements of the affiliated companies.

Very truly yours

Company Name: Taiwan Mask Corporation

Person in Charge: Sean Chen

March 6, 2024

To Taiwan Mask Corporation,

Opinions

We have audited the accompanying consolidated balance sheets of Taiwan Mask Corporation and its subsidiaries (the "Group") as of December 31, 2023 and 2022, and the related consolidated statement of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the accompanying consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 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 as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in Taiwan. Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the TMC Group's consolidated financial statements in fiscal year 2023 are stated as follows:

Evaluation of Inventories

Explanation

Refer to Note 4(14) for the accounting policies on the evaluation of inventories, Note 5(2) for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(5) for the detailed description of inventory accounts. The inventory amount and allowance for inventory valuation loss as of December 31, 2023 were NT\$805,951 thousand and NT\$104,128 thousand, respectively.

The Group is primarily engaged in mask and integrated circuit services in the semiconductor industry. Due to rapid technological innovations, short life-cycle and competition within the mask industry, the risk of price fluctuations, Loss on decline in value of inventories and obsolescence is higher than that of other industries. Management evaluates inventories stated at the lower of cost and net realizable value. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand and evaluate the accounting policy for the provision of allowance for losses on decline in value of inventories.
2. Perform test to evaluate the ageing statement of inventories and the statement of lower of cost and net realizable value of inventories, including validating the supporting documents related to the date of inventory movement to confirm the correct ageing classification, and validating the supporting documents related to the net realizable value to assess and confirm the reasonableness of the net realizable value determination.
3. Verify the reasonableness of allowance for inventory valuation loss.

Income recognition

Explanation

For the accounting policy on income recognition, please refer to Note 4(29) of the financial report. For sales revenue, please refer to Note 6(22); the operating income in fiscal year 2023 was NT\$7,199,935 thousand.

The Group mainly produces and sells products such as masks and integrated circuits used in semiconductors, and has a large and diversified sales base. Trading conditions vary according to market conditions and customer needs. Considering that sales revenue is a major transaction that has a significant impact on the consolidated financial statements, we believe that the recognition of sales revenue is one of the most important matters to be considered in this year's audit.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand the type of major income and assess internal operations, review revenue recognition and accounting treatment.
2. Obtain the sales revenue statement, sample the sales transactions and verify the relevant documents to determine the appropriateness of the sales revenue.
3. Execute the cut-off test for the sales receipts transaction for a certain period of time before and after the closing date, and confirm that the account is correct at the time of entry.

Other matters—Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only standalone financial statements of Taiwan Mask Corporation as of 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 as endorsed and issued into effect 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.

Independent Auditor's 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 ROC AS 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 conducted in accordance with ROC AS, we exercise professional judgment and professional skepticism throughout the audit. We also conduct the following undertakings:

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 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 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 communicated 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 for the current period.

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 2023 consolidated financial statements of the current period and are therefore deemed 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 auditor's report because the adverse consequences of doing so would reasonable are expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Ya-Hui Cheng

Accountant

Chien-Yu Liu

Securities and Futures Bureau of Financial Supervisory Commission of the Executive Yuan

Approval Certificate No. 0960072936

Financial Supervisory Commission of the Executive Yuan

Approval Document for Attestation: Jin-Guan-Zheng-Shen-Zi No. 1090350620

March 6, 2024

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and Cash Equivalents	6(1)	\$ 1,364,106	7	\$ 1,749,957	10
1110	Financial Assets at Fair Value	6(2) and 8				
	Through Profit or Loss - Current		1,626,536	8	1,584,598	9
1136	Financial Assets at Amortized Cost -	6(3) and 8				
	Current		259,885	1	160,465	1
1140	Contract Asset - Current	6(22)	105,263	-	140,231	1
1150	Notes Receivables (Net)	6(4)	6,049	-	1,361	-
1170	Accounts Receivables (Net)	6(4)	1,478,806	7	1,501,012	8
1180	Accounts Receivables - Related	6(4) and 7				
	Parties (Net)		26	-	2,346	-
1200	Other Receivables		29,003	-	13,751	-
1210	Other Receivables - Related Parties	7	407	-	-	-
1220	Tax Assets for the Period		1,830	-	42,652	-
130X	Inventories	6(5)	701,823	3	382,530	2
1410	Prepayments		326,387	2	280,245	2
1470	Other Current Assets		10,774	-	44,734	-
11XX	Total Current Assets		<u>5,910,895</u>	<u>28</u>	<u>5,903,882</u>	<u>33</u>
Non-Current Assets						
1510	Financial Assets at Fair Value	6(2) and 8				
	Through Profit or Loss - Non Current		2,896,178	14	2,896,557	16
1535	Financial Assets at Amortized Cost -	6(3) and 8				
	Non Current		660,157	3	507,602	3
1550	Investment under Equity Method	6(6) and 7	67,506	-	124,565	1
1600	Property, plant and equipment	6(7) and 8	9,405,807	45	5,883,661	33
1755	Right-of-use Asset	6(8)	554,630	3	550,611	3
1760	Investment property (Net)	6(10) and 8	170,500	1	170,346	1
1780	Intangible assets	6(11) and 8	721,410	3	497,180	3
1840	Deferred Income Tax Assets	6(29)	22,337	-	9,365	-
1900	Other Non-Current Assets	6(12)	514,639	3	1,349,137	7
15XX	Total Non-Current Assets		<u>15,013,164</u>	<u>72</u>	<u>11,989,024</u>	<u>67</u>
1XXX	Total Assets		<u>\$ 20,924,059</u>	<u>100</u>	<u>\$ 17,892,906</u>	<u>100</u>

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

Liabilities and Equities	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2100	Short Term Loans	6(13)	\$ 5,429,370	26	\$ 4,624,525	26
2120	Financial liabilities at fair value through profit or loss - Current	6(2)	9,383	-	5,697	-
2130	Contract Liabilities - Current	6(22)	174,538	1	232,778	1
2150	Notes Payable		66	-	81	-
2170	Accounts Payable		463,892	2	417,175	2
2180	Accounts payable - Related party	7	-	-	284	-
2200	Other Payables	6(14)	1,205,153	6	837,213	5
2220	Other Payables - Related Parties	7	304	-	-	-
2230	Current Income Tax Liabilities		15,379	-	178,854	1
2250	Provision for Liabilities - Current		4,513	-	-	-
2280	Lease Liability - Current		47,439	-	32,571	-
2320	Long-term liabilities due within one year or one business cycle	6(16)	1,216,216	6	611,473	4
2399	Other Current Liabilities - Other		57,651	-	39,114	-
21XX	Total Current Liabilities		<u>8,623,904</u>	<u>41</u>	<u>6,979,765</u>	<u>39</u>
Non-current liabilities						
2530	Corporate bonds payable	6(15)	3,424,600	16	2,609,044	14
2540	Long-term borrowings	6(16)	3,126,340	15	3,167,974	18
2570	Deferred Income Tax	6(29)	127,215	1	121,124	1
2580	Lease liability - Non Current		519,754	3	527,098	3
2640	Defined Benefit Liabilities - Non Current	6(17)	10,648	-	16,512	-
2645	Guarantee Deposits Received		42,282	-	34,754	-
2670	Other Non-Current Liabilities - Other		-	-	2,428	-
25XX	Total Non-Current Liabilities		<u>7,250,839</u>	<u>35</u>	<u>6,478,934</u>	<u>36</u>
2XXX	Total Liabilities		<u>15,874,743</u>	<u>76</u>	<u>13,458,699</u>	<u>75</u>
Equity attributable to shareholders of the parent company						
Capital						
3110	Capital stock	6(18)	2,564,465	12	2,564,465	14
3200	Capital surplus	6(19)	1,439,959	7	1,251,681	8
3310	Retained earnings	6(20)	827,460	4	769,952	4
3350	Legal reserve		1,464,101	7	1,729,293	10
Other equity interests						
3400	Other equity interests	6(21)	1,641	-	10,508	-
3500	Treasury stock	6(18) and 8	(1,174,484)	(6)	(1,778,979)	(10)
31XX	Total Equities Attributable to Parent Company		<u>5,123,142</u>	<u>24</u>	<u>4,546,920</u>	<u>26</u>
36XX	Non-controlling Interests		<u>(73,826)</u>	<u>-</u>	<u>(112,713)</u>	<u>(1)</u>
3XXX	Total Equities		<u>5,049,316</u>	<u>24</u>	<u>4,434,207</u>	<u>25</u>
Major Commitments and Contingencies 9						
Major Events after Financial Statement Date 11						
3X2X	Total Liabilities and Equities		<u>\$ 20,924,059</u>	<u>100</u>	<u>\$ 17,892,906</u>	<u>100</u>

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

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Supervisor: Eve Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Comprehensive Income Statement
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand
(Except for earnings per share)

Items	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating income	6(22) and 7	\$ 7,199,935	100	\$ 7,741,118	100
5000 Operating costs	6(5) and 7	(5,363,566)	(75)	(5,642,493)	(73)
5900 Gross profit		<u>1,836,369</u>	<u>25</u>	<u>2,098,625</u>	<u>27</u>
Operating Expenses	6(27) (28) and 7				
6100 Selling Expenses		(271,119)	(4)	(209,947)	(3)
6200 Administrative Expenses		(459,028)	(6)	(375,754)	(5)
6300 R&D Expenses		(348,136)	(5)	(254,090)	(3)
6450 Expected loss on credit impairment	12(2)	(9,455)	-	(10,558)	-
6000 Total Operating Expenses		<u>(1,087,738)</u>	<u>(15)</u>	<u>(850,349)</u>	<u>(11)</u>
6900 Operating profit		<u>748,631</u>	<u>10</u>	<u>1,248,276</u>	<u>16</u>
Non-operating income and expenses					
7100 Interest income	6(23)	40,742	-	25,271	-
7010 Other Incomes	6(24) and 7	133,843	2	258,255	4
7020 Other Gains and Losses	6(25)	(98,389)	(1)	(619,247)	(8)
7050 Financial Costs	6(26)	(293,238)	(4)	(177,546)	(2)
7060 The share of affiliates and joint venture profits and losses recognized by the equity method	6(6)	<u>(85,789)</u>	<u>(1)</u>	<u>(61,296)</u>	<u>(1)</u>
7000 Total Non-Operating Incomes and Losses		<u>(302,831)</u>	<u>(4)</u>	<u>(574,563)</u>	<u>(7)</u>
7900 Earnings Before Tax		445,800	6	673,713	9
7950 Income Tax Expense	6(29)	<u>(281,516)</u>	<u>(4)</u>	<u>(228,081)</u>	<u>(3)</u>
8200 Net profit for the period		<u>\$ 164,284</u>	<u>2</u>	<u>\$ 445,632</u>	<u>6</u>

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Comprehensive Income Statement
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand
(Except for earnings per share)

Items	Notes	2023		2022		
		Amount	%	Amount	%	
Other Comprehensive Incomes (Net)						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Re-measurements of defined benefit plan	6(17)	(\$ 1,145)	-	(\$ 2,656)	-
8310	Total items that will not be reclassified subsequently to profit or loss		(1,145)	-	(2,656)	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statement translation differences of foreign operations	6(21)	(8,867)	-	6,476	-
8360	Total Components of other comprehensive income that will be reclassified to profit or loss		(8,867)	-	6,476	-
8300	Other Comprehensive Incomes (Net)		(\$ 10,012)	-	\$ 3,820	-
8500	Total comprehensive income for the year		\$ 154,272	2	\$ 449,452	6
Net Incomes (Losses) Attributable to:						
8610	Parent Company		\$ 366,126	5	\$ 703,519	9
8620	Non-controlling Interests		(201,842)	(3)	(257,887)	(3)
	Total		\$ 164,284	2	\$ 445,632	6
Total Comprehensive Incomes (Losses) Attributable to:						
8710	Parent Company		\$ 356,114	5	\$ 707,339	9
8720	Non-controlling Interests		(201,842)	(3)	(257,887)	(3)
	Total		\$ 154,272	2	\$ 449,452	6
Earnings per share						
9750	Net Income	6(30)	\$ 1.75		\$ 3.37	
Diluted Earnings per share						
9850	Net profit for the period	6(30)	\$ 1.65		\$ 3.12	

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

Chairperson: Sean Chen

Managerial Officer: Lidon Chen

Accounting Officer: Eve Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand

	Notes	Equity attributable to shareholders of the parent company									
		Retained earnings				Other equity interests					
		Capital stock	Capital surplus	Legal reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gain (loss) on investments on financial assets at fair value through other comprehensive income	Treasury stock	Total	Non-controlling Interests	Total Equity
<u>2022</u>											
Balance January 1, 2022		\$ 2,556,735	\$ 1,315,828	\$ 656,037	\$ 1,470,151	\$ 6,698	(\$ 2,666)	(\$ 941,423)	\$ 5,061,360	(\$ 187,509)	\$ 4,873,851
Net Income		-	-	-	703,519	-	-	-	703,519	(257,887)	445,632
Other Comprehensive Profit or Loss	6(21)	-	-	-	(2,656)	6,476	-	-	3,820	-	3,820
Total comprehensive income for the year		-	-	-	700,863	6,476	-	-	707,339	(257,887)	449,452
Distribution and appropriation of earnings for 2021	6(20)	-	-	-	-	-	-	-	-	-	-
Legal capital reserve		-	-	113,915	(113,915)	-	-	-	-	-	-
Cash dividends		-	-	-	(241,189)	-	-	-	(241,189)	-	(241,189)
Conversion of convertible bonds		7,730	55,472	-	-	-	-	-	63,202	-	63,202
Distribution of cash from capital surplus	6(19)(20)	-	(241,189)	-	-	-	-	-	(241,189)	-	(241,189)
Adjustment of capital reserve by dividends paid to subsidiaries	6(19)	-	73,463	-	-	-	-	-	73,463	-	73,463
Changes in ownership interests in subsidiaries recognized	6(19)	-	10,169	-	(86,617)	-	-	(76,448)	-	-	(76,448)
Changes in shares of affiliates and joint ventures recognized under the equity method	6(19)	-	21,107	-	-	-	-	-	21,107	130,213	151,320
Share-based payment transaction	6(18)(19)	-	16,831	-	-	-	-	-	16,831	2,230	19,061
Treasury Stock Buyback	6(18)	-	-	-	-	-	(842,536)	(842,536)	-	-	(842,536)
Subsidiaries donated treasury stock	6(18)	-	-	-	-	-	4,980	4,980	-	-	4,980
Cash increase of non-controlling equity in Subsidiaries		-	-	-	-	-	-	-	-	200,240	200,240
Balance December 31, 2022		\$ 2,564,465	\$ 1,251,681	\$ 769,952	\$ 1,729,293	\$ 13,174	(\$ 2,666)	(\$ 1,778,979)	\$ 4,546,920	(\$ 112,713)	\$ 4,434,207
<u>2023</u>											
Balance as at January 1, 2023		\$ 2,564,465	\$ 1,251,681	\$ 769,952	\$ 1,729,293	\$ 13,174	(\$ 2,666)	(\$ 1,778,979)	\$ 4,546,920	(\$ 112,713)	\$ 4,434,207
Net profit for the period		-	-	-	366,126	-	-	-	366,126	(201,842)	164,284
Other Comprehensive Profit or Loss	6(21)	-	-	-	(1,145)	(8,867)	-	-	(10,012)	-	(10,012)
Total comprehensive income for the year		-	-	-	364,981	(8,867)	-	-	356,114	(201,842)	154,272
Distribution and appropriation of earnings for 2022	6(20)	-	-	-	-	-	-	-	-	-	-
Legal capital reserve		-	-	57,508	(57,508)	-	-	-	-	-	-
Cash dividends		-	-	-	(572,665)	-	-	-	(572,665)	-	(572,665)
Distribution of cash from capital surplus	6(19)(20)	-	(49,797)	-	-	-	-	-	(49,797)	-	(49,797)
Adjustment of capital reserve by dividends paid to subsidiaries	6(19)	-	90,829	-	-	-	-	-	90,829	-	90,829
Changes in ownership interests in subsidiaries recognized	6(19)	-	133,604	-	-	-	-	-	133,604	(58,871)	74,733
Changes in shares of affiliates and joint ventures recognized under the equity method	6(19)	-	13,793	-	-	-	-	-	13,793	-	13,793
Subsidiaries donated treasury stock	6(18)	-	-	-	-	-	12,807	12,807	-	-	12,807
Treasury stocks transfer to employees	6(18)	-	-	-	-	-	591,688	591,688	-	-	591,688
Payment of overdue unclaimed dividends to shareholders	6(19)	-	(151)	-	-	-	-	(151)	-	-	(151)
Increase in non-controlling interests in mergers		-	-	-	-	-	-	-	-	299,600	299,600
Balance as of December 31, 2023		\$ 2,564,465	\$ 1,439,959	\$ 827,460	\$ 1,464,101	\$ 4,307	(\$ 2,666)	(\$ 1,174,484)	\$ 5,123,142	(\$ 73,826)	\$ 5,049,316

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

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Supervisor: Eve Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Cash Flow Statements
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash Flow from Operating Activities</u>			
Net Income (Loss) Before Tax		\$ 445,800	\$ 673,713
Adjustments to Reconcile Net Income to Net Cash Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(27)	933,404	568,193
Amortization	6(27)	52,495	45,391
Expected loss on credit impairment	12(2)	9,455	10,558
Interest income	6(23)	(40,742)	(25,271)
Interest Expenses	6(26)	293,238	177,546
Subsidiaries donated treasury stock	7	12,807	4,980
Net losses of financial assets at fair value through profit or loss	6(25)	221,510	801,122
Gain (loss) on disposal of investments	6(25)	(101,102)	(123,552)
Dividend income	6(24)	(94,064)	(194,598)
Share-based payment transaction	6(18)	-	19,061
Share of losses of affiliated companies recognized under the equity method	6(6)	85,789	61,296
Disposal of interests in property, plant and equipment	6(25)	(688)	(5,024)
Gains on disposal of intangible assets	6(25)	(25,499)	-
Property, plant and equipment reclassified as expenses		78	1,186
The Changes of Assets/ Liabilities related to Operating Activities			
Net Changes of Assets related to Operating Activities			
Mandatory financial assets at fair value through profit or loss		(175,131)	(115,356)
Contract Assets		34,968	15,532
Notes Receivables		(4,604)	(1,298)
Accounts Receivables		28,959	(247,822)
Accounts Receivables – Related Parties		2,320	14,466
Other Receivables		(16,753)	55,246
Other Receivables – Related Parties		(407)	-
Inventories		(250,767)	21,187
Prepayments		(40,501)	(158,379)
Other Current Assets		35,911	(14,837)
Other Non-Current Assets		29,108	671
Net Changes of Liabilities related to Operating Activities			
Contract Liabilities		(67,726)	53,463
Notes Payable		(79,735)	15
Accounts Payable		27,826	(60,057)
Accounts payable - Related party		(284)	284
Other Payables		49,752	144,840
Other Payables- related Parties		304	-
Provisions		-	(10,964)
Other Current Liabilities		17,970	(167)
Defined Benefit Liabilities		(7,012)	4,169
Other Current Liabilities		(7,228)	(98,218)
Net Cash In-Flow from Operating		1,369,451	1,617,376
Dividends Received		110,914	194,598
Interest Received		42,243	25,271
Interest Paid		(260,590)	(177,546)
Income Tax Paid		(444,991)	(246,930)
Net Cash In-Flow from Operating Activities		817,027	1,412,769

