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C SUN MFG. LTD

Annual Report 2023

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Chapter 1. Letter to Shareholders

I. Business Report for 2023

Dear Shareholders,

We would like to extend our appreciation to Shareholders for their long-term support for C Sun. We hereby report to Shareholders of our operating status for 2023:

(I) Operating Results:

Unit: NT\$000'

Item	2023	2022	Increase (Decrease) Ratio
Net operating income	3,625,801	5,366,976	(32.4)%
Operating gross profit	1,506,158	1,908,005	(21.1)%
Operating expenses	1,103,502	1,178,172	(6.3)%
Operating gains	402,656	729,833	(44.8)%
Non-operating income (expenses)	181,376	230,932	(21.5)%
Net profit after tax	530,121	782,622	(32.3)%
Net profit attributable to the parent company	486,324	718,965	(32.4)%

(II) Overview on Financial Income and Expenses and Profitability:

R&D	1. Financial Structure:			
	Equity to asset ratio	=	42.66%	Status for 2023:
	Debt ratio	=	57.34%	
	2. Solvency:			
	Current ratio	=	160.89%	
	Quick ratio	=	134.07%	
	3. Profitability:			
	Return on assets	=	6.01%	
	Return on Shareholders' Equity	=	14.11%	
	Profit margin	=	13.41%	
	Earnings per share (EPS)	=	3.12	

Industry	Item
Equipment for semiconductor manufacturing process	Semiconductor equipment development project, development of PLP roller lamination module, WTW Bonder Project, and semiconductor technology development program plan
Equipment for PCB manufacturing process	RCC pre-lamination machine, high-end roller laminator, ABF film peeler, and outer layer film peeler
Equipment for forward-looking manufacturing process and other electronic applications	Quartz oscillator lithography manufacturing process equipment

II. Summary of Operating Plans for 2024

(I) Operating Policy for the Year

1. Business

- (1) Grasp the business opportunities related to capital expenditures on 2.5D, 3D IC packaging, FoPLP, Micro LED, 8K4K TV, OLED, LTPS, IGZO, SLP HDI/MSAP, RCC manufacturing process, ABF/BT SLP and other advanced and forward-looking manufacturing processes.
- (2) Expand into the Thailand, Malaysia, Singapore, Indian, US and Japan markets.
2. Focus on appeals related to energy-saving, environmental protection, and circular economy: Improve the energy-saving feature of ovens and different machines, adhere to energy-saving and reuse, and facilitate a sustainable environment during its operations.
3. R&D: Improve the internal core technologies and exchanges and strengthen the cooperative relationships with external strategic partners for R&D and marketing to allow a more comprehensive product portfolio.

Product technologies to be developed in 2024:

Industry	Item
Equipment for semiconductor manufacturing process	Carrier bonder update project, WTW Bonder development project, Panel bonder module development, roller lamination update project, and semiconductor technology development program plan
Equipment for PCB manufacturing process	RCC pre-lamination machine, high-end roller laminator, ABF film peeler, solder mask film peeler, and dual ceramic substrate laminator
Equipment for forward-looking manufacturing process and other electronic applications	Quartz oscillator lithography manufacturing process equipment

4. Management

(1) Organization

Establish the organizational structure of business units (BU) based on industries and core technologies.

The BUs will base on the core technologies to exert professional leverage in the manufacturing process. Meanwhile, the Company will develop an innovative R&D system for the Group's management platform with cross-industry integration and exert the advantage of economies of scale of channels.

(2) Talent Cultivation

Introduce outstanding talents as well as international industry-academy cooperation and external consultants of international scale. Our senior officers will assume offices as internal lecturers and comply with the internal problem analysis & conclusions (PAC) system, You Should Know (YSK) system, internal

knowledge management (KM) system, and the digital transformation management process to systematically cultivate the R&D team for core technologies and the mixed-mode PARPRO (professional partners) with management abilities and integrated capacity, and in turn, organically manifest the opportunities to develop C Sun into a learning organization with core competitiveness.

(3) Asset Management

Strengthen the risk control on cash flows and positions; improve the clearance of account receivables and new and old obsolete stock.

(4) Production Management

Improve the quality control system from QC to QA (quality assurance) and continue to introduce the PAC system and YSK system to comprehensively reinforce the reliability of our products. To instantly respond to market demands, we adopt an effective cross-strait work division and lean operations, introduce concepts of sustainable development, and implement corporate social responsibility.