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Cash Flow Statements
January 1 to December 31, 2023, and 2022

Unit: NT\$ Thousand

	<u>Notes</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash Flow from Investment Activities</u>			
Acquisition of Amortized Cost Financial Assets		(\$ 672,781)	(\$ 610,686)
Disposal of Amortized Cost Financial Assets		416,418	20,882
Cash outflows from changes in consolidated entities	6(31)	(78,027)	-
Acquisition of investment property by the Equity Method		(15,000)	-
Acquisition of Property, Plants and Equipment	6 (32)	(3,179,581)	(2,911,204)
Disposal of Property, Plants and Equipment		8,695	6,020
Acquisition of Intangible Assets	6(11)	(36,975)	(45,767)
Gains on disposal of intangible assets		27,043	-
Increase in Refundable Deposit		(35,869)	(36,932)
Net Cash Outflow from Investing Activities		(3,566,077)	(3,577,687)
<u>Cash Flows from Financing Activities</u>			
Increase of Short Term Loan	6 (33)	7,613,689	16,200,182
Redemption of Short Term Loan	6 (33)	(6,907,998)	(15,952,423)
Increase of Long Term Loan	6 (33)	1,593,546	4,569,424
Redemption of Long Term Loan	6 (33)	(1,061,577)	(3,512,177)
Issuance of ordinary corporate bonds	6 (33)	797,338	997,095
Treasury stocks transfer to employees		591,688	-
Cost of treasury stock buyback		-	(842,536)
Redemption of Lease Principal	6 (33)	(51,816)	(55,556)
Increase in Guarantee Deposits Received	6 (33)	7,528	27,846
Distribution of cash dividends (including capital surplus distribution cash)		(531,633)	(408,915)
Cash increase of non-controlling equity in Subsidiaries		299,600	200,240
Payment of overdue unclaimed dividends		(151)	-
Net Cash In-Flow (Out-Flow) from Funding Activities		2,350,214	1,223,180
Adjustments of Exchange Rate		12,985	9,876
Increase (Decrease) in Cash and Cash Equivalents		(385,851)	(931,862)
Beginning Balance of Cash and Cash Equivalents		1,749,957	2,681,819
Ending Balance of Cash and Cash Equivalents	6(1)	\$ 1,364,106	\$ 1,749,957

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

Chairperson: Sean Chen

Managerial Officer: Lidon Chen

Accounting Officer: Eve Yang

Taiwan Mask Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
2023 and 2022

Unit: NT\$ Thousand
(Unless otherwise specified)

I. Company History

Taiwan Mask Corporation (hereinafter referred to as the “Company”) was established on October 21, 1988, and started its operations in March 1989. The Company was approved by the shareholders meeting on June 12, 2000 to acquire Shin-Tai Technology Co., Ltd., on the merger record date of December 1, 2000, with the Company being the surviving entity. The Company and its subsidiary (collectively referred to as the “Group”) mainly engage in the research, development, manufacturing and sales of photomask and integrated circuits, providing technical assistance, consultation, inspection and repair of the abovementioned products, and manufacturing and buying and selling of medical equipment.

II. Date and procedures for passing the financial statement

The consolidated financial statements were reported to the Board of Directors and issued on March 6, 2024.

III. Application of New and Revised International Financial Reporting Standards

(I) The impact from adopting the newly released and revised IFRS and IAS recognized and issued into effect by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS recognized and issued into effect by the Financial Supervisory Commission in 2023:

Newly released/corrected/amended standards and interpretations	Effective Date Issued by IASB
Amendment 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 Income Taxes Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendment to IAS 12 “International Tax Reform - Pillar Two Model Rules”	May 23, 2023

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(II) Impact of the newly released and amended IFRS and IAS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS recognized by the Financial Supervisory Commission in 2024:

Newly released/corrected/amended standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 - "Liabilities of Lease from the Leaseback"	January 1, 2024
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities With Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(III) IFRS and IAS issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS issued by the IASB but not yet recognized by the FSC:

Newly released/corrected/amended standards and interpretations	Effective Date Issued by IASB
IFRS 10 and IAS 28 amendments, Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the IASB
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendments to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2023

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

IV. 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.

(I) Compliance statement

These consolidated financial statements of the Group have been prepared in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the FSC (collectively referred herein as the “IFRSs”).

(II) Basis of Preparation

1. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention.
 - (1) Financial assets and financial liabilities at fair value through profit or loss (including derivatives).
 - (2) Financial Assets at Fair Value Through Other Comprehensive Income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note V.

(III) Basis of consolidation

1. The basis for preparation of consolidated financial statements
 - (1) All subsidiaries are included in the Corporate Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Corporate Group. The Corporate 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.
 - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Corporate Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Corporate Group.
 - (3) The profit and loss and the components of other comprehensive income attribute to the owners of the parent company and non-controlling interest. The total comprehensive income also attributes to the owners of the parent company and non-controlling interest, even if this results in the non-controlling interests having a deficit balance.
 - (4) 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 equity transactions, and they are considered as 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 directly recognized in equity.

- (5) 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 recognized in profit or loss. All amounts previously recognized 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 recognized 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.

2. Subsidiaries included in the consolidated financial statements:

Name	Name of Subsidiary	Main Business Activity	Ownership (%)		Explanation
			December 31, 2023	December 31, 2022	
Taiwan Mask Corporation	SunnyLake Park International Holding, Inc.	Name of Investor	100	100	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Name of Investor	100	100	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	
Taiwan Mask Corporation	Innova Vision INC.	Manufacturing, retail, wholesale and international trade of medical equipment	75.32	91.53	
Taiwan Mask Corporation	One Test Systems	Research, development and design of test equipment and related components	100	-	Note 3
Taiwan Mask Corporation	Pilot Battery Co., Ltd.	Electronic parts and components and energy technical services	20.00	-	Note 1
Youe Chung Capital Corporation	Innova Vision INC.	Manufacturing, retail, wholesale and international trade of medical equipment	0.19	0.23	
Youe Chung Capital Corporation	Aptos Technology INC.	Design, packaging and testing of NAND flash memory, solid state drives and the related products	47.19	47.19	Note 4
Youe Chung Capital Corporation	Xsense Technology Corporation	Name of Investor	100	100	Note 5
Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Precious metal coating	53.00	53.00	Note 5
Xsense Technology Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Precious metal coating	-	-	Note 5
Youe Chung Capital Corporation	Digital-Can Tech. Co., Ltd.	3D Printing and Plastic Mold Design	57.39	57.39	
Youe Chung Capital Corporation	Pilot Battery Co., Ltd.	Electronic parts and components and energy technical services	38.89	-	Note 1
Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Retail and wholesale of memory products	53.33	-	Note 2

Name	Name of Subsidiary	Main Business Activity	Ownership (%)		Explanation
			December 31, 2023	December 31, 2022	
Aptos Technology INC.	ADL Energy Corp	Electronic parts and components and energy-technical services		100	Note 7
Aptos Technology INC.	New Sunrise Limited	Name of Investor	100	100	
Pilot Battery Co., Ltd.	ADL Energy Corp	Electronic parts and components and energy-technical services	100	-	Note 7
ADL Energy Corp	Aptos Global Holding Corp.	Name of Investor	100	100	
Miracle Technology CO., LTD.	Jing Hao Investment Co., Ltd.	Name of Investor	100	100	
Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	
Jing Hao Investment Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	
Jing Hao Investment Co., Ltd.	MIKO Technology Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	
Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	79.17	79.17	
Miracle International Enterprise(Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	20.83	20.83	
Innova Vision INC.	Innova Technology	Medical equipment retail and wholesale	100	100	
Innova Vision INC.	Innova Vision (B.V.I.) Inc.	Name of Investor	100	100	
Innova Vision INC.	iPro Vision Inc.	Medical equipment retail and wholesale	52.03	52.03	Note 6
Innova Vision (B.V.I.) Inc.	iPro Vision Inc.	Medical equipment retail and wholesale	47.97	47.97	Note 6

Note 1: In March 2023, the Company's subsidiary, Youe Chung Capital Corporation, invested in Pilot Battery Co.,Ltd. with 58.33% shareholding. Pilot Battery Co.,Ltd.

organized capital increase in cash by issuing new shares in November 2023. Youe Chung Capital Corporation did not execute based on shares proportion. Instead, the Company participated in the cash capital increase. As of December 2023, the Company and the Company's subsidiary, Youe Chung Capital Corporation, respectively held shares of ratio was 20% and 38.89%.

Note 2: In March 2023, the Company's subsidiary, Youe Chung Capital Corporation, invested in Moment Semiconductor, Inc. with 53.33% shareholding.

Note 3: The Company's subsidiary, Aptos Technology INC. invested in One Test Systems in May 2023 with a 100 % shareholding. In August 2002, the Group was reorganized and One Test Systems was directly owned by the Company, with its shareholding remaining at 100%.

Note 4: The Company's subsidiary, Youe Chung Capital Corporation, which holds a majority of the Board of Directors of the company, has substantial control over the company and therefore included the company in the consolidated financial statements as a consolidated entity.

Note 5: In November 2022, Xsense Technology Corporation reduced its capital, leaving only one share which was 100% owned by Youe Chung Capital Corporation. At the same time, Xsense Technology Corporation applied for the transfer of its shares in Xsense Technology Corporation (B.V.I.) Taiwan Branch to the original shareholders of Xsense Technology Corporation in the same proportion. After the transfer, the original shareholders of Xsense Technology Corporation switched to owning Xsense Technology Corporation (B.V.I.) Taiwan Branch. As of December 31, 2023, Youe Chung Capital Corporation held 100% of Xsense Technology Corporation and 53.00% of Xsense Technology Corporation (B.V.I.) Taiwan Branch, respectively.

Note 6: Originally named Innova Vision Kabushiki Kaisha, renamed to iPro Vision Inc. on February 17, 2023.

Note 7: Aptos Technology Inc., a subsidiary of the Company, held 100% equity of ADL Energy Corp. The Group's organization was restructured in December 2023 and the Company's subsidiary, Pilot Battery Co., Ltd., directly owned ADL Energy Corp. with a shareholding ratio of 100%.

3. Subsidiaries not included in the consolidated financial statement: None.

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

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Group:

The total non-controlling interests of the Group as of December 31, 2023 and 2022 were (NT\$73,826) and (NT\$112,713), respectively. The following information shows subsidiaries that have non-controlling interests that are material to the Group:

<u>Non-controlling Interests</u>						
		<u>December 31, 2023</u>		<u>December 31, 2022</u>		
<u>Name of</u>	<u>Main</u>	<u>Ownership in</u>		<u>Ownership in</u>		<u>Explanation</u>
<u>Subsidiary</u>	<u>location of</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
Aptos Technology and its subsidiaries	Taiwan	(\$ 248,253)	52.81%	(\$ 100,582)	52.81%	

Aggregate financial information of subsidiaries:

Balance Sheet

<u>Aptos Technology and its subsidiaries</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 248,931	\$ 339,417
Non-Current Assets	501,076	579,075
Current liabilities	(857,464)	(679,551)
Non-current liabilities	(362,617)	(429,397)
Total net assets	<u>(\$ 470,074)</u>	<u>(\$ 190,456)</u>

Statement of Comprehensive Income

<u>Aptos Technology and its subsidiaries</u>		
	<u>2023</u>	<u>2022</u>
Revenue	\$ 536,868	\$ 708,792
Net loss before taxes	(274,029)	(295,477)
Income tax benefits	15	-
Net loss of current period from continuing operations	<u>(274,014)</u>	<u>(295,477)</u>
Loss from discontinued operations	-	-
Net loss for the period	(274,014)	(295,477)
Other comprehensive income (net after tax)	-	-
Total comprehensive income for the year	<u>(\$ 274,014)</u>	<u>(\$ 295,477)</u>

Statements of Cash Flows

	<u>Aptos Technology and its subsidiaries</u>	
	<u>2023</u>	<u>2022</u>
Net cash outflow from operating activities	(\$ 129,331)	(\$ 236,453)
Net Cash Outflow from Investing Activities	28,644	(106,726)
Net Cash In-Flow (Out-Flow) from Funding Activities	<u>140,091</u>	<u>327,492</u>
Increase (Decrease) of Cash and Cash Equivalents	39,404	(15,687)
Beginning Balance of Cash and Cash Equivalents	<u>18,461</u>	<u>34,148</u>
Ending Balance of Cash and Cash Equivalents	<u>\$ 57,865</u>	<u>\$ 18,461</u>

(IV) 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 currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using spot exchange rate 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 recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated using spot exchange rate at the balance sheet date. Exchange differences arising from re-translation at the balance sheet date are recognized in profit or loss.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using spot exchange rate at the balance sheet date. Their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated using spot exchange at the balance sheet date. Their translation differences are recognized in other comprehensive income. For those which are not measured at fair value, they measured by the historical exchange rate of the initial transaction date.
- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".

2. Translation of foreign operations

- (1) The operating results and financial position of all corporate group entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

C. All resulting exchange differences are recognized in other comprehensive income.

- (2) When the foreign operation that is partially disposed of or sold is a subsidiary, the accumulated conversion difference recognized as other comprehensive income is re-attributed to the foreign operation's non-controlling interests on a pro rata basis. However, even if the Group retains part of its equity in the former subsidiary, but has lost control of the subsidiary of the foreign operation, it will be treated with as a disposal of the entire equity of the foreign operation
- (3) Goodwill and fair value adjustments arising on acquisition of a foreign entity are regarded as assets and liabilities of the foreign entity, and are translated at the closing rate.

(V) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Assets that are expected to be realized within twelve months from the balance sheet date.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Those that do not meet the above criteria are considered non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be paid off within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Liabilities that are to be paid off within twelve months from the balance sheet date.
- (4) 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.

Those that do not meet the above criteria are considered non-current.

(VI) 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.

(VII) Financial assets at fair value through profit and loss

1. Refer to the financial assets that are not measured at amortized cost, or are measured at fair value through other comprehensive gain or loss.
2. 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.
3. The Group measures financial assets at fair value in initial recognition. The related

transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

4. When the right to receive dividends is established, the economic benefits associated with the dividends are likely to flow in, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(VIII) Financial assets at fair value through other comprehensive profit and loss

1. Refers to an irrevocable election at the time of initial recognition to report the fair value changes of equity investments that are not held for trading in other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. The Corporate Group measures financial assets at fair value plus transaction costs at the initial recognition. The financial assets are subsequently measured at fair value. The fair value changes of equity investments are recognized in other comprehensive income. At the time derecognition, the accumulated gains or losses previously recognized in other comprehensive income shall not subsequently reclassified to profit or loss, and shall be transferred to retained earnings. When the right to receive dividends is established, the economic benefits associated with the dividends are likely to flow in, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(IX) Financial assets measured at amortized cost

1. Refer to those that meet the following criteria at the same time:
 - (1) The objective of the business model is achieved by collecting contractual cash flows.
 - (2) The assets' contractual cash flows solely represent payments of principal and interest.
2. The Corporate Group holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and is measured by the amount of investment.

(X) Accounts and notes receivable

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XI) Impairment Loss of Financial Assets

Regarding debt instruments measured at FVTOCI, financial assets measured at amortized cost, accounts receivable or contract assets and lease receivables that contain significant financing components, the Group, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for contract assets or trade receivables that do not constitute a financing transaction.

(XII) De-recognition of financial assets

A financial asset is derecognized when the Group's rights to receive cash flows from the financial assets have expired.

(XIII) Lessor's lease transaction - Operating lease

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(XIV) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (amortized according to normal production capacity), but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable costs of completion and selling expenses.

(XV) Investments accounted for using equity method - Associates

1. Associates refer to entities over which the Corporate Group has significant influence but is not in control. In general, the associates may have more than 20% of their voting shares directly or indirectly owned by the Group. The Corporate Group accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
2. The Corporate Group recognizes the profit and loss upon the acquisition of associates as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. When the Corporate Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group will not recognize further losses, unless it has incurred legal or constructive obligations or make payments on behalf of the associate.
3. If an associate has changes in equity not from profit or loss or other comprehensive income, and such changes do not affect the Corporate Group's shareholding in the associate, the Group will recognize all changes in equity attributable to the Group's share of the associate as "capital surplus" according to the shareholding percentage.
4. Unrealized gains on transactions between the Corporate Group and associates are eliminated to the extent of the Group's interest in the associates. Unrealized 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 Corporate Group.
5. In the event that an associate issues new shares and the Corporate Group does not subscribe to or acquire the new shares in proportion, which results in a change to the Group's shareholding percentage but the Group maintains a significant influence on the associate, the increase or decrease of the Group's share of equity interest is the adjustment of "capital surplus" and "investments accounted for under the equity method". If the investment percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the

relevant assets or liabilities were disposed of.

(XVI) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporate Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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	5 years to 60 years
Machinery and equipment	2 years to 14 years
Office equipment	2 years to 7 years
Transportation equipment	3 years to 7 years
Leasehold improvements	2 years to 10 years
Mold equipment	2 years
Other equipment	2 years to 12 years

(XVII) Leasing agreements (lessee) - Right-of-use assets/lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.
2. 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 include fixed payments, less any lease incentives receivables.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized 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.

3. At the commencement date, the right-of-use asset is recognized at cost which includes:
 - (1) The amount of initial measurement of lease liability.

- (2) Any lease payments made at or before the commencement date.
- (3) Any original direct costs incurred.
- (4) The estimated cost of dismantling, removing the underlying asset and restoring its location, or restoring the underlying asset to the condition required in the lease terms and conditions.

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 service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

(XVIII) Real estate investment

Investment properties are initially measured at cost, and may be subsequently measured using a cost model. Except for land, the service life is recognized on a straight-line basis of depreciation and is about 45 years.

(XIX) Intangible assets

1. Trademark and concession

Trademarks and concession obtained separately are recognized at the cost of acquisition, and trademarks and concessions obtained as a result of a business combination are recognized at fair value on the acquisition date. Trademarks and concessions are assets with a limited useful life and are amortized based on the estimated useful life of 10 to 15 years based on the straight-line method.

2. Computer software

Computer software is recognized at the cost of acquisition, and amortized based on the estimated useful life of 3 years based on the straight-line method.

3. Goodwill

Goodwill is measured in a business combination using the acquisition method.

(XX) Impairment of non-financial assets

1. The Corporate 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 recognized 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 disposal cost or value in use. 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 amortized historical cost would have been if the impairment had not been recognized.
2. Goodwill, intangible assets with indefinite useful life and intangible assets not yet available for use are regularly estimated for their recoverable amounts. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The goodwill impairment loss will not be reversed in subsequent years.
3. Goodwill is allocated to cash-generating units for the purpose of conducting the impairment testing. The allocation identified based on the operating segment, and the goodwill is allocated to cash-generation units or groups of cash-generation units expected to benefit from the business combination that generates goodwill.

(XXI) Borrowings

Refers to long- and short-term funds borrowed from banks and other long- and short-term borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXII) Accounts and notes receivable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXIII) Convertible bonds payable

The convertible bonds payable issued by the Group are embedded with conversion options (i.e., the holder's right to choose to convert to the Group's common stock for a fixed amount of shares), put options and call options. The issuance price is classified as financial assets, financial liabilities or equity at the time of initial issuance according to the terms of issuance, which is treated as follows:

1. Embedded put options and call options: "Financial assets or liabilities at fair value through profit or loss" are recorded at their net fair value on initial recognition; subsequently, "Gain or loss on financial assets (liabilities) at fair value through profit or loss" is recognized on the balance sheet date, with the difference valued at current fair value.
2. Master contract of corporate bonds: The difference between the fair value of the corporate bonds and the redemption value is recognized as a premium or discount on the corporate bonds payable at the time of original recognition; subsequently, it is recognized in profit or loss as an adjustment to "finance costs" using the effective interest method under the amortization procedure over the circulation period.
3. Embedded conversion options (which meet the definition of equity): On initial recognition, the remaining value of the issue amount, net of the above "financial assets or liabilities at fair value through profit or loss" and "corporate bonds payable", is recorded as "capital surplus - stock options" and is not subsequently remeasured.
4. Any directly attributable transaction costs of the issuance are allocated to each component of liabilities and equity in proportion to the original carrying amount of each component mentioned above.
5. Upon conversion, the components of liabilities (including "corporate bonds payable" and "financial assets or liabilities at fair value through profit or loss") are subsequently measured according to their respective classifications, and the carrying amount of the aforementioned components of liabilities is added to the carrying amount of "capital surplus - stock options" as the issuance cost of common stock exchanged.

(XXIV) Employee benefits

1. 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 recognized as expenses in that period when the employees render service.

2. Pension

(1) Defined contribution plans

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

(2) Defined benefit plans

A. 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 recognized 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 the current interest rates of government bonds (at the balance sheet date) consistent with the currency and period of the defined-benefit plan instead.

B. Re-measurements arising on defined-benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. The related expenses of the past service cost are immediately recognized as profit and loss.

3. Termination benefits

Refer to when companies decide to terminate the employees before the normal retirement date, or when employees decide to accept the benefits in exchange for the termination. The Group recognizes expenses when it is no longer able to withdraw the offer of termination benefits or when the relevant restructuring costs are recognized, whichever is earlier. Liabilities that are not expected to be paid off within twelve months from the balance sheet date should be discounted.

4. Remuneration for employees and directors

Employees' bonuses and directors' remuneration are recognized 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.

(XXV) Share-based payment to employees

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at fair value, and it is recognized as compensation costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(XXVI) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. 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.
3. Deferred income tax is recognized, 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 income tax arising from the initially recognized goodwill 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 and does not generate taxable and deductible temporary difference. Deferred income 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 income 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 income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income 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. 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 realize the asset and settle the liability simultaneously.

(XXVII) Capital

1. 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.
2. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental costs, is recognized as a deduction of shareholders' equity with the net amount after tax. When the purchased shares are subsequently reissued, the difference between the consideration received and the book value after

deducting any directly attributable incremental costs and the impact of income tax is recognized as an adjustment to shareholders' equity.

(XXVIII) Dividend distribution

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 dividends to be distributed and transferred to be common stocks on the record date of issuance of new shares.

(XXIX) Recognized revenue

1. Sales of services

The Group mainly provides photomask manufacturing and integrated circuit packaging services. The actual services provided and fees will vary according to different customers. Prices are negotiated separately before providing services, and are based on the prevailing market price. The performance obligations identified based on customer contracts are mainly for photomask manufacturing and packaging services, and revenue is recognized by measuring the degree of completion of performance obligations during the period of service provision.

With the provision of photomask manufacturing and packaging services, the customer simultaneously receives and consumes the performance benefits, and the customer has control over the asset when the asset is created or enhanced. The Group's performance does not create any assets available for other purposes and has the exercisable right to the amount that has been completely performed till now. The related revenue is recognized by measuring the degree of completion of the performance obligation during the service period. The photomask manufacturing and packaging services are based on the input of the technical staff on the basis of the service, and the progress of completion is measured based on the percentage of the incurred cost to the estimated total cost. After the agreed service or shipment is fulfilled for the contract agreement, a bill is issued, so the contract assets are recognized when the service provided, and transferred to account receivables when the customer agrees to the Group to issue the bill.

2. Product sales

- (1) The Group manufactures and sells semiconductor-related integrated circuit products, medical equipment products, etc. The sales revenue is recognized when the control of the product is transferred to the customer. That is, once products are delivered to customers, the customers have discretion on the channel and price of product sales, and the Corporate Group has no outstanding performance obligations that may affect customers' acceptance of the products. The delivery of products occurs when products are shipped to a designated location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.
- (2) The time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Corporate Group has not adjusted the transaction price to reflect the time value of money.
- (3) Accounts receivable are recognized when goods are delivered to customers. The Corporate Group has unconditional rights to the contract price, and will be able to

collect the amount from the customers after the time has passed.

(XXX) Government subsidies

Government subsidies are recognized at fair value once it is reasonably convinced that the Company complies with the conditions for subsidies and will be receiving the subsidies. If the nature of the government subsidies is to compensate the expenses incurred by the Group, the government subsidies are recognized as current gains and losses on a systematic basis during the period in which the related expenses are incurred.

(XXXI) Business combination

1. The Corporate Group adopts the acquisition method for business combination. The combination consideration is calculated based on the fair value of transferred assets, liabilities incurred or assumed, and equity instruments issued. The transferred consideration includes the fair value of any assets and liabilities arising from contingent consideration agreed. The acquisition-related costs are recognized as expenses when incurred. The identifiable assets acquired and the liabilities assumed in a business combination are measured at the fair value on the acquisition date. The Group uses individual acquisition transactions as the basis. If the non-controlling interest is part of the current ownership interest and the holder has the right to a proportional share of the company's net assets at the time of liquidation, it is measured at a fair value on the acquisition date or based on the proportion of identifiable assets of acquiree. Other components of non-controlling interests are measured at fair value of the acquisition date.
2. If the total fair value of transfer of consideration, non-controlling interests of acquiree and the interest of acquiree that has been held previously exceeds the fair value of identifiable assets and the assumed liabilities, it is recognized as goodwill on the acquisition date. If the identifiable assets acquired and the assumed liabilities exceed the transfer of consideration, the difference between the non-controlling interests of acquiree and the total fair value of acquiree's interests previously held is recognized as the current profit or loss.

(XXXII) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the president that makes strategic decisions.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

The preparation of these consolidated financial statements requires the management to make critical judgments 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. Please see the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(I) Important judgments adopted by the accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of Inventories

The Group is primarily engaged in mask and integrated circuit services in the semiconductor industry. Due to rapid technological innovations, short life-cycle and competition within the mask industry, the risk of price fluctuations, Loss on decline in value of inventories and obsolescence is higher than that of other industries. The Group measures inventory based on the lower of cost and net realizable value. For inventories that are older than a certain period of age or are outdated and obsolete, the Group must use judgment and estimation to determine the net realizable value of the inventory on the balance sheet date. The valuation of inventory may undergo major changes.

As of December 31, 2023, the book value of the Corporate Group's inventory was NT\$701,823.

VI. Summary of Significant Accounting Items

(I) Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 629	\$ 612
Checking accounts and demand deposits	1,332,772	1,012,305
Time deposits	<u>30,705</u>	<u>737,040</u>
Total	<u>\$ 1,364,106</u>	<u>\$ 1,749,957</u>

1. The Group associates 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.
2. The Group has no cash and cash and cash equivalents pledged to others.

(II) Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	\$ 1,351,033	\$ 1,254,041
Beneficiary certificates	<u>500</u>	<u>500</u>
	1,351,533	1,254,541
Valuation adjustment	<u>275,003</u>	<u>330,057</u>
	<u>\$ 1,626,536</u>	<u>\$ 1,584,598</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Convertible bond call/put options	<u>\$ 9,383</u>	<u>\$ 5,697</u>
Non-current items:		
Mandatory financial assets at fair value through profit or loss		
Shares of listed and OTC company	\$ 2,689,504	\$ 2,596,725
Shares of non-listed and non-OTC company	129,949	115,338
Private equity	<u>75,000</u>	<u>20,000</u>
	2,894,453	2,732,063
Valuation adjustment	<u>1,725</u>	<u>164,494</u>
	<u>\$ 2,896,178</u>	<u>\$ 2,896,557</u>

1. Details of financial assets/liabilities at fair value through profit or loss recognized in profit or loss are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Shares of listed and OTC company	(\$ 115,526)	(\$ 654,638)
Convertible bond call/put options	(3,686)	(10,697)
Shares of non-listed and non-OTC company	<u>(1,196)</u>	<u>(12,236)</u>
	<u>(\$ 120,408)</u>	<u>(\$ 677,571)</u>

2. Please see Note 8 on how the Group provides financial assets at fair value through profit or loss as a pledged collateral.
3. Please see Note 12 (2) and (3) for the price risk and fair value information related to financial assets and liabilities at fair value through profit or loss.

(III) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Demand Deposit	\$ 156,629	\$ 102,500
Time deposits	<u>103,256</u>	<u>57,965</u>
	<u>\$ 259,885</u>	<u>\$ 160,465</u>
Non-current items:		
Demand Deposit	\$ 377,550	\$ 22,383
Time deposits	<u>282,607</u>	<u>485,219</u>
Total	<u>\$ 660,157</u>	<u>\$ 507,602</u>

1. Financial assets at amortized cost is recognized in the profit or loss shown as follows:

	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 8,570</u>	<u>\$ 9,052</u>

2. While not considering the collaterals or other credit enhancements, the financial assets at amortized cost held by the Group had the maximum exposure of credit risk at NT\$920,042 and NT\$668,067 as of December 31, 2023 and 2022, respectively.

3. Please see Note 8 on how the Group provides financial assets at amortized cost as a pledged collateral.

(IV) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes Receivables	<u>\$ 6,049</u>	<u>\$ 1,361</u>
Accounts Receivables	\$ 1,508,229	\$ 1,521,609
Accounts Receivables— Related Parties	<u>26</u>	<u>2,346</u>
	1,508,255	1,523,955
Less: Loss allowance	<u>(29,423)</u>	<u>(20,597)</u>
	<u>\$ 1,478,832</u>	<u>\$ 1,503,358</u>

1. Aging of accounts receivable notes receivable is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts Receivables</u>	<u>Notes Receivables</u>	<u>Accounts Receivables</u>	<u>Notes Receivables</u>
Not past due	\$ 1,226,407	\$ 6,049	\$ 1,188,466	\$ 1,361
Up to 30 days	171,778	-	224,106	-
31-90 days	78,432	-	85,210	-
91-180 days	11,385	-	14,582	-
More than 181 days past due	20,253	-	11,591	-
	<u>\$ 1,508,255</u>	<u>\$ 6,049</u>	<u>\$ 1,523,955</u>	<u>\$ 1,361</u>

The above is an aging report based on the number of days past due.

- As of December 31, 2023 and 2022, accounts receivable and notes receivable were from contracts with customers. The balances of notes and accounts receivable as of January 1, 2022 was NT\$1,280,623.
- While not considering the collaterals or other credit enhancements, the accounts receivable held by the Group had the maximum exposure of credit risk at NT\$1,478,832 and NT\$1,503,358, respectively, as of December 31, 2023 and 2022.
- Please refer to Note 12 (2) for the information on credit risk of accounts receivable.

(V) Inventories

	<u>Cost</u>	<u>December 31, 2023</u>	
		<u>(Gain from reversal of) loss allowance on decline in market value of inventories</u>	<u>Book value</u>
Raw materials	\$ 293,091	(\$ 45,647)	\$ 247,444
Work in process	169,281	(13,839)	155,442
Finished goods	216,092	(36,811)	179,281
Merchandise	127,487	(7,831)	119,656
Total	<u>\$ 805,951</u>	<u>(\$ 104,128)</u>	<u>\$ 701,823</u>

	<u>Cost</u>	<u>December 31, 2022</u>	
		<u>(Gain from reversal of) loss allowance on decline in market value of inventories</u>	<u>Book value</u>
Raw materials	\$ 257,443	(\$ 77,998)	\$ 179,445
Work in process	84,578	(9,468)	75,110
Finished goods	74,560	(37,618)	36,942
Merchandise	98,708	(7,675)	91,033
Total	<u>\$ 515,289</u>	<u>(\$ 132,759)</u>	<u>\$ 382,530</u>

The cost of inventories recognized as losses by the Corporate Group.

	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 5,466,608	\$ 5,609,401
Loss on falling prices of inventory and inventory obsolescence (gain from recovery)	(68,059)	26,310
Loss on scrapping of inventory	6,327	11,169
Revenue from sales of leftovers	(41,310)	(4,387)
	\$ 5,363,566	\$ 5,642,493

For 2023, part of the inventory for which the provision for impairment losses had been made in the previous period was sold and scrapped, resulting in a recovery in the net realizable value of the inventory, which was recognized as a decrease in operating costs.

(VI) Investment under Equity Method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Affiliates:		
Advagene Biopharma Co., Ltd.	\$ 41,425	\$ 40,485
Weida Hi-Tech Co., Ltd.	26,081	84,080
	<u>\$ 67,506</u>	<u>\$ 124,565</u>

The book value and the share of operating results of each of the Group's insignificant affiliates are summarized as follows:

	<u>2023</u>	<u>2022</u>
Net loss of current period from continuing operations	(\$ 85,789)	(\$ 61,296)

As of December 31, 2023 and 2022, the Group held 29.54% and 28.20% of the shares of Advagene Biopharma Co., Ltd., respectively, and 30.73% and 28.20% of the shares of Weida Hi-Tech Co., Ltd., respectively. The Group was the single largest shareholder of the companies. However, the Group did not hold a majority of the Board of Directors' seats and therefore did not actually participate in the business decisions and operating policies, including strategic decisions (such as financing, acquisitions, personnel and dividend policies) of Advagene Biopharma and Weida Hi-Tech Co., Ltd. The Group's shareholding alone does not reach the statutory attendance percentage of shareholders meetings, indicating that the Group has no actual ability to direct relevant activities. Therefore it is judged that the Group has no control over the companies, and only has a significant influence on them.

(VII) Property, plant and equipment

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Mold equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2023								
Cost	\$ 2,538,391	\$ 5,286,246	\$ 65,406	\$ 8,466	\$ 313,370	\$ 595,668	\$ 538,013	\$ 9,345,560
Accumulated depreciation	(737,646)	(2,144,752)	(34,354)	(5,556)	(295,689)	(243,902)	-	(3,461,899)
	<u>\$ 1,800,745</u>	<u>\$ 3,141,494</u>	<u>\$ 31,052</u>	<u>\$ 2,910</u>	<u>\$ 17,681</u>	<u>\$ 351,766</u>	<u>\$ 538,013</u>	<u>\$ 5,883,661</u>
<u>2023</u>								
January 1	\$ 1,800,745	\$ 3,141,494	\$ 31,052	\$ 2,910	\$ 17,681	\$ 351,766	\$ 538,013	\$ 5,883,661
Add - Cost	164,896	2,875,949	20,613	2,755	23,023	227,653	1,122,191	4,437,080
Disposals - Cost	-	(43,409)	(458)	-	-	(126,117)	-	(169,984)
Disposal - Accumulated depreciation	-	35,994	458	-	-	125,525	-	161,977
Depreciation	(188,074)	(567,664)	(15,756)	(1,282)	(7,628)	(94,179)	-	(874,583)
Reclassification	128,666	251,561	548	-	1,585	39,212	(497,328)	(75,756)
Increase in consolidated entities								
Transfer-in amount	35,052	5,423	1,954	550	-	422	-	43,401
Net exchange differences - Cost	-	13	3	5	-	3	-	24
Net exchange differences - Accumulated depreciation	-	(7)	(2)	(4)	-	-	-	(13)
December 31	<u>\$ 1,941,285</u>	<u>\$ 5,699,354</u>	<u>\$ 38,412</u>	<u>\$ 4,934</u>	<u>\$ 34,661</u>	<u>\$ 524,285</u>	<u>\$ 1,162,876</u>	<u>\$ 9,405,807</u>
December 31, 2023								
Cost	\$ 2,879,772	\$ 8,379,360	\$ 89,028	\$ 11,826	\$ 337,978	\$ 764,529	\$ 1,162,876	\$ 13,625,369
Accumulated depreciation	(938,487)	(2,680,006)	(50,616)	(6,892)	(303,317)	(240,244)	-	(4,219,562)
	<u>\$ 1,941,285</u>	<u>\$ 5,699,354</u>	<u>\$ 38,412</u>	<u>\$ 4,934</u>	<u>\$ 34,661</u>	<u>\$ 524,285</u>	<u>\$ 1,162,876</u>	<u>\$ 9,405,807</u>

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Mold equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2022								
Cost	\$ 2,327,441	\$ 3,631,853	\$ 46,490	\$ 6,544	\$ 18,784	\$ 63,751	\$ 246,016	\$ 6,340,879
Accumulated depreciation	(654,360)	(1,563,467)	(21,271)	(3,444)	(6,472)	(5,504)	-	(2,254,518)
	<u>\$ 1,673,081</u>	<u>\$ 2,068,386</u>	<u>\$ 25,219</u>	<u>\$ 3,100</u>	<u>\$ 12,312</u>	<u>\$ 58,247</u>	<u>\$ 246,016</u>	<u>\$ 4,086,361</u>
<u>2022</u>								
January 1	\$ 1,673,081	\$ 2,068,386	\$ 25,219	\$ 3,100	\$ 12,312	\$ 58,247	\$ 246,016	\$ 4,086,361
Add - Cost	363,663	1,370,721	13,473	654	6,677	40,174	520,043	2,315,405
Disposals - Cost	-	(391,644)	(29)	-	-	(65,269)	-	(456,942)
Disposal - Accumulated depreciation	-	391,565	29	-	-	64,352	-	455,946
Depreciation	(127,097)	(354,072)	(10,659)	(844)	(7,036)	(16,215)	-	(515,923)
Reclassification	(108,902)	56,538	3,019	-	5,728	270,477	(228,046)	(1,186)
December 31	<u>\$ 1,800,745</u>	<u>\$ 3,141,494</u>	<u>\$ 31,052</u>	<u>\$ 2,910</u>	<u>\$ 17,681</u>	<u>\$ 351,766</u>	<u>\$ 538,013</u>	<u>\$ 5,883,661</u>
December 31, 2022								
Cost	\$ 2,538,391	\$ 5,286,246	\$ 65,406	\$ 8,466	\$ 313,370	\$ 595,668	\$ 538,013	\$ 9,345,560
Accumulated depreciation	(737,646)	(2,144,752)	(34,354)	(5,556)	(295,689)	(243,902)	-	(3,461,899)
	<u>\$ 1,800,745</u>	<u>\$ 3,141,494</u>	<u>\$ 31,052</u>	<u>\$ 2,910</u>	<u>\$ 17,681</u>	<u>\$ 351,766</u>	<u>\$ 538,013</u>	<u>\$ 5,883,661</u>

1. The Group had no interest capitalization for investment property in 2023 and 2022.
2. The major components of the Group's buildings and structures include land, buildings and factory renovation projects. Except for land, they are depreciated for 5 to 56 years.
3. Information on property, plant and equipment pledged to others as collateral is provided in Note 8.
4. The abovementioned property, plant and equipment of the Group are for self-use.

(VIII) Leasing arrangements - lessee

1. The underlying assets leased by the Group include land, buildings and company vehicles. Leasing contracts are typically made for periods of 3 to 20 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.
2. The lease periods of other equipment leased by the Group did not exceed 12 months.
3. 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>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 481,191	\$ 507,948
Buildings and structures	18,226	1,018
Transportation equipment (company vehicles)	15,407	16,241
Other equipment	39,806	25,404
	<u>\$ 554,630</u>	<u>\$ 550,611</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 25,710	\$ 25,727
Buildings and structures	14,125	11,781
Transportation equipment (company vehicles)	12,043	9,640
Other equipment	3,583	1,854
	<u>\$ 55,461</u>	<u>\$ 49,002</u>

4. The increase in the right-of-use assets was NT\$52,886 and NT\$16,769 for 2023 and 2022, respectively.
5. The information on profit or loss items related to lease contracts is as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 7,345	\$ 7,012
Expenses for short-term lease contracts	6,534	6,283
Lease of low-value assets	4,491	2,785

6. The Group's total cash outflow on leases for 2023 and 2022 was NT\$70,186 and NT\$71,636, respectively.
7. Options to extend or terminate leases

In determining lease terms, the Group takes into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The

assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate.

(IX) Leasing arrangements - lessor

1. The Group leases out assets such as buildings. The lease contracts are typically made for periods of 1 to 2 years. The terms of lease contracts are negotiated separately and include various terms and conditions. In order to preserve the condition of leased assets, the Group usually requires lessees not to pledge the underlying leased assets.
2. The Group recognized rental income of NT\$20,580 and NT\$19,276 based on operating lease contracts in 2023 and 2022, respectively, and none of the lease contracts were variable lease payments.
3. The maturity analysis of the undiscounted lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 14,476
2024	<u>16,674</u>	<u>786</u>
	<u>\$ 16,674</u>	<u>\$ 15,262</u>

(X) Real estate investment

	<u>Buildings and structures</u>
January 1, 2023	
Cost	\$ 185,942
Accumulated depreciation	<u>(15,596)</u>
	<u>\$ 170,346</u>
<u>2023</u>	
January 1	\$ 170,346
Reclassification for the period -- Cost	6,234
Reclassification for the period -- Accumulated depreciation	<u>(2,720)</u>
Depreciation	<u>(3,360)</u>
December 31	<u>\$ 170,500</u>
December 31, 2023	
Cost	\$ 192,176
Accumulated depreciation	<u>(21,676)</u>
	<u>\$ 170,500</u>

	<u>Buildings and structures</u>
January 1, 2022	
Cost	\$ 185,942
Accumulated depreciation	<u>(12,328)</u>
	<u>\$ 173,614</u>
<u>2022</u>	
January 1	\$ 173,614
Depreciation	<u>(3,268)</u>
December 31	<u>\$ 170,346</u>
December 31, 2022	
Cost	\$ 185,942
Accumulated depreciation	<u>(15,596)</u>
	<u>\$ 170,346</u>

1. Rental income and direct operating expenses of investment real estate:

	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 19,224</u>	<u>\$ 16,436</u>
Direct operating expenses incurred by investment properties that generate rent income in the period	<u>\$ 3,436</u>	<u>\$ 2,641</u>

2. The fair value of the investment property held by the Group as of December 31, 2023 and 2022 were NT\$160,853 and NT\$165,392, respectively. They were valued using the income method and were of Level 3 fair value, and the major assumptions are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	3.75%~5.56%	7.09%
Annual rent (net income)	\$ 19,092	\$ 11,285
Number of years	45~50	45~50

3. No capitalization of interest for investment property in 2023 and 2022.

4. As of December 31, 2023 and 2022, the investment properties had been used as collaterals. Please refer to Note 8.

(XI) Intangible assets

	<u>2023</u> <u>trademark and</u> <u>concession</u>	<u>Computer</u> <u>software</u>	<u>Patents</u>	<u>Goodwill</u>	<u>Total</u>
January 1					
Cost	\$272,017	\$114,747	\$ 9,592	\$220,774	\$617,130
Accumulated amortization and impairments	(47,408)	(64,846)	(7,696)	-	(119,950)
	<u>\$224,609</u>	<u>\$ 49,901</u>	<u>\$ 1,896</u>	<u>\$220,774</u>	<u>\$497,180</u>
January 1	\$224,609	\$ 49,901	\$ 1,896	\$220,774	\$497,180
Consolidated transfer in	-	-	-	241,294	241,294
Add - Cost	-	36,321	654	-	36,975
Disposals - Cost	-	-	(1,544)	-	(1,544)
Reclassification	5,387	(6,830)	1,443	-	-
Amortization expense	(28,464)	(23,525)	(506)	-	(52,495)
December 31	<u>\$201,532</u>	<u>\$ 55,867</u>	<u>\$ 1,943</u>	<u>\$462,068</u>	<u>\$721,410</u>
December 31					
Cost	\$280,614	\$139,950	\$ 6,165	\$462,068	\$888,797
Accumulated amortization and impairments	(79,082)	(84,083)	(4,222)	-	(167,387)
	<u>\$201,532</u>	<u>\$ 55,867</u>	<u>\$ 1,943</u>	<u>\$462,068</u>	<u>\$721,410</u>

	<u>2022</u>				
	<u>trademark and</u>	<u>Computer</u>	<u>Patents</u>	<u>Goodwill</u>	<u>Total</u>
	<u>concession</u>	<u>software</u>			
January 1					
Cost	\$272,017	\$ 68,980	\$ 9,592	\$220,774	\$571,363
Accumulated amortization and impairments	(9,506)	(59,318)	(5,735)	-	(74,559)
	<u>\$262,511</u>	<u>\$ 9,662</u>	<u>\$ 3,857</u>	<u>\$220,774</u>	<u>\$496,804</u>
January 1	\$262,511	\$ 9,662	\$ 3,857	\$220,774	\$496,804
Addition - From separate acquisition	-	45,767	-	-	45,767
Acquisition					
Amortization expense	(37,902)	(5,528)	(1,961)	-	(45,391)
December 31	<u>\$224,609</u>	<u>\$ 49,901</u>	<u>\$ 1,896</u>	<u>\$220,774</u>	<u>\$497,180</u>
December 31					
Cost	\$272,017	\$114,747	\$ 9,592	\$220,774	\$617,130
Accumulated amortization and impairments	(47,408)	(64,846)	(7,696)	-	(119,950)
	<u>\$224,609</u>	<u>\$ 49,901</u>	<u>\$ 1,896</u>	<u>\$220,774</u>	<u>\$497,180</u>

Due to business mergers, as detailed in Note 6(31), the Group's goodwill increased by NT\$241,294 for 2023.

(XII) Other Non-Current Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for equipment	\$ 422,444	\$ 1,293,001
Refundable deposit	90,526	52,758
Others	1,669	3,378
Total	<u>\$ 514,639</u>	<u>\$ 1,349,137</u>

(XIII) Short Term Loans

<u>Type of borrowings</u>	<u>December 31,</u> <u>2023</u>	<u>Range of</u> <u>interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 1,657,862	0.88%~4.01%	None
Secured borrowings	3,741,508	1.20%~4.71%	Certificates of deposit, reserve accounts (Note), stocks of listed and OTC companies and treasury stock
Other borrowings			
Credit loan	<u>30,000</u>	2.700%	None
	<u>\$ 5,429,370</u>		

<u>Type of borrowings</u>	<u>December 31,</u> <u>2022</u>	<u>Range of</u> <u>interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 1,618,197	1.06%~2.68%	None
Secured borrowings	3,006,328	1.25%~2.75%	Certificates of deposit, reserve accounts, stocks of listed and OTC companies, treasury stock and investment properties.
	<u>-</u>		
	<u>\$ 4,624,525</u>		

The interest expenses recognized in profit and loss in 2023 and 2022 were NT\$126,371 and NT\$77,598, respectively.

Note: The responsible person of the subsidiary is the joint guarantor.

(XIV) Other Payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable on machinery and equipment	\$ 498,861	\$ 111,919
Payroll and bonus payable	153,545	111,894
Remunerations payable to employees and directors	94,305	129,630
Machine maintenance payable	44,906	51,362
Others	<u>413,536</u>	<u>432,408</u>
	<u>\$ 1,205,153</u>	<u>\$ 837,213</u>

(XV) Corporate bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Corporate bonds payable	\$ 3,800,000	\$ 3,000,000
Less: Amount of exercised conversion options	(324,400)	(324,400)
Less: Discount on corporate bonds payable	<u>(51,000)</u>	<u>(66,556)</u>
	3,424,600	2,609,044
Less: Corporate bonds matured in one year or a business cycle or have the put option exercised	<u>-</u>	<u>-</u>
	<u>\$ 3,424,600</u>	<u>\$ 2,609,044</u>

1. The terms of issuance for the Group's 3rd domestic unsecured convertible bonds are as follows:

- (1) The Group has been approved by the competent authority to raise and issue \$2,000,000 of the 3rd domestic unsecured convertible bonds, with a coupon rate of 0% and an issuance period of 5 years from August 3, 2021 to August 3, 2026. The convertible bonds are repayable in cash at par value on maturity. The convertible bonds were listed for trading on August 3, 2021.
- (2) The bondholders may request the conversion of the convertible bonds into the Group's common shares at any time from the day after the expiration of three months from the date of issuance of the corporate bonds to the maturity date, except during the period when the transfer of the corporate bonds is suspended in accordance with the regulations or laws, and the rights and obligations of the converted common shares are the same as those of the original issued common shares.
- (3) The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in the Measures, and the conversion price will be adjusted in accordance with the pricing model stipulated in the Conversion Measures in the event that the Group is subject to anti-dilution provisions. The conversion price will be reset on the base date set by the Regulations in accordance with the pricing model stipulated in the Conversion Measures. As of December 31, 2023, the conversion price was NT\$82.4 per share.
- (4) If the closing price of the Company's common stock exceeds 30% of the then conversion price for 30 consecutive business days from the day following the third month of the issuance of the convertible bonds to the 40th business day prior to the expiration of the issuance period, the Company may redeem the outstanding corporate bonds within the next 30 business days at the par value of the corporate bonds in cash.
- (5) If the outstanding balance of the convertible bonds is less than 10% of the total par value of the corporate bonds issued, the Company may redeem the convertible bonds at any time thereafter for cash at the par value of the corporate bonds, from the day following the third month of the issuance of the corporate bonds to the 40th business

day prior to the expiration of the issuance period.

- (6) As of December 31, 2023, a total amount of NT\$324,400 had been converted into 3,733 thousand shares of common stock.
2. Upon issuance of convertible bonds, the Group separated the conversion options from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation," and recorded "capital surplus - stock options" at \$406,616. The embedded repurchase and repurchase rights are separated from the principal contractual debt instruments in accordance with IFRS 9, "Financial Instruments", because they are not closely related to the economic characteristics and risks of the principal contractual debt instruments, and are recorded as "financial assets or liabilities at fair value through profit or loss" on a net basis. The effective interest rate of the master contract debt after the separation was 0.0902%.
3. First series domestic secured corporate bonds
In order to raise the Group's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the first series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:
 - (1) Total amount of issue: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of \$300,000, and B is issued with an amount of \$200,000, totaling \$500,000.
 - (2) Issue period: Five years, issued on September 28, 2022, and matured on September 28, 2027.
 - (3) Coupon rate and repayment method of principal and interest: Both Bond A and Bond B have a fixed annual coupon rate of 1.80%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
 - (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.
4. Second series domestic secured convertible corporate bonds
In order to raise the Group's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the second series domestic secured convertible corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:
 - (1) Total amount of issuance: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of \$200,000, and B is issued with an amount of \$300,000, totaling \$500,000.
 - (2) Issue period: Five years, issued on December 27, 2022, and matured on December 27, 2027.
 - (3) Coupon rate and repayment method of principal and interest: Bond A has a fixed annual coupon rate of 2.20% and Bond B has a fixed annual coupon rate of 2.38%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
 - (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.
5. Third series domestic secured convertible corporate bonds

In order to raise the Group's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the third series domestic secured convertible corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$300,000 in total.
- (2) Issuance period: Five years from issuance on August 28, 2023 to expiration on August 28, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.62% per annum, and the simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

6. Fourth series domestic secured convertible corporate bonds

In order to raise the Group's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the fourth series domestic secured convertible corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$500,000 in total.
- (2) Issuance period: Five years from issuance on December 12, 2023 to expiration on December 12, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.8% per annum, and the simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

(XVI) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	From December 27, 2021 to December 27, 2032, to be repaid in installments and installments over the agreed period	2.20%~2.55%	Buildings and structures and investment properties	\$ 1,005,263
Secured borrowings	From January 28, 2022 to January 28, 2027, to be repaid in installments and installments over the agreed period	2.55%	Buildings and structures, machinery equipment and investment property	1,000,000
Secured borrowings	From July 26, 2023 to July 25, 2038, with interest paid monthly	2.45%~2.55%	Plant and land	127,600
Secured borrowings	From June 12, 2018 to July 05, 2028, to be repaid in installments and installments over the agreed period	2.25%~4.33%	Machinery and equipment	983,360
Credit loan	From January 24, 2022 to January 24, 2027, monthly interest payments with principle and interest	1.50%~3.00%	None (Note)	6,318
Other long-term borrowings				
Secured borrowings	From March 25, 2021 to July 29, 2027, to be repaid in installments and installments over the agreed period	2.45%~8.20%	Machinery and equipment	610,369
Secured borrowings	From June 10, 2022 to June 28, 2028, with interest paid monthly	3.53%~6.48%	Houses, buildings, machinery and equipment, and land	393,143
Credit loan	From December 30, 2021 to June 30, 2025, to be repaid in installments and installments over the agreed period	4.19%~7.80%	None	216,503
				=
				4,342,556
Less: Long-term borrowings due within one year or one business cycle)				(1,216,216)
				\$ 3,126,340

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	From December 28, 2021 to January 28, 2027, repayable in portions and in installments during the term specified in the agreement	2.43%	Buildings and structures and machine and equipment	\$ 1,250,000
Secured borrowings	From December 27, 2021 to December 27, 2024, repayable in portions and in installments during the term specified in the agreement	2.41%	Buildings and structures	250,000
Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from June 12, 2018 to December 15, 2026	1.73%~3.13%	Machinery and equipment	1,050,407
Secured borrowings	From December 28, 2022 to December 27, 2032, repayable in portions and in installments during the term specified in the agreement	2.07%	Buildings and structures and investment properties	850,000
Secured borrowings	From January 24, 2022 to January 24, 2027, monthly interest payments with principle and interest	1.50%~2.88%	None (Note)	8,247

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Other long-term borrowings				
Secured borrowings	Principal is amortized from October 29, 2021 to September 16, 2027	3.97%	Machinery and equipment	89,655
Secured borrowings	Repayment of principal and interest in monthly installments from March 25, 2021 to July 29, 2027	2.45%~8.20%	Machinery and equipment	90,068
Credit loan	December 30, 2021 to April 30, 2024, the interest is paid together with the principal.	7.610%	None	14,240
Secured borrowings	Repayment of principal and interest in monthly installments from July 10, 2022 to June 10, 2027	4.25%	Machinery and equipment	176,830
				-
				3,779,447
Less: Long-term borrowings due within one year or one business cycle)				(611,473)
				<u>\$ 3,167,974</u>

Note: The responsible person of the subsidiary is the joint guarantor.

(XVII) Pensions

1. (1) The Company and its domestic subsidiaries operate a defined benefit pension plan in accordance with the Labor Standards Act, which cover 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 Labor Standards Act. 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 six months prior to retirement. The Company and its domestic subsidiaries contribute a monthly amount equal to 2% of employees' monthly salaries and wages to a retirement fund at the 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 not enough 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 contribution for the deficit by the end of next March.

(2) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 22,650)	(\$ 21,458)
Fair value of plan assets	<u>12,417</u>	<u>5,861</u>
Defined Benefit Liabilities	<u>(\$ 10,233)</u>	<u>(\$ 15,597)</u>

(3) The subsidiary, Miracle Technology Co., Ltd., has reached an agreement with the employees subject to the old pension system to settle the seniority payment under this system in accordance with the Labor Standards Act and the Labor Pension Act. This was approved by Hsinchu County Government on October 20, 2022. Checks were received from the retirement reserve funds under custody of the Bank of Taiwan on August 4, 2023 in accordance with paragraph 9 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds. The over-payment to the employees' retirement reserve funds determined after settlement of the seniority payment for the employees was recognized as pension profit of \$326.

(4) Changes in net defined benefit liabilities are as follows:

2023	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Defined Benefit Liabilities</u>
Balance on January 1	(\$ 21,153)	\$ 4,947	(\$ 16,206)
Interest (expense) income	(296)	84	(212)
	<u>(21,449)</u>	<u>5,031</u>	<u>(16,418)</u>
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	56	56
Change in financial assumptions	(251)	-	(251)
Experience adjustments	(950)	-	(950)
	<u>(1,201)</u>	<u>56</u>	<u>(1,145)</u>
Pension fund contribution	<u>-</u>	<u>7,330</u>	<u>7,330</u>
Balance on December 31	<u>(\$ 22,650)</u>	<u>\$ 12,417</u>	<u>(\$ 10,233)</u>

Note: The subsidiary, Miracle Technology Co., Ltd., settled the labor pension reserve funds in August 2023, so only the changes in the Company's net defined benefit liabilities were disclosed in 2023.

	<u>2022</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Defined Benefit Liabilities</u>
2022			
Balance on January 1	(\$ 22,899)	\$ 7,990	(\$ 14,909)
Current service cost	(61)	-	(61)
Interest (expense) income	(171)	67	(104)
	<u>(23,131)</u>	<u>8,057</u>	<u>(15,074)</u>
Re-measurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	471	471
Change in financial assumptions	1,646	-	1,646
Experience adjustments	<u>(4,773)</u>	<u>-</u>	<u>(4,773)</u>
	<u>(3,127)</u>	<u>471</u>	<u>(2,656)</u>
Pension fund contribution	-	2,133	2,133
Paid pension	<u>4,800</u>	<u>(4,800)</u>	<u>-</u>
Balance on December 31	<u><u>(\$ 21,458)</u></u>	<u><u>\$ 5,861</u></u>	<u><u>(\$ 15,597)</u></u>

- (5) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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 are less than the aforementioned rates, government shall make payments for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating the fund and hence the Company is unable to disclose the classification of fair value of plan asset in accordance with IAS19 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 Utilization Report announced by the government.

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

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.3%</u>	<u>1.4%</u>
Future salary increases	<u>2.125%</u>	<u>2.125%</u>

Assumptions for 2023 and 2022 regarding future mortality experience are set based on the Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>0.25%</u> <u>increase</u>	<u>0.25%</u> <u>decrease</u>	<u>0.25%</u> <u>increase</u>	<u>0.25%</u> <u>decrease</u>
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 637)	\$ 661	\$ 640	(\$ 620)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 641)	\$ 666	\$ 646	(\$ 626)

The sensitivity analysis above analyzes the impact from changing one of the assumptions while others remain constant. In practice, more than one assumption may change all at once. The sensitivity analysis is the same with the method used to calculate the net pension liabilities of the balance sheet.

- (7) The expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 are \$2,133.
- (8) As of December 31, 2023, the weighted average duration of the retirement plan is 12 years.
2. (1) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (hereinafter referred to as the “New Plan”) under the Labor Pension Act (hereinafter referred to as the “Act”), covering all regular employees with domestic citizenship. Under the New Plan, the Company and its domestic subsidiaries contribute 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.
- (2) For 2023 and 2022, the pension costs recognized by the Corporate Group in accordance with the abovementioned pension measures were NT\$41,918 and NT\$35,520, respectively.

(XVIII) Capital

1. As of December 31, 2023, the Company's authorized capital was NT\$5,000,000, consisting of 500,000 thousand shares (including 20,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was NT\$2,564,465 with a par value of NT\$10. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

	Unit: Thousand shares	
	<u>2023</u>	<u>2022</u>
January 1	205,230	214,107
Conversion of convertible bonds	-	773
Treasury stocks transfer to employees	7,023	-
Treasury Stock Buyback	-	(10,000)
Subsidiaries donated treasury stock	900	350
December 31	<u>213,153</u>	<u>205,230</u>

2. Treasury stock

- (1) Reasons for repurchase of shares and changes in the quantity:

		<u>December 31, 2023</u>	
<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>Number of shares (thousand)</u>	<u>Book value</u>
Subsidiary: Youe Chung Capital Corporation	Subsidiary holds the company's stock	35,831	\$ 509,891
The Company	Transfer shares to employees	7,462	664,593
		<u>43,293</u>	<u>\$1,174,484</u>

		<u>December 31, 2022</u>	
<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>Number of shares (thousand)</u>	<u>Book value</u>
Subsidiary: Youe Chung Capital Corporation	Subsidiary holds the company's stock	36,731	\$ 522,698
The Company	Transfer shares to employees	14,485	1,256,281
		<u>51,216</u>	<u>\$1,778,979</u>

- (2) For 2023 and 2022, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract Period</u>	<u>Vesting conditions</u>
Transfer of treasury shares to employees	111.01.26	4,485	Immediate vesting	Note
Transfer of treasury shares to employees	112.04.19	10,000	Immediate vesting	Note

Note: The Company grants treasury stocks to employees of the Company and its subsidiaries.

- (3) Remuneration costs related to the transfer of treasury stocks of the Group in 2023 and 2022 were NT\$0 and NT\$19,061, respectively
- (4) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.
- (5) The treasury stocks bought back by the Company in accordance with the Securities and Exchange Act shall not be pledged. Before transfer, shareholders are not entitled to the shareholders' rights.
- (6) According to the provisions of the Securities and Exchange Act, the share repurchased to be transferred to employees shall be transferred within 5 years from the date of the purchase. If the transfer is not made within the time limit, the shares are deemed as unissued shares and a change of registration shall be made to cancel the shares. In order to maintain the Company's credit and shareholders equity, the shares bought back should have the registration changed to cancel the shares within six months from the date of the purchase.
- (7) The Company's stock held by the subsidiary Youe Chung Capital is treated as treasury stock. As of December 31, 2023 and 2022, Youe Chung Capital held 35,831 thousand and 36,731 shares, respectively, of the Company. The average book value per share was NT\$14.23, and the fair value per share was NT\$71.1 and NT\$84., respectively. The cost of transferring treasury stocks is calculated based on the book value of the Company's stock held by Youe Chung Capital and the Company's indirect ownership ratio during each period.
- (8) On November 3, 2021, the Board of Directors resolved to purchase 6,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 2.37% of the total number of issued shares of the Company. The repurchase of 4,485 thousand shares was completed between November 4, 2021 and January 3, 2022. On January 21, 2022, the Board of Directors approved the transfer of 4,485 thousand shares to employees.
- (9) On May 6, 2022, the Board of Directors resolved to purchase 10,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 3.91% of the total number of issued shares of the Company. The repurchase of 10,000 thousand shares was completed between May 9, 2022 and July 8, 2022. On April 14, 2023, the Board of Directors approved the transfer of 10,000 thousand shares to employees, of which 7,023 shares were

transferred to employees in June 2023.

(XIX) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the 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 Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient. The following is a breakdown of the capital reserve:

	<u>Issue premiums</u>	<u>Trading of treasury stock</u>	<u>Changes in ownership interests in subsidiaries recognized</u>	<u>stock option</u>	<u>Equity changes in affiliates</u>	<u>Others</u>	<u>Total</u>
January 1, 2023	\$96,650	\$768,509	\$ 17,788	\$295,848	\$ 68,427	\$4,459	\$1,251,681
Distribution of cash from capital surplus	(49,797)	-	-	-	-	-	(49,797)
Adjustment of capital reserve by dividends paid to subsidiaries	-	90,829	-	-	-	-	90,829
Changes in ownership interests in subsidiaries recognized	(2,705)	-	136,309	-	-	-	133,604
Changes in shares of affiliates recognized under the equity method	-	-	-	-	13,793	-	13,793
Payment of overdue unclaimed dividends to shareholders	-	-	-	-	-	(151)	(151)
December 31, 2023	<u>\$44,148</u>	<u>\$859,338</u>	<u>\$ 154,097</u>	<u>\$295,848</u>	<u>\$ 82,220</u>	<u>\$4,308</u>	<u>\$1,439,959</u>

	<u>Issue</u> <u>premiums</u>	<u>Trading of</u> <u>treasury stock</u>	<u>Changes in</u> <u>ownership</u> <u>interests in</u> <u>subsidiaries</u> <u>recognized</u>	<u>stock option</u>	<u>Equity</u> <u>changes in</u> <u>affiliates</u>	<u>Others</u>	<u>Total</u>
January 1, 2022	\$269,010	\$695,046	\$ 4,919	\$295,074	\$ 47,320	\$4,459	\$1,315,828
Conversion of convertible bonds	68,829	-	-	(13,357)	-	-	55,472
Distribution of cash from capital surplus	(241,189)	-	-	-	-	-	(241,189)
Adjustment of capital reserve by dividends paid to subsidiaries	-	73,463	-	-	-	-	73,463
Changes in ownership interests in subsidiaries recognized	-	-	10,169	-	-	-	10,169
Changes in shares of affiliates recognized under the equity method	-	-	-	-	21,107	-	21,107
Share-based payment transaction	-	-	2,700	14,131	-	-	16,831
December 31, 2022	<u>\$96,650</u>	<u>\$768,509</u>	<u>\$ 17,788</u>	<u>\$295,848</u>	<u>\$ 68,427</u>	<u>\$4,459</u>	<u>\$1,251,681</u>

(XX) Retained earnings

1. According to the Articles of Incorporation, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.
2. The Company takes into account the overall business environment, industrial growth, and the Company's long-term financial planning for stable operation and development to adopt a residual dividend policy, which is mainly based on the Company's future capital budgeting plan to measure the annual capital needs. After using the retained earnings for funding, the remaining surplus will be distributed in the form of dividends, and the distribution steps are shown as follows:
 - (1) Decide on the best capital budgeting.
 - (2) Decide on the financing required for one of the capital budgeting items.
 - (3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).
 - (4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends

distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.

3. 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 the 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.
4. 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.
5. The Company's Board meeting resolved on March 6, 2024 to distribute a cash dividend of NT\$1.5 per common share from the 2023 earnings, with a total dividend of NT\$373,477.
6. The Company's board of directors resolved on May 24, 2023 to distribute a cash dividend of NT\$2.30 per ordinary share from the 2022 surplus with a total dividend of NT\$556,511. NT\$0.20 per share is to be distributed from the capital surplus, with a total of NT\$48,392. In addition, as the Company implemented the transfer of 7,023 thousand shares of treasury stock to employees, which changed the number of outstanding shares to 248,984 thousand shares, so the cash dividend was adjusted to \$572,665 to be distributed from the capital surplus of \$49,797.
7. The Company's board of directors resolved on May 26, 2022 to distribute a cash dividend of NT\$1.00 per ordinary share from the 2021 surplus with a total dividend of NT\$255,674. NT\$1.00 per share is to be distributed from the capital surplus, with a total of NT\$255,674. In addition, as the Company implemented the repurchase of 14,485 thousand shares of treasury stock, which changed the number of outstanding shares to 241,189 thousand shares, so the cash dividend was adjusted to \$241,189 to be distributed from the capital surplus of \$241,189.

(XXI) Other equity interests

	<u>Unrealized</u> <u>gains and losses</u>	<u>Hedging</u> <u>reserve</u>	<u>2023</u>	
			<u>Foreign</u> <u>currency</u> <u>translation</u>	<u>Total</u>
January 1	(\$ 2,666)		\$ 13,174	\$ 10,508
Difference in foreign currency translation:				
- Group	-		(8,867)	(8,867)
December 31	<u>(\$ 2,666)</u>		<u>\$ 4,307</u>	<u>\$ 1,641</u>

	<u>Unrealized gains and losses</u>	<u>2022 Foreign currency translation</u>	<u>Total</u>
January 1	(\$ 2,666)	\$ 6,698	\$ 4,032
Difference in foreign currency translation: - Group	-	6,476	6,476
December 31	<u>(\$ 2,666)</u>	<u>\$ 13,174</u>	<u>\$ 10,508</u>

(XXII) Operating income

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	\$ <u>7,199,935</u>	\$ <u>7,741,118</u>

1. Segmentation of revenue from contracts with customers

The Group's corporate derives its revenue from the transfer of goods and services either over time or at a point in time. The revenue can be divided into the following main product lines:

	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
<u>2023</u>			
Revenue from contracts with external customers	\$ <u>7,079,202</u>	\$ <u>120,733</u>	\$ <u>7,199,935</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 2,664,084	\$ 120,733	\$ 2,784,817
Income recognized gradually over time	<u>4,415,118</u>	<u>-</u>	<u>4,415,118</u>
	<u>\$ 7,079,202</u>	<u>\$ 120,733</u>	<u>\$ 7,199,935</u>
<u>2022</u>			
Revenue from contracts with external customers	\$ <u>7,684,054</u>	\$ <u>57,064</u>	\$ <u>7,741,118</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 3,104,772	\$ 57,064	\$ 3,161,836
Income recognized gradually over time	<u>4,579,282</u>	<u>-</u>	<u>4,579,282</u>
	<u>\$ 7,684,054</u>	<u>\$ 57,064</u>	<u>\$ 7,741,118</u>

2. Contract Asset and Contract Liability

(1) The Group has recognized the following revenue-related contract assets and contract liabilities:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>January 1, 2022</u>
Contract Assets	\$ 105,263	\$ 140,231	\$ 155,763
Contract Liabilities	\$ 174,538	\$ 232,778	\$ 179,315

(2) Contract liabilities at the beginning of the period recognized as revenue of the period:

	<u>2023</u>	<u>2022</u>
Opening balance of contract liabilities recognized as income for current period	\$ 228,725	\$ 114,475

(XXIII) Interest income

	<u>2023</u>	<u>2022</u>
Interest from bank deposits	\$ 32,031	\$ 16,168
Interest income from financial assets measured at amortized cost	8,570	9,052
Other interest incomes	141	51
	<u>\$ 40,742</u>	<u>\$ 25,271</u>

(XXIV) Other Incomes

	<u>2023</u>	<u>2022</u>
Rental income	\$ 20,580	\$ 19,456
Dividend income	94,064	194,598
Subsidy income	5,335	-
Other income - Others	13,864	44,201
	<u>\$ 133,843</u>	<u>\$ 258,255</u>

(XXV) Other Gains and Losses

	<u>2023</u>	<u>2022</u>
Disposal of interests in property, plant and equipment	\$ 688	\$ 5,024
Gains on disposal of intangible assets	25,499	-
Gain (loss) on disposal of investments	101,102	123,552
Gain on lease modifications	-	103
Foreign currency exchange gains (losses)	(1,281)	76,984
Loss on financial assets and liabilities measured at fair value through profit or loss	(221,510)	(801,123)
Other losses -- Depreciation of investment properties	(3,360)	(3,268)
Other Gains and Losses	473	(20,519)
	<u>(\$ 98,389)</u>	<u>(\$ 619,247)</u>

(XXVI) Financial Costs

	<u>2023</u>	<u>2022</u>
Interest Expenses:		
Bank and other borrowings	\$ 242,466	\$ 152,431
Convertible bonds	43,376	18,103
Lease liabilities	7,345	7,012
Others	51	-
	<u>\$ 293,238</u>	<u>\$ 177,546</u>

(XXVII) Expenses by nature

	<u>2023</u>	<u>2022</u>
Employee benefits expenditure	\$ 1,269,619	\$ 1,393,688
Depreciation	933,404	568,193
Amortization	52,495	45,391

(XXVIII) Employee benefits expenditure

	<u>2023</u>	<u>2022</u>
Payroll expenses	\$ 1,067,910	\$ 1,152,751
Share-based payment	-	19,061
Labor and health insurance fees	95,506	116,437
Pension expense	42,130	35,684
Other personnel expenses	64,073	69,755
	<u>\$ 1,269,619</u>	<u>\$ 1,393,688</u>

1. According to the Articles of Incorporation, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any.
2. For 2023 and 2022, employee remuneration was accrued at NT\$80,000 and NT\$102,000, respectively, and director remunerations was accrued at NT\$12,000 and NT\$18,000, respectively. The amounts were listed as payroll expenses.

The remuneration of employees and directors for 2023 and 2022 were estimated in accordance with the Articles of Incorporation taking into account the annual profit.

The 2022 remuneration for employees, directors and supervisors as resolved by the Board of Directors are consistent with the amounts recognized in the 2022 financial statements.

Information about employees remuneration and director remuneration of the Company as resolved by the Board of Directors is available on the MOPS.

(XXIX) Income tax

1. Income tax expense

Components of income tax expense:

	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the year	\$ 217,647	\$ 236,441
Additional surtax on undistributed earnings	1,924	-
Underestimation (overestimation) of income tax in previous years	<u>68,826</u>	<u>(17,190)</u>
Total current tax	<u>288,397</u>	<u>219,251</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>(6,881)</u>	<u>8,830</u>
Total Deferred Income Tax	<u>(6,881)</u>	<u>8,830</u>
Income Tax Expense	<u>\$ 281,516</u>	<u>\$ 228,081</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Tax calculated based on profit before tax(\$ and statutory tax rate	109,133)	(\$ 155,090)
Fees excluded according to the tax law	58,890	271,967
Temporary difference of unrecognized deferred income tax assets	188,829	(780)
Tax loss of unrecognized deferred income tax assets	103,993	91,423
Income tax effects of the alternative minimum tax system	10,447	17,003
Changes in assessment of realizability of deferred income tax assets	7,740	20,748
Impact tax deductibles of investment	(50,000)	-
Additional surtax on undistributed earnings	1,924	-
Underestimation (overestimation) of income tax in previous years	<u>68,826</u>	<u>(17,190)</u>
Income Tax Expense	<u>\$ 281,516</u>	<u>\$ 228,081</u>

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

	<u>2023</u>		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Deferred income tax assets:			
- Temporary differences:			
Loss on inventory	\$ 5,287	\$ 3,286	\$ 8,573
Unrealized exchange loss	844	2,814	3,658
Others	3,234	1,290	4,524
Tax loss	-	5,582	5,582
Subtotal	<u>\$ 9,365</u>	<u>\$ 12,972</u>	<u>\$ 22,337</u>
Deferred income tax liabilities:			
- Temporary differences:			
Unrealized gain on exchange	(4,200)	3,632	(568)
Long-term investments	(86,801)	(13,110)	(99,911)
Others	<u>(30,123)</u>	<u>3,387</u>	<u>(26,736)</u>
Subtotal	<u>(121,124)</u>	<u>(6,091)</u>	<u>(127,215)</u>
Total	<u>(\$ 111,759)</u>	<u>\$ 6,881</u>	<u>(\$ 104,878)</u>
	<u>2022</u>		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Deferred income tax assets:			
- Temporary differences:			
Loss on inventory	\$ 3,762	\$ 1,525	\$ 5,287
Unrealized exchange loss	(521)	1,365	844
Others	<u>4,819</u>	<u>(1,585)</u>	<u>3,234</u>
Subtotal	<u>\$ 8,060</u>	<u>\$ 1,305</u>	<u>\$ 9,365</u>
Deferred income tax liabilities:			
- Temporary differences:			
Unrealized gain on exchange	(409)	(3,791)	(4,200)
Long-term investments	(74,084)	(12,717)	(86,801)
Others	<u>(36,496)</u>	<u>6,373</u>	<u>(30,123)</u>
Subtotal	<u>(121,124)</u>	<u>(10,135)</u>	<u>(121,124)</u>
Total	<u>(\$ 113,064)</u>	<u>(\$ 8,830)</u>	<u>(\$ 111,759)</u>

4. The effective period of the unused tax losses and unrecognized deferred income tax assets of the Group are as follows:

December 31, 2023

<u>Year of occurrence</u>	<u>Reported amount/ Assessed amount</u>	<u>Amount not yet deducted</u>	<u>Amount of unrecognized deferred income tax assets</u>	<u>Last year to be deducted</u>
2014	358,406	358,406	358,406	2024
2015	672,536	669,304	669,304	2025
2016	375,964	371,098	371,098	2026
2017	621,244	618,216	618,216	2027
2018	582,548	581,625	581,625	2028
2019	372,163	372,163	372,163	2029
2020	379,642	364,284	364,284	2030
2021	813,208	813,208	813,208	2031
2022	755,605	755,605	755,605	2032
2023	566,642	566,642	566,642	2033
	<u>\$ 5,976,763</u>	<u>\$ 5,949,356</u>	<u>\$ 5,949,356</u>	

December 31, 2022

<u>Year of occurrence</u>	<u>Reported amount/ Assessed amount</u>	<u>Amount not yet deducted</u>	<u>Amount of unrecognized deferred income tax assets</u>	<u>Last year to be deducted</u>
2013	478,805	478,805	478,805	2023
2014	358,406	358,406	358,406	2024
2015	634,004	634,004	634,004	2025
2016	297,633	297,633	297,633	2026
2017	487,947	487,947	487,947	2027
2018	506,779	506,779	506,779	2028
2019	252,514	252,514	252,514	2029
2020	305,259	305,259	305,259	2030
2021	572,303	572,303	572,303	2031
2022	457,113	457,113	457,113	2032
	<u>\$ 4,350,763</u>	<u>\$ 4,350,763</u>	<u>\$ 4,350,763</u>	

5. Deductible temporary difference not recognized as deferred income tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary difference	<u>\$ 372,449</u>	<u>\$ 362,066</u>

6. The Company's income tax returns through 2021 have been assessed and approved by the tax authority.

(XXX) Earnings per share

		<u>2023</u>	
	<u>Amount after tax</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Earnings per share (in dollars)</u>
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$366,126</u>	<u>209,180</u>	<u>\$ 1.75</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$366,126	209,180	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	14,029	20,335	
Employee remuneration	<u>-</u>	<u>1,331</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$380,155</u>	<u>230,846</u>	<u>\$ 1.65</u>
		<u>2022</u>	
	<u>Amount after tax</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Earnings per share (in dollars)</u>
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$703,519</u>	<u>208,572</u>	<u>\$ 3.37</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$703,519	208,572	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	14,422	19,713	
Employee remuneration	<u>-</u>	<u>1,473</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$717,941</u>	<u>229,758</u>	<u>\$ 3.12</u>

The weighted average number of shares outstanding in 2023 and 2022 has deducted the number of shares held by the Company and the subordinate company Youe Chung Capital deemed as the Company's treasury stock (the number of shares is based on the Company's shareholding).

(XXXI) Business combination

1. The Group acquired 58.33% of shares of Pilot Battery Co., Ltd. on March 1, 2023 for \$178,500 through a cash capital increase and gained control over Pilot Battery Co., Ltd.
 - (1) The fair value of the assets acquired and liabilities assumed from Pilot Battery Co., Ltd. at the date of acquisition and the non-controlling interest as a percentage of

the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>March 1, 2023</u>
Acquisition consideration	
Cash	\$ 178,500
Share of non-controlling interests in the identifiable net assets of the acquiree	<u>58,775</u>
	<u>237,275</u>
Fair value of acquired identifiable assets and assumed liabilities	
Cash	189,429
Notes Receivables	84
Accounts Receivables	2,297
Inventories	35,488
Prepayments	2,543
Other Current Assets	1,951
Property, plant and equipment	42,954
Deferred Income Tax Assets	5,678
Right-of-use Asset	3,148
Other Non-Current Assets	29,081
Short Term Loans	(99,154)
Contract Liabilities	(8,649)
Notes Payable	(3,869)
Accounts Payable	(17,157)
Lease liabilities	(3,148)
Other Payables	(7,496)
Other Current Liabilities	(568)
Long-term borrowings	(31,140)
Deferred Income Tax Liabilities	(412)
Total identifiable net assets	<u>141,060</u>
Goodwill	<u>\$ 96,215</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
 - (3) The assessment of the fair value of acquired identifiable assets and assumed liabilities is in progress. At present, it is recorded at the initial valuation, and the relevant acquisition price allocation will be completed within one year.
 - (4) Since March 1, 2023, the Group has merged with Pilot Battery Co., Ltd., Pilot Battery Co., Ltd. has contributed operating income and net loss before tax of NT\$33,857 and (NT\$56,416), respectively. If it is assumed that Pilot Battery Co., Ltd. has been consolidated since January 1, 2023, the Group's operating revenue and profit before tax in 2023 would have been NT\$7,205,002 and NT\$443,459, respectively.
2. The Group acquired 53.33% of shares of Moment Semiconductor, Inc. on March 17, 2023 for \$40,000 through a cash capital increase and gained control over Moment

Semiconductor, Inc.

- (1) The fair value of the assets acquired and liabilities assumed from Moment Semiconductor, Inc. at the date of acquisition and the non-controlling interest as a percentage of the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>March 17, 2023</u>
Acquisition consideration	
Cash	\$ 40,000
Share of non-controlling interests in the identifiable net assets of the acquiree	<u>14,256</u>
	<u>54,256</u>
Fair value of acquired identifiable assets and assumed liabilities	
Cash	63,085
Accounts Receivables	13,911
Inventories	33,038
Prepayments	3,098
Property, plant and equipment	447
Other Non-Current Assets	216
Contract Liabilities	(837)
Notes Payable	(75,851)
Accounts Payable	(1,734)
Other Payables	(24)
Other Current Liabilities	<u>(4,800)</u>
Total identifiable net assets	<u>30,549</u>
Goodwill	<u>\$ 23,707</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
- (3) The assessment of the fair value of acquired identifiable assets and assumed liabilities is in progress. At present, it is recorded at the initial valuation, and the relevant acquisition price allocation will be completed within one year.
- (4) Since March 17, 2023, the Group has merged with Moment Semiconductor, Inc., Moment Semiconductor, Inc. has contributed operating income and net loss before tax of NT\$315,528 and (NT\$18,918), respectively. If Moment Semiconductor, Inc. had been included in the Group since January 1, 2023, the Group's 2023 operating income and net income before tax would have been NT\$7,247,932 and NT\$440,390, respectively.
3. The Group invested \$121,372 on May 1, 2023 to acquire 100% equity of One Test Systems and obtain control over One Test Systems.

- (1) The fair value of the assets acquired and liabilities assumed from One Test Systems at the date of acquisition and the non-controlling interest as a percentage of the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>May 1, 2023</u>	
Acquisition consideration		
Cash	\$	121,372
Share of non-controlling interests in the identifiable net assets of the acquiree		<u>-</u>
		<u>121,372</u>
Fair value of acquired identifiable assets and assumed liabilities		
Cash		9,331
Other Payables	(<u>9,331)</u>
Total identifiable net assets		<u>-</u>
Goodwill	\$	<u>121,372</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
- (3) The assessment of the fair value of acquired identifiable assets and assumed liabilities is in progress. At present, it is recorded at the initial valuation, and the relevant acquisition price allocation will be completed within one year.
- (4) Since the Group merged with One Test Systems on May 1, 2023, One Test Systems contributed operating revenue and net loss before tax of NT\$0 and (NT\$40), respectively. If One Test Systems had been included in the Group since January 1, 2023, the Group's 2023 operating income and net income before tax would have been NT\$7,199,935 and NT\$451,663, respectively.

(XXXII) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 4,437,080	\$ 2,315,405
Add: Prepayments for equipment at the end of the period	422,444	1,293,001
Beginning balance of payable on equipment	111,919	85,822
Less: Prepayments for equipment at the beginning of the period	(1,293,001)	(671,105)
Ending balance of payable on equipment	<u>(498,861)</u>	<u>(111,919)</u>
Cash paid during the year	<u>\$ 3,179,581</u>	<u>\$ 2,911,204</u>

(XXXIII) Changes in liabilities arising from financing activities

	<u>Short Term Loans</u>	<u>Corporate bonds payable</u>	<u>Long-term borrowings (Mature within one year)</u>	<u>Lease liabilities</u>	<u>Guarantee Deposits Received</u>	<u>Total liabilities arising from financing activities</u>
January 1, 2023	\$ 4,624,525	\$ 2,609,044	\$ 3,779,447	\$ 559,669	\$ 34,754	\$11,607,439
Change in cash flow from financing activities	705,691	797,338	531,969	(51,816)	7,528	1,990,710
Interest Incomes	-	43,376	-	7,345	-	50,721
Interest Paid	-	(20,540)	-	(7,345)	-	(27,885)
Other Non-Cash Transactions	99,154	(4,618)	31,140	59,340	-	185,016
December 31, 2023	<u>\$ 5,429,370</u>	<u>\$ 3,424,600</u>	<u>\$ 4,342,556</u>	<u>\$ 567,193</u>	<u>\$ 42,282</u>	<u>\$13,806,001</u>

	<u>Short Term Loans</u>	<u>Corporate bonds payable</u>	<u>Long-term borrowings (Mature within one year)</u>	<u>Lease liabilities</u>	<u>Guarantee Deposits Received</u>	<u>Total liabilities arising from financing activities</u>
January 1, 2022	\$ 4,376,766	\$ 1,657,049	\$ 2,722,199	\$ 655,641	\$ 6,908	\$ 9,418,563
Change in cash flow from financing activities	247,759	997,095	1,057,248	(55,556)	27,846	2,274,392
Interest Incomes	-	18,103	-	7,012	-	25,115
Interest Paid	-	-	-	(7,012)	-	(7,012)
Other Non-Cash Transactions	-	(63,203)	-	(40,416)	-	(103,619)
December 31, 2022	<u>\$ 4,624,525</u>	<u>\$ 2,609,044</u>	<u>\$ 3,779,447</u>	<u>\$ 559,669</u>	<u>\$ 34,754</u>	<u>\$11,607,439</u>

VII. Related Party Transactions

(I) Related parties' names and relationship

Name of the related parties	Relationship with the Group
Advagene Biopharma Co., Ltd.	Affiliates
Weida Hi-Tech Co., Ltd.	Affiliates
Image Match Design Inc.	Other related party (Note 1)
BKS Tec Corp.	Other related party
Pilot Battery Co., Ltd.	Other related party (Note 2)
Ontario Capital Co., Ltd.	Other related party
Taiwan Mask Charity Foundation	Other related party

Note 1: Image Match Design Inc. re-elected its directors on June 1, 2023. Youe Chung Capital Corporation is no longer a director of the company, and the company is not a related party of the Group.

Note 2: In March 2023, the Group acquired 58.33% of the shares of Pilot Battery Co., Ltd. and gained control over the company, which has been included in the consolidated financial statements as a consolidated entity since the acquisition of control.

(II) Significant transactions with the related parties

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Product sales:		
Affiliates	\$ 1,336	\$ 7,066
Other related party	<u>2,425</u>	<u>28,629</u>
Total	<u>\$ 3,761</u>	<u>\$ 35,695</u>

There are no major abnormalities in the transaction prices and payment terms of the related party compared to that of non-related parties.

2. Purchase

	<u>2023</u>	<u>2022</u>
Purchase of merchandise:		
Other related party	<u>\$ 74</u>	<u>\$ 386</u>

3. Account receivable from related parties.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts Receivables:		
Affiliates	\$ -	\$ 325
Other related party	26	2,021
Other receivables:		
Other related party	<u>407</u>	<u>-</u>
Total	<u>\$ 433</u>	<u>\$ 2,346</u>

4. Related-party payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Other related party	\$ -	\$ 284
Other payables:		
Other related party	<u>304</u>	<u>-</u>
Total	<u>\$ 304</u>	<u>\$ 284</u>

5. Acquisition of financial assets

(1) Pilot Battery Co., Ltd. was other related party to the Group. On March 1, 2023, the Group invested \$178,500 to acquire 7,000 thousand shares of Pilot Battery Co.,Ltd., a 58.33% shareholding, to gain control and include the company as a consolidated entity in the consolidated financial statements. Please refer to Note 6(31) for details of the business merger transaction.

(2) Advagene Biopharma Co., Ltd. is an affiliate of the Group. The Group contributed NT\$15,000 on September 27, 2023 to increase the capital of Advagene Biopharma Co., Ltd., Ltd. in cash and acquired 600 thousand shares.

6. Others

(1) Deposits Received:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party	\$ 118	\$ 95

(2) Rent income:

	<u>2023</u>	<u>2022</u>
Other related party	\$ 1,677	\$ 891

(3) In 2023 and 2022, the Company's subsidiary, You Zhuan Capital Corporation, donated 900,000 and 350,000 shares of the Company's stock, totaling \$12,807 and \$4,980, respectively, to the Taiwan Mask Charitable Foundation.

(4) In 2023 and 2022, the Company donated NT\$2,685 and NT\$4,416, respectively, in cash to the Taiwan Mask Charity Foundation.

7. Loaning of funds to related parties

Loans from related parties:

(1) Closing balance (recorded as "short-term borrowings")	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party	\$ 30,000	\$ -
(2) Interest expenses	<u>2023</u>	<u>2022</u>
Other related party	\$ 304	\$ -

The conditions for borrowing from related parties are that the interest is paid monthly at an annual interest rate of 2.7% after the loan is loaned, and the principal is repaid at the maturity. The borrowing period is from August 3, 2023 to June 30, 2024.

(III) Compensation of key management personnel

	<u>2023</u>	<u>2022</u>
Salary and short-term employee benefits	\$ 54,045	\$ 71,160
Post-employment benefits	324	469
Total	<u>\$ 54,369</u>	<u>\$ 71,629</u>

VIII. Pledged Assets

Assets pledged by the Group as collateral are as follows:

<u>Assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Demand deposit (Recognized as “Financial assets at amortized cost”)	\$ 534,179	\$ 124,883	Reserve accounts for long- and short-term borrowings
Time deposit (Recognized as “Financial assets at amortized cost”)	382,863	490,190	Short-term loans and guarantees for goods out of the free zone
Stocks of publicly traded and OTC companies (recognized as “Financial assets at fair value through profit or loss”)	3,145,150	2,682,150	Short Term Loans
Shares of the Company (recognized as “treasury stock”) (Note)	491,647	504,454	Short Term Loans
Buildings and structures (including land)	1,181,577	1,169,267	Long-term borrowings
Machinery and equipment and equipment under acceptance	3,433,402	2,638,893	Long- and short-term borrowings
Real estate investment	170,500	170,346	Long- and short-term borrowings
Office equipment	-	2,401	Long- and short-term borrowings
Other equipment	5,936	4,470	Long- and short-term borrowings
Intangible assets	-	508	Long-term borrowings
	<u>\$ 9,345,254</u>	<u>\$ 7,787,562</u>	

Note: The cost of pledged treasury stocks was NT\$491,647 and its fair value was NT\$2,456,505 as of December 31, 2023.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. Machine equipment maintenance contracts that have been signed but not yet paid

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Machine maintenance	\$ 44,906	\$ 51,362

2. Capital expenditures that have been signed but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 980,980	\$ 2,065,912

3. Lease agreement

Please see Note 6 (8) and (9)

X. Losses due to Major Disasters

None.

XI. Major Events after Financial Statement Date

1. The resolution of the Company's Board on March 6, 2024 passed the appropriation of earnings. Please refer to Note 6 (20) for details.
2. On March 6, 2024, the Company's Board of Directors resolved to acquire the common shares of TrueLight Corporation through private placement. The expected subscription quantity is 13,500 thousand shares for an investment amount of NT\$410,400.

XII. Others

(I) 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) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The Group's strategy in 2023 and 2022 was to borrow long-term loans and issue corporate bonds to purchase machinery and equipment and obtain long-term working capital. For the years ended December 31, 2023 and 2022, the debt-to-capital ratios were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total borrowings	\$ 13,196,526	\$ 11,013,016
Less: Cash and cash equivalents	(1,364,106)	(1,749,957)
Net debt	11,832,420	9,263,059
Total equity	5,049,316	4,434,207
Total capital	\$ 16,881,736	\$ 13,697,266
Debt-to-equity ratio	<u>70.09%</u>	<u>67.63%</u>

(II) Financial instruments

1. Types of financial instrument

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial Liabilities at Fair Value Through Profit or Loss		
Mandatory financial assets at fair value through profit or loss	<u>\$ 4,522,714</u>	<u>\$ 4,481,155</u>
Financial assets measured at amortized cost cash and cash equivalents	\$ 1,364,106	\$ 1,749,957
Financial assets measured at amortized cost	920,042	668,067
Notes Receivables	6,049	1,361
Accounts receivable (Including related parties)	1,478,832	1,503,358
Other account receivable (Including related parties)	29,410	13,751
Refundable deposit	<u>90,526</u>	<u>52,758</u>
	<u>\$ 3,888,965</u>	<u>\$ 3,989,252</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	<u>\$ 9,383</u>	<u>\$ 5,697</u>
Financial liabilities measured at amortized cost		
Short Term Loans	\$ 5,429,370	\$ 4,624,525
Notes Payable	66	81
Accounts payable (Including related parties)	463,892	417,459
Other accounts payable (Including related parties)	1,205,457	837,213
Corporate bonds payable	3,424,600	2,609,044
Long-term borrowings (including current portion)	4,342,556	3,779,447
Guarantee Deposits Received	<u>42,282</u>	<u>34,754</u>
	<u>\$ 14,908,223</u>	<u>\$ 12,302,523</u>
Lease liabilities	<u>\$ 567,193</u>	<u>\$ 559,669</u>

2. Risk management policies

- (1) The Group's activities expose it to a variety of financial risks, including market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial

markets and seeks to minimize potential adverse effects on the Group's financial position and performance.

- (2) Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. Group finance identifies, evaluates and hedges financial risks in close collaboration 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 currency exchange risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

The Group's operations involve certain non-functional currencies (the Company's and certain subsidiaries' functional currency is the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is the US Dollars, Japanese Yen and China's Renminbi (RMB)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values that would be materially affected by exchange rate fluctuations are as follows:

(Foreign currency: functional currency)	<u>December 31, 2023</u>			Book value
	<u>Foreign currency (in thousand)</u>	<u>Exchange rate</u>		<u>(NT\$ in thousands)</u>
Financial assets				
<u>Monetary items</u>				
USD : NTD	USD	40,189	30.705	\$ 1,234,287
RMB : NTD	CNY	65,620	4.327	283,941
JPY : NTD	JPY	184,753	0.2172	40,128
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	15,574	30.705	478,208
JPY : NTD	JPY	836,916	0.2172	181,778

		<u>December 31, 2022</u>		
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>	<u>Exchange rate</u>	<u>Book value (NT\$ in thousands)</u>	
Financial assets				
<u>Monetary items</u>				
USD : NTD	USD	67,712	30.710	\$ 2,079,436
RMB : NTD	CNY	30,598	4.408	134,876
JPY : NTD	JPY	47,877	0.232	11,127
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	11,803	30.710	362,470
JPY : NTD	JPY	283,739	0.232	65,941

B. Total exchange (loss) gain, both realized and unrealized, from significant foreign exchange variations on monetary items held by the Group amounted to (NT\$1,281) and NT\$76,984 for the years ended December 31, 2023 and 2022, respectively.

C. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

		<u>2023</u>		
		<u>Sensitivity Analysis</u>		
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effect on profit or loss</u>	<u>Other comprehensive profit and loss affected</u>	
Financial assets				
<u>Monetary items</u>				
USD : NTD	1%	\$ 12,343	\$	-
RMB : NTD	1%	2,839		-
JPY : NTD	1%	401		-
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	1%	(4,782)		-
JPY : NTD	1%	(1,818)		-

(Foreign currency: functional currency)	<u>2022</u>		
	<u>Sensitivity Analysis</u>		
	<u>Fluctuation</u>	<u>Effect on</u> <u>profit or loss</u>	<u>Other comprehensive</u> <u>profit and loss affected</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 20,794	\$ -
RMB : NTD	1%	1,349	-
JPY : NTD	1%	111	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(3,625)	-
JPY : NTD	1%	(881)	-

Price risk

- A. The equity instruments owned by the Company exposing to the price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- B. The Group invests primarily in equity instruments and open-end funds issued by domestic and foreign companies. The price of such equity instrument is subject to the uncertainty of the future value of investment target. If the price of such equity instrument increases or decreases by 1%, while all other factors remain unchanged, the net profit after tax affected by equity instruments at fair value through profit or loss after tax for 2023 and 2022 is an increase or decrease of NT\$36,182 and NT\$35,850, respectively; as for the other comprehensive income classified as equity instruments at fair value through other comprehensive income, it is NT\$0 for both 2023 and 2022.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from long-term borrowings issued at floating rates, which exposes the Group to cash flow interest rate risk. For 2023 and 2022, the Group's borrowings issued at floating rates were mainly denominated in New Taiwan dollars and US dollars.
- B. The Group's borrowings are measured at amortized cost, and the annual interest rate is re-priced according to the contract, which exposes the Group to the risk of future market interest rate changes.
- C. If the long- and short-term borrowing rates increase or decrease by 0.25%, while all other factors remain constant, the net profit after tax for 2023 and 2022 is a decrease or increase of NT\$19,544 and NT\$16,808, respectively, mainly due to the interest expense changes caused by the floating interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments under contract obligations,

and the defaults are accounts receivable and the contract cash flow from debt instruments measured at amortized cost, measured at fair value through other comprehensive income and at fair value through profit or loss.

- B. The management of credit risk is established with a Group perspective. Only the banks and financial institutions with an independent credit rating of at least “A” can be accepted as transaction partners of the Group. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analyzing 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 utilization of credit limits is regularly monitored.
- C. The Group considers a contract payment overdue in accordance with the agreed payment terms a breach of contract.
- D. The Group uses IFRS 9 to provide the following assumption as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:
 - (A) If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.
 - (B) For bond investments in Taipei Exchange, if any external rating agency rates it as an investment grade on the balance sheet date, the credit risk of the financial asset is considered low.
- E. The Group uses the following indicators to determine the status of credit impairments of debt instruments:
 - (A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
 - (B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
 - (C) The issuer delays or does not pay for the interest or principal.
 - (D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer’s default.
- F. The Group categorizes the accounts receivable from customers based on the characteristics of trade credit risks. The simplified approach is adopted for estimating the expected credit loss based on the provision matrix.
- G. The Group may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Group will continue the recourse to protect the rights of the claims.
- H. The Group has incorporated forward-looking considerations to adjust the loss rate built according to historic and current data in order to estimate the loss allowance of accounts receivables. The provision matrix for the years ended December 31, 2023 and 2022 are shown as follows:

	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>More than 181 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss rate	0.01%	0.05~33.11%	0.05~66.19%	0.04~98.36%	50.9~100%	
Total book value	\$1,226,407	\$171,778	\$ 78,432	\$ 11,385	\$ 20,253	\$1,508,255
Loss allowance	-	-	(4,540)	(5,187)	(19,696)	(29,423)

	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>More than 181 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss rate	0.01~1%	0.05~1.95%	1.85%~5.53%	5.23~17.66%	56.58~100%	
Total book value	\$1,188,466	\$224,106	\$ 85,210	\$ 14,582	\$ 11,591	\$1,523,955
Loss allowance	-	(619)	(2,267)	(7,392)	(10,319)	(20,597)

- I. The Group adopts a simplified method in which the loss allowance for the accounts receivable is shown as follows:

	<u>2023</u>
	<u>Accounts Receivables</u>
January 1	\$ 20,597
Recognize impairment loss	9,455
Others	(629)
December 31	<u>\$ 29,423</u>
	<u>2022</u>
	<u>Accounts Receivables</u>
January 1	\$ 10,039
Recognize impairment loss	10,558
December 31	<u>\$ 20,597</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed by the operating entities of the Corporate Group and aggregated by the Group's treasury department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs.
- B. The remaining cash held by each operating entity will be transferred back to the Group's finance department. The finance department of the Group invests the remaining funds in interest-bearing demand deposits, time deposits, financial assets at fair value through profit or loss, financial assets at amortized cost (time deposits with a maturity of more than 3 months and less than 12 months), as the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. For the years ended December 31, 2023 and 2022, the position of money market held by the Corporate Group is at NT\$2,284,019 and NT\$2,418,024, respectively, and is

expected to generate immediate cash flow to manage liquidity risk.

C. The Group's unutilized borrowings are shown as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate		
Short-term credit limits	\$ 1,469,512	\$ 645,878
Medium to long-term credit limits	-	60,014
Fixed rate		
Short-term credit limits	105,000	-
Medium to long-term credit limits	8,420	11,045
	<u>\$ 1,582,932</u>	<u>\$ 716,937</u>

D. The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or total amount, grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2023				
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$5,429,370	\$ -	\$ -	\$ -
Notes Payable	66	-	-	-
Accounts payable (Including related parties)	463,892	-	-	-
Other accounts payable (Including related parties)	1,205,457	-	-	-
Lease liabilities	45,788	37,109	98,036	446,083
Corporate bonds payable	34,400	34,400	3,558,260	-
Long-term borrowings (including current portion)	1,320,782	1,148,345	1,669,689	480,331
Guarantee Deposits Received	-	42,282	-	-

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2022				
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$4,702,123	\$ -	\$ -	\$ -
Notes Payable	81	-	-	-
Accounts payable (Including related parties)	417,459	-	-	-
Other accounts payable (Including related parties)	837,213	-	-	-
Lease liabilities	38,246	78,734	224,177	221,011
Corporate bonds payable	-	-	2,696,140	-
Long-term borrowings (including current portion)	680,126	919,483	352,448	217,645
Guarantee Deposits Received	-	34,754	-	-

(III) Fair value information

1. 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. The fair value of the Group's investment in stocks of publicly traded or OTC firms and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability The fair value of the Group's investment in stocks of non-publicly traded or non-OTC firms and private equity fund is included in Level 3.

2. Financial instruments not measured at fair value

Cash, notes receivable, accounts receivable, other receivable, short-term borrowings, notes payable, accounts payable and other payable as reasonable approximation of fair value.

3. The related information for 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 is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Equity securities	\$4,341,227	\$67,292	\$113,695	\$4,522,214
Beneficiary certificates	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
	<u>\$4,341,727</u>	<u>\$67,292</u>	<u>\$113,695</u>	<u>\$4,522,714</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,383</u>	<u>\$ 9,383</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Equity securities	\$4,344,484	\$79,300	\$56,871	\$4,480,655
Beneficiary certificates	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
	<u>\$4,344,984</u>	<u>\$79,300</u>	<u>\$56,871</u>	<u>\$4,481,155</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,697</u>	<u>\$ 5,697</u>

4. The methods and assumptions adopted by the Group for assessing the fair value are as follows:

- (1) The Group adopt market pricing as the input of fair value (i.e. Level 1), and the breakdown of the characteristics of the instrument is as follows:

	<u>Shares of listed and OTC company</u>	<u>Open-end funds</u>
Market price	Closing price	Net Value

- (2) Except for the abovementioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained using valuation techniques. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the date of the consolidated balance sheet (for example, the Taipei Exchange refers to the yield curve, the Reuters adopts the average quotation of interest rate of commercial promissory notes).
- (3) The output of the valuation model is the estimated value, and the valuation technique may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated value of the valuation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and related control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully assessed and appropriately adjusted according to current market conditions.
- (4) The Group incorporates credit risk valuation adjustments into the consideration of the fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of the Group, respectively.
5. There were no transfers between Level 1 and 2 in 2023 and 2022.
6. The following table shows the changes in Level 3 in 2023 and 2022:

	<u>Financial instruments</u>
January 1, 2023	\$ 51,174
Acquisition cost of the period	57,500
Recognized in profit or loss of the period	(3,974)
Impact from exchange rate	(388)
December 31, 2023	<u>\$ 104,312</u>

	<u>Financial instruments</u>
January 1, 2022	\$ 57,622
Acquisition cost of the period	12,500
Disposal this period	(7,132)
Recognized in profit or loss of the period	(12,123)
Impact from exchange rate	307
December 31, 2022	<u>\$ 51,174</u>

7. The quantitative information about the significant unobservable input value of the valuation model and the sensitivity analysis of the significant unobservable input value change used in Level 3 fair value measurements are explained as follows:

December 31, 2023

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Derivative equity/liability instruments:					
Shares of non-listed and non-OTC company	\$113,695	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Convertible bond call/put options	(9,383)	Convertible bond evaluation model	Stock price volatility	29.44%	The higher the stock price volatility, the higher the fair value

December 31, 2022

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Derivative equity/liability instruments:					
Shares of non-listed and non-OTC company	\$ 56,871	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Convertible bond call/put options	(5,697)	Convertible bond evaluation model	Stock price volatility	50.65%	The higher the stock price volatility, the higher the fair value

8. The Group has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurement. For financial assets or liabilities classified in Level 3, changes in valuation parameters have the following impacts on the income or other comprehensive income of the period:

		<u>December 31, 2023</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>		
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 1,137	(\$ 1,137)	\$ -	\$ -
Debt	Stock price volatility	± 1%	20	(10)	-	-
Total			<u>\$ 1,157</u>	<u>(\$ 1,147)</u>	<u>\$ -</u>	<u>\$ -</u>

		<u>December 31, 2022</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>		
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 569	(\$ 569)	\$ -	\$ -
Debt	Stock price volatility	± 1%	20	(20)	-	-
Total			<u>\$ 589</u>	<u>(\$ 589)</u>	<u>\$ -</u>	<u>\$ -</u>

XIII. Supplementary Disclosure

(I) Significant transactions information

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table III.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate exceeding \$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate exceeding \$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Engaged in derivative trading: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(II) Information on Reinvested Businesses

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 5.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 6.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in Mainland China: None.

(IV) Information on Major Shareholders

Information on major shareholders: Please refer to Table 7.

XIV. Segments Information

(I) General information

Management has determined the reportable operating segments based on reports reviewed by the president and used to make strategic decisions.

The Group's corporate structure, the basis for division of segments, and the basis for measurement of segment information have not changed significantly during the current period.

(II) Measurement of segment information

The Group evaluates the performance of the operating segments and allocates resources based on the adjusted net profit of each segment.

(III) Segments information

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

2023:

	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from external clients	<u>\$ 7,079,202</u>	<u>\$ 120,733</u>	<u>\$ 7,199,935</u>
Segment revenue	<u>(\$ 332,533)</u>	<u>\$ -</u>	<u>(\$ 332,533)</u>
Segment margin	<u>\$ 632,537</u>	<u>(\$ 186,737)</u>	<u>\$ 445,800</u>
Segment margin include:			
Depreciation	<u>(\$ 883,018)</u>	<u>(\$ 50,386)</u>	<u>(\$ 933,404)</u>
Amortization expense	<u>(\$ 43,433)</u>	<u>(\$ 9,062)</u>	<u>(\$ 52,495)</u>
Financial Costs	<u>(\$ 272,282)</u>	<u>(\$ 20,956)</u>	<u>(\$ 293,238)</u>
Interest income	<u>\$ 40,376</u>	<u>\$ 366</u>	<u>\$ 40,742</u>
Investments income recognized by using equity method	<u>(\$ 85,789)</u>	<u>\$ -</u>	<u>(\$ 85,789)</u>
Segment assets	<u>\$ 19,844,058</u>	<u>\$1,080,001</u>	<u>\$20,924,059</u>

2022 :

	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from external clients	<u>\$ 7,684,054</u>	<u>\$ 57,064</u>	<u>\$ 7,741,118</u>
Segment revenue	<u>(\$ 178,008)</u>	<u>\$ -</u>	<u>(\$ 178,008)</u>
Segment margin	<u>\$ 810,187</u>	<u>(\$ 136,474)</u>	<u>\$ 673,713</u>
Segment margin include:			
Depreciation	<u>(\$ 560,487)</u>	<u>(\$ 7,706)</u>	<u>(\$ 568,193)</u>
Amortization expense	<u>(\$ 44,778)</u>	<u>(\$ 613)</u>	<u>(\$ 45,391)</u>
Financial Costs	<u>(\$ 172,615)</u>	<u>(\$ 4,931)</u>	<u>(\$ 177,546)</u>
Interest income	<u>\$ 25,222</u>	<u>\$ 49</u>	<u>\$ 25,271</u>
Investments income recognized by using equity method	<u>(\$ 61,296)</u>	<u>\$ -</u>	<u>(\$ 61,296)</u>
Segment assets	<u>\$ 17,396,692</u>	<u>\$ 496,214</u>	<u>\$17,892,906</u>

(IV) Reconciliation for segment income

Sales between segments are conducted according to the principle of transactions at fair value. The operating revenue from external customers reported to the operating decision maker is measured in a manner consistent with that in the income statement.

The consolidated income, assets and liabilities of related segments are consistent with the consolidated income, consolidated assets and consolidated liabilities, so there is no reconciliation information.

(V) Information on products and services

The revenue from external customers mainly come from the sales of photomasks and semiconductors and product and labor revenue of medical equipment, as shown in Note 6 (22).

(VI) Geographical information

Information by region for the Group in 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-Current Assets</u>	<u>Revenue</u>	<u>Non-Current Assets</u>
Taiwan	\$ 2,839,639	\$11,004,887	\$ 2,929,266	\$ 8,396,368
Asia	4,267,501	2,728	4,753,060	1,810
Others	<u>92,795</u>	<u>-</u>	<u>58,792</u>	<u>-</u>
Total	<u>\$ 7,199,935</u>	<u>\$11,007,615</u>	<u>\$ 7,741,118</u>	<u>\$ 8,398,178</u>

(VII)

(VIII) Major customer information

Information by major customer for the Group in 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Department</u>	<u>Revenue</u>	<u>Department</u>
Company B	<u>\$ 845,000</u>	Photomask and semiconductor segment	<u>\$ 936,993</u>	Photomask and semiconductor segment

Taiwan Mask Corporation and Subsidiaries
Loans to Others
January 1 to December 31, 2023

Table 1

Unit: NTD in thousand
(Unless otherwise specified)

No. (Note 1)	Company that lent funds	Borrowing party	General ledger account	Related party?	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Range of interest rate	Nature of loan	Amount of transaction with borrower	Reason for short-term financing	Amount of recognized impairment loss	Collateral		Limit on loans granted to a single party	Ceiling on total loan granted	Note
													Name	Value			
1	ADL Energy Corp	Aptos Technology INC.	Other Receivables – Related Parties	Y	\$ 10,000	\$ -	\$ -	2.7%	Short-term financing	-	Business operations	-			\$ 27,324	\$ 34,155	Note 3
2	Miracle Technology CO., LTD.	Aptos Technology INC.	Other Receivables – Related Parties	Y	170,000	170,000	170,000	2.7%	Short-term financing	-	Working capital	-	170,000	174,394	174,394	174,394	Note 4
3	Youe Chung Capital Corporation	Aptos Technology INC.	Other Receivables – Related Parties	Y	370,000	270,000	270,000	2.7%	Short-term financing	-	Working capital	-	270,000	1,410,867	1,410,867	1,410,867	Note 6
3	Youe Chung Capital Corporation	Xsense Technology	Other Receivables – Related Parties	Y	570,000	300,000	270,000	2.7%	Short-term financing	-	Working capital	-	300,000	1,410,867	1,410,867	1,410,867	Note 6
3	Youe Chung Capital Corporation	Innova Vision INC.	Other Receivables - Related Parties	Y	90,000	90,000	90,000	2.7%	Short-term financing	-	Working capital	-	90,000	1,410,867	1,410,867	1,410,867	Note 6
3	Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Other Receivables - Related Parties	Y	30,000	30,000	30,000	2.7%	Short-term financing	-	Working capital	-	30,000	1,410,867	1,410,867	1,410,867	Note 6
4	Pilot Battery Co., Ltd.	Xsense Technology Corporation (B.V.L) Taiwan Branch	Other Receivables – Related Parties	Y	50,000	50,000	50,000	2.7%	Short-term financing	-	Working capital	-	50,000	157,182	157,182	157,182	Note 7

Note 1: The description of the number columns are as follows:

- (1) Fill in “0” for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: Amendment to the Procedures for Lending Funds to Others:

- (1) Total amount of loans: The total amount of the Company’s loans shall not exceed 40% of the Company’s net value.
- (2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.
- (3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company’s net value.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loans to a single party shall not exceed 50% of the Company’s net value.

Note 3: Subsidiary - ADL Energy Corp Procedures for Lending Funds to Others:

- (1) The total loan amount shall not exceed 50% of the Company’s net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed 40% of the Company net value.
- (2) In addition to the provisions in (1), the loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- (3) In addition to the provisions in (1), in which companies or businesses have a short-term financing need, and the loan amount of each individual borrowers not exceeding 40% of the Company net value, the financing amount refers to the accumulated balance of the company’s short-term financing.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, or loans to the Company from any overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are not restricted by paragraph 1, subparagraph 1. However, the total loan amount, limits for each individual borrower, and the period of loan should be specified. However, the total amount of funds to be loaned and the limits for individual borrowers should be set, and the period for which funds should be loaned should be clearly defined. The total amount of loans lent between the overseas companies or to the parent company and the limit for each limit are specified as follows:
 - I. The total amount loans to enterprises shall not exceed 50% of the Company’s net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.
 - II. For overseas companies that have business dealings with each other, the individual loan amount shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
 - III. If there is a need for short-term financing, the loan amount of each individual borrowers shall not exceed 40% of the company’s net value, and the financing amount refers to the accumulated balance of the short-term financing between overseas companies.

(5) The highest balance for the current period is the amount resolved by the board.

Note 4: Subsidiary - Miracle Technology Procedures for Lending Funds to Others

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.
- (3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loans to a single party shall not exceed 50% of the Company's net value.

Note 5: Subsidiary - Innova Vision Procedures for Lending Funds to Others

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) The loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties in the past year. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties, and shall not exceed 20% of the Company's net value.
- (3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

Note 6: Subsidiary - Youe Chung Capital Corporation Procedures for Lending Funds to Others

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) For companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.

Note 7: Subsidiary - Pilot Battery Co.,Ltd. Procedures for Lending Funds to Others:

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement.
- (2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.

Taiwan Mask Corporation and Subsidiaries
Endorsements and Guarantees to Others
January 1 to December 31, 2023

Table 2

Unit: NTD in thousand
(Unless otherwise specified)

No. (Note 1)	Endorser/guarantor Name of Company	Guaranteed Party Name of Company	Relationship (Note 2)	Limit of endorsement and guarantee for a single enterprise (Note 3, 4, 5, 6)	Maximum Balance of Endorsement/G uarantee for the Period	Ending Balance of Endorsement/G uarantee	Amount Actually Drawn	Amount of Endorsement/Gu arantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarante e to Net Equity per Latest Financial Statements	Maximum Endorsement/Guar antee Amount Allowable (Note 3, 4, 5, 6)	Guarantee Provided by Parent Company to Subsidiary	Guarantee Provided by Subsidiary to Parent Company	Guarantee Provided by Subsidiaries in Mainland China	Note
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	2	\$ 229,550	\$ 226,975	\$ 214,935	\$ -	\$ -	4.43%	\$ 2,049,257	Y	N	N	Note 3
1	ADL Energy Corp	Aptos Technology INC.	3	20,493	19,500	-	-	-	0.00%	20,493	N	Y	N	Note 4
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	392,131	226,695	224,165	224,165	224,165	57.17%	392,131	N	Y	N	Note 5
3	Miracle Technology CO., LTD.	Xsense Technology	1	174,394	150,000	150,000	150,000	150,000	34.40%	174,394	N	N	N	Note 6
3	Miracle Technology CO., LTD.	Aptos Technology INC.	1	174,394	20,000	20,000	20,000	20,000	4.59%	174,394	N	N	N	Note 6
4	Pilot Battery Co., Ltd.	ADL Energy Corp	1	157,182	50,000	30,000	30,000	30,000	7.63%	157,182	N	N	N	Note 7

Note 1: The description of the number columns are as follows:

- (1) Fill in "0" for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: The relationship between the guarantor and the guarantee are one of the seven types indicated below:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4) Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other.
- (5) A company that is mutually insured by a contract between peers or co-founders based on the needs of the contracted work.
- (6) A company that is guaranteed by all contributing shareholders in proportion to their shareholdings due to a joint investment relationship.
- (7) Companies that are engaged in joint and several guarantees for the performance guarantee of pre-sale housing sales contracts in accordance with the regulations of the Consumer Protection Act.

Note 3: The Company's endorsement and guarantee practices for others provide that:

- (1) The total amount of the Company's external endorsement guarantee shall not exceed 30% of the Company's paid-in capital.
- (2) The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- (3) Companies with which the Company has a parent-child relationship: The endorsement and guarantee for a single enterprise shall not exceed 10% of the Company's paid-in capital and the company's paid-in capital being endorsed and guaranteed.
- (4) The aggregate amount of the endorsement and guarantee of the Company and its subsidiaries as a whole shall not exceed 40% of the net worth of the Company, of which the endorsement and guarantee of a single subsidiary shall not exceed 20% of the net worth of the Company.

Note 4: Subsidiary - ADL Energy Corp Endorsement and Guarantee Procedures:

- (1) The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.
- (2) The amount of the endorsement guarantee for a single enterprise shall not exceed 30% of the net value of the company's most recent audited or reviewed financial statements.
- (3) The Company and its subsidiaries shall state in the shareholders' meeting the necessity and reasonableness of any endorsement or guarantee of more than 50% of the net value of the Company's most recent audited or reviewed financial statements.

Note 5: Miko-China Enterprise (Shanghai) Co., Ltd. Endorsement and Guarantee Procedures:

The total amount of endorsement guarantee liability is limited to RMB 30 million, and the amount of endorsement guarantee for a single enterprise shall not exceed RMB 30 million; however, for the parent company that directly or indirectly holds, through a subsidiary, more than 50% of the common stock equity of a company, it may endorse up to its net value.

Note 6: Subsidiary - Miracle Technology Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Note 7: Subsidiary - Pilot Battery Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Taiwan Mask Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 3

Unit: NTD in thousand
(Unless otherwise specified)

Company name of the shareholding	Marketable securities	Relationship with the marketable securities issuer	General ledger account	End of period				
				Number of shares	Book value	Ownership	Fair value	Note
Taiwan Mask Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	7,554,000	\$ 397,340	0.06%	\$ 397,340	
Taiwan Mask Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	14,334,000	792,670	7.17%	792,670	
Taiwan Mask Corporation	Common stocks of Avison Inc. through private placement.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	10,000,000	55,700	4.61%	55,700	
Taiwan Mask Corporation	Common Stock of 3S Silicon Tech Inc.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	1,000,000	11,592	2.69%	11,592	
Youe Chung Capital Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	5,680,000	298,768	0.05%	298,768	
Youe Chung Capital Corporation	Common stocks of Microtek International	None	Financial Assets at Fair Value Through Profit or Loss - Current	40,966,000	929,928	19.92%	929,928	
Youe Chung Capital Corporation	Common stocks of Taiwan Mask	Parent company	Financial Asset at Fair Value Through Profit or Loss - Non Current	35,831,440	2,547,615	13.97%	2,547,615	
Youe Chung Capital Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	24,999,000	1,382,445	12.50%	1,382,445	
Youe Chung Capital Corporation	Common stocks of EVERBRITE Technology	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	12,798,000	540,076	19.99%	540,076	
Youe Chung Capital Corporation	Image Match Design Inc.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	378,000	2,925	2.26%	2,925	
Youe Chung Capital Corporation	B Current Impact Investment	The Company is a director of that company	Financial Asset at Fair Value Through Profit or Loss - Non Current	1,000,000	10,000	10.00%	10,000	
Youe Chung Capital Corporation	B Current Impact Investment Partnership	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	500,000	5,000	-	5,000	
Youe Chung Capital Corporation	Intellectual Property Innovation Corporation Partnership Fund	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	20,000	-	20,000	
Youe Chung Capital Corporation	Wisdom Capital Limited Partnership	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	-	55,000	-	55,000	
Jing Hao Investment Co., Ltd.	G-TECH ELECTRONICS LTD.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	1,097,092	-	8.08%	-	
Jingjing Investment Co., Ltd.	Memchip Technology Co., Ltd.	None	Financial Asset at Fair Value Through Profit or Loss - Non Current	187,915	-	3.13%	-	
Aptos Technology INC.	Common stocks of TOPFUN TECHNOLOGY INC.	None	Financial assets measured at fair value through other comprehensive income - Non Current	100,000	-	12.27%	-	
ADL Energy Corp	Franklin Templeton SinoAm Asia Pacific Balanced Fund-Accu. Beneficiary Certificate	None	Financial Assets at Fair Value Through Profit or Loss - Current	50,000	500	-	500	
Miko-China Enterprise (Shanghai) Co., Ltd.	Common stocks of Shenzhen He Mei Jing Yi Semiconductor Technology Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	400,000	20,770	0.31%	20,770	

Taiwan Mask Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1 to December 31, 2023

Table 4

Unit: NTD in thousand
(Unless otherwise specified)

No. (Note 1)	Name of the counterparty	Counterparty	Relationship with the counterparty (Note 2)	Status of transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Sales	11,716	Net 60	0.16%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Endorsement and guarantee	214,935	Same with other customers	1.03%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Accounts Receivables	1,629	Net 60	0.01%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Rental income	2,626	Same with other customers	0.04%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Sales	23,415	Net 60	0.33%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Accounts Receivables	4,865	Net 60	0.02%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Rental income	52,812	Same with other customers	0.73%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	35,350	Same with other customers	0.17%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Rental income	16,174	Same with other customers	0.22%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	28,883	Same with other customers	0.14%
0	Taiwan Mask Corporation	Xsense Technology	1	Rental income	48,697	Same with other customers	0.68%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	Other Receivables	26,021	Same with other customers	0.12%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Other Incomes	1,912	Same with other customers	0.03%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Incomes	2,490	Same with other customers	0.03%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Incomes	2,587	Same with other customers	0.04%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	Other Incomes	1,391	Same with other customers	0.02%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Other receivables (loans of funds)	170,000	Receipt and payment at an agreed time	0.81%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Interest income	4,590	Receipt and payment at an agreed time	0.06%
1	Miracle Technology CO., LTD.	Xsense Technology	3	Endorsement and guarantee	150,000	Same with other customers	0.72%
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Sales	2,308	Net 60	0.03%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Sales	70,257	Net 30	0.98%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Accounts Receivables	1,082	Net 30	0.01%
1	Miracle Technology CO., LTD.	Sichuan Miracle Power Technology Co., Ltd.	3	Accounts Receivables	1,470	Net 60	0.01%
1	Miracle Technology CO., LTD.	Sichuan Miracle Power Technology Co., Ltd.	3	Sales	7,391	Net 60	0.10%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Endorsement and guarantee	20,000	Same with other customers	0.10%
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	Endorsement and guarantee	224,165	Same with other customers	1.07%
3	Sichuan Miracle Power Technology Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	3	Sales	7,912	Net 30	0.11%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Other receivables (loans of funds)	270,000	Receipt and payment at an agreed time	1.29%

No. (Note 1)	Name of the counterparty	Counterparty	Relationship with the counterparty (Note 2)	Status of transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Interest income	7,148	Receipt and payment at an agreed time	0.10%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other receivables (loans of funds)	270,000	Receipt and payment at an agreed time	1.29%
4	Youe Chung Capital Corporation	Xsense Technology	3	Interest income	7,283	Receipt and payment at an agreed time	0.10%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Other receivables (loans of funds)	90,000	Receipt and payment at an agreed time	0.43%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Interest income	2,437	Receipt and payment at an agreed time	0.03%
4	Youe Chung Capital Corporation	Moment Semiconductor, Inc.	3	Other receivables (loans of funds)	30,000	Receipt and payment at an agreed time	0.14%
5	Aptos Technology INC.	Moment Semiconductor, Inc.	3	Sales	13,420	Net 60	0.19%
5	Aptos Technology INC.	Moment Semiconductor, Inc.	3	Accounts Receivables	1,440	Net 60	0.01%
6	ADL Energy Corp	Taiwan Mask Corporation	2	Sales	11,255	Net 60	0.16%
7	Innova Vision INC.	iPro Vision Inc.	3	Sales	31,780	Net 60	0.44%
7	Innova Vision INC.	iPro Vision Inc.	3	Accounts Receivables	36,655	Receipt and payment at an agreed time	0.18%
8	Pilot Battery Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other receivables (loans of funds)	50,000	Receipt and payment at an agreed time	0.24%
8	Pilot Battery Co., Ltd.	ADL Energy Corp	3	Endorsement and guarantee	30,000	Receipt and payment at an agreed time	0.14%
8	Pilot Battery Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Interest income	1,073	Receipt and payment at an agreed time	0.01%
9	Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	2	Sales	148,644	Net 60	2.06%
9	Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	2	Accounts Receivables	3,832	Net 60	0.02%
10	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan Mask Corporation	2	Other Incomes	9,000	Receipt and payment at an agreed time	0.13%
10	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan Mask Corporation	2	Other operating revenue	1,000	Receipt and payment at an agreed time	0.01%
11	iPro Vision Inc.	Innova Vision INC.	2	Sales	1,555	Receipt and payment at an agreed time	0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiaries.

Note 3: Only transactions with an amount of more than NT\$1 million will be disclosed, and transactions with related parties will not be disclosed separately.

Taiwan Mask Corporation and Subsidiaries
Names, locations and other information of investee companies (not including investees in China)
January 1 to December 31, 2023

Table 5

Unit: NTD in thousand
(Unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Owners hip	Book value			
Taiwan Mask Corporation	SunnyLake Park International Holdings, Inc.	British Virgin Islands	Re-investment	\$ 103,045	\$ 103,045	3,120,000	100%	\$ 5,683	(\$ 64)	(\$ 64)	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Taiwan	Re-investment	1,260,000	1,260,000	534,877,568	100%	987,383	(810,367)	(347,421)	
Taiwan Mask Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	165,691	165,691	12,549,652	23.51%	32,974	(91,817)	(22,792)	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Taiwan	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	252,651	252,651	22,955,033	100%	472,096	17,169	17,169	
Taiwan Mask Corporation	Weida Hi-Tech Co., Ltd.	Taiwan	Display panel control chip and other module's research, design, development, manufacturing and sales	293,371	293,371	12,176,880	28.20%	26,081	(210,648)	(57,935)	
Taiwan Mask Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	598,721	578,321	37,813,134	75.32%	142,651	(178,674)	(165,774)	
Taiwan Mask Corporation	ONE TEST SYSTEMS	United States	Research, development and design of test equipment and related components	121,372	-	940,000	100%	121,332	5,823		6 Note 2
Taiwan Mask Corporation	Pilot Battery Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	180,000	-	3,600,000	20.00%	78,591	(58,757)	(2,463)	
Youe Chung Capital Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	75,021	60,021	3,216,223	6.03%	8,451	(91,817)	(5,062)	
Youe Chung Capital Corporation	Xsense Technology Corporation	British Virgin Islands	Precious metal coating	325,965	325,965	1	100.00%	6,247	(72)	(72)	
Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan	Precious metal coating	-	-	12,189,191	53.00%	(3,294)	10,768	2,175	
Youe Chung Capital Corporation	Aptos Technology INC.	Taiwan	Design, packaging and testing of NAND flash memory, solid state drives and the related products	434,692	434,692	28,481,161	47.19%	(221,433)	(274,014)	(129,303)	
Youe Chung Capital Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	151,533	151,533	94,370	0.19%	449	(178,674)	(405)	
Youe Chung Capital Corporation	Digital-Can Tech. Co., Ltd.	Taiwan	3D Printing and Plastic Mold Design	139,072	139,072	7,281,250	57.39%	106,507	(4,253)	(7,351)	
Youe Chung Capital Corporation	Pilot Battery Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	178,500	-	7,000,000	38.89%	249,031	(58,757)	(30,513)	

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Owners hip	Book value			
Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Taiwan	Retail and wholesale of memory products	40,000	-	4,000,000	53.33%	29,910	(24,327)	(10,090)	
Aptos Technology INC.	New Sunrise Limited	Samoa	Re-investment	-	-	-	100%	-	-	-	Note 1
Aptos Technology INC.	ONE TEST SYSTEMS	United States	Research, development and design of test equipment and related components	-	-	-	0%	-	5,823	(46)	Note 2
Aptos Technology INC.	ADL Energy Corp	Taiwan	Electronic parts and components and energy technical services		413,050		0%	-	20,396	20,396	Note 3
ADL Energy Corp	Aptos Global Holding Corp.	Seychelles	Re-investment	29,795	29,795	10,000,000	100%	-	-	-	
Miracle Technology CO., LTD.	Jingjing Investment Co., Ltd.	Taiwan	Re-investment	10,012	10,012	25,860,907	100%	321,670	43,005	43,005	
Jingjing Investment Co., Ltd.	Miko Technology Co., Ltd	Hong Kong	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	37	37	10,000	100%	6,719	(20)	(20)	
Innova Vision INC.	Innova Technology	Taiwan	Sales of contact lens	64,650	64,650	3,000,000	100%	(3,396)	(58)	(58)	
Innova Vision INC.	Innova Vision (B.V.I) Inc.	British Virgin Islands	Re-investment	60,157	60,157	1,000,000	100%	(2,717)	(1,245)	(1,245)	
Innova Vision INC.	iPro Vision Inc.	Japan	Sales of contact lens	84,204	84,204	6,400	52.03%	(1,756)	(3,305)	(1,720)	
Innova Vision (B.V.I) Inc.	iPro Vision Inc.	Japan	Sales of contact lens	56,420	56,420	5,900	47.97%	(1,626)	(3,305)	(1,585)	
Pilot Battery Co., Ltd.	ADL Energy Corp	Taiwan	Electronic parts and components and energy technical services	413,050	-	11,984,526	100%	68,310	20,396	-	Note 3

Note 1: As of December 31, 2023, the funds for shares have not been remitted.

Note 2: The Company's subsidiary, Aptos Technology INC. invested in One Test Systems in May 2023 with a 100% shareholding. In August 2023, the Group was reorganized and One Test Systems was directly owned by the Company, with its shareholding remaining at 100%.

Note 3: The Group's organization was restructured in December 2023 and the Company's subsidiary, Pilot Battery Co.,Ltd., directly owned ADL Energy Corp. with a shareholding ratio of 100%.

Taiwan Mask Corporation and Subsidiaries
Information on investments in China
January 1 to December 31, 2023

Table 6

Unit: NTD in thousand
(Unless otherwise specified)

Investee in Mainland China	Main business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China at the beginning of the period	Amount remitted from Taiwan to China/Amount remitted back to Taiwan for the period		Accumulated amount of remittance from Taiwan to China	Profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the current period (Note 2)	Ending carrying amount	Accumulated amount of investment income remitted back to Taiwan	Note
					Remitted to	Remitted back							
Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	\$ 3,283	1	\$ 3,283	\$ -	\$ -	\$ 3,283	\$ 54,528	100%	\$ 54,528	\$ 392,131	\$ -	Note 2 (2) B
Miracle International Enterprise(Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	10,215	1	10,215	-	-	10,215	11,025	100%	11,025	102,768	-	Note 2 (2) B, Note 4
Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	53,676	3	-	-	-	-	(2,723)	100%	(2,723)	54,994	-	Note 2 (2) B
<u>Name of Company</u>		<u>Accumulated amount of remittance from Taiwan to China as of the end of the period</u>		<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>		<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>							
Miracle Technology CO., LTD.		\$ 13,498		\$ 13,498		\$ 261,592							

Note 1: Investment methods are classified into the following three categories; fill in the number of categories each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (please specify the company), which then invested in Mainland China.
- (3) Others

Note 2: Investment income recognized by the Company for the current period

- (1) If it is still under preparation with no actual gain or loss, it shall be indicated in the box.
- (2) The basis for recognition of the investment gains or losses is divided into the following three, it shall be indicated in the box.
 - A. Financial statements audited and validated by an international accounting firm that has a collaborative relationship with CPA firms in Taiwan.
 - B. Financial statements audited and validated by a certified accountant or accounting firm who work with the parent company in Taiwan.
 - C. Unaudited financial statements.

Note 3: The relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: It was originally invested through Misun Technology Co., Ltd. Since the aforementioned company has gone through dissolution and liquidation, it has been changed to Miracle Technology Co., Ltd. directly investing in Miracle International Enterprise (Shanghai) Co., Ltd.

Taiwan Mask Corporation and Subsidiaries
Information on Major Shareholders
December 31, 2023

Table 7

Name of Main Shareholders	Shares	
	No. of shares held	Ownership
Youe Chung Capital Corporation	35,831,440	13.97%