(II) Expected Sales Volume for 2024 and Its Basis:

Unit: Machine

Industry	Volume
Equipment for semiconductor manufacturing process	368
Equipment for PCB manufacturing process	346
Equipment for forward-looking manufacturing process and other electronic applications	554
Total	1,268

Note: Prepared with reference to factors such as orders received, production schedule, shipping dates, and industrial development

(III) Significant Production and Marketing Policy

The following production and marketing policies are positioned to better meet the demand trends of advanced semiconductor packaging manufacturing process and future AI chips, with the plan of Guangzhou Plant and Kunshan Plant in other industrial manufacturing process equipment:

1. Focused division of labor in manufacturing process and flexible adjustment: Taiwan Linkou Plant and Taichung Plant will expand and develop the production equipment and capacity preparation of advanced semiconductor packaging manufacturing process and future AI chips to meet the demands of high-end semiconductor market. Meanwhile, Guangzhou Plant and Kunshan Plant will focus on providing service to manufacturing process technologies and equipment R&D of PCB, FPD, Touch Panel, LED and other electronic fields. In this way, it can be ensured that each base will adjust the capacity and technology development direction in accordance with the market

demands and economic situation.

2. Become a total solution provider: enhance the capability of Taiwan Linkou Plant and Taichung Plant to provide total solution related to integrated materials, equipment and manufacturing process technology, concentrate on satisfying the special needs of equipment for forward-looking manufacturing process and AI chip manufacturing. Guangzhou Plant and Kunshan Plant will continue to improve the integration and innovation capability in other electronics manufacturing process technologies.
3. Consolidate and expand the regional leadership status: Taiwan Linkou Plant and Taichung Plant have been dedicated to become the leader in supplying equipment for advanced semiconductor packaging manufacturing process, while Guangzhou Plant and Kunshan Plant will concentrate on consolidating and expanding their marketing leading position in supplying equipment for other PCB, and light and heat manufacturing process in the electronic industry in Greater China.
4. Provide production solutions with high production capacity, high energy-conservation, and high precision: Taiwan Linkou Plant and Taichung Plant will develop production technologies and equipment with high production capacity, high energy-conservation, and high precision for advanced semiconductor packaging, IC substrate, and HBM.
5. Actively participate in innovation and sustainable development: all bases will actively participate in the research, development and application of such technologies as smart-auto, energy-saving and reuse, and sustainable environment. All plants shall explore and adopt more innovative technologies and environmental solutions, and lead the industry towards a more efficient and more eco-friendly future. With these strategic adjustments, the Company aims to satisfy the market demands for advanced semiconductor packaging equipment in a more accurate way, strengthen the technology innovation, proactively seize the global leadership position in supplying the equipment for semiconductor and electronics industry, and promote the long-term development and industry progress.

III. Future Development Strategies of the Company

Adhering to our consistent operating strategy, the Company will focus on providing equipment for bonding, lamination, peeling, thermal, UV, wet process and plasma technology. With the advancement of AI technology and its widespread application, fields including cloud computing servers, big data analysis, AI model training and inference, and auto driving have witnessed great growth potential, and advanced semiconductor packaging technologies, especially the 2.5D/3D chip stacking technology, have become key to meeting these needs. By integrating and packaging multiple chips onto a unified substrate through these technologies, the distance between circuits on these chips can be shortened, and furthermore, such advantages as smaller size, lower power consumption, cost saving and better performance can be achieved.

As an important equipment supplier for leading semiconductor manufacturer in the world, we plan to employ innovative technologies in these advanced packaging fields. In this way, we can support the rapid development and emerging demands of AI technologies, and link with G2C+ strategic partners in terms of technologies and market. With the core equipment technologies accumulated in the past decades serving as the solid operation basis, we will extend the application of innovative technologies to other industries, and expand the business and overseas reach. It is expected to deepen and expand our core technologies and smart-auto AI to provide a more comprehensive product portfolio and services.

IV. Effects of External Competitive Environment, Regulatory Environment, and Overall Business Environment

(I) External Competitive Environment:

The external competitive environment sees that our TFT LCD/touch panel manufacturing process equipment has achieved remarkable results in the Cross-Strait market, and the proactive transformation towards AR/VR, vehicle application, MicroLED and FoPLP manufacturing process fields is in progress.

We are now the exclusive manufacturer who can provide large-size multilayer ovens for TFT FEOL. In addition to the market exclusiveness, such unique capability also lays a solid foundation for our technology innovation and market expansion in the future. As the semiconductor industry continues to advance, Taiwan's leadership in advanced packaging technologies is particularly critical, especially in areas such as CoWoS (Chip on Wafer on Substrate) and HBM (High Bandwidth Memory).

Such technologies powerfully underpin AI, big data, high performance computing and other cutting-edge applications. As a key player in this progress, our company has developed to be the global leader in laminators and film peelers for PCB ABF/BT substrate manufacturing process, IC packaging oven and other key equipment. Guided by continuous technology innovation, we plan to continue cultivate markets in Taiwan, Southeast Asia, Europe, America, and Japan. Particularly for fields such as CoWoS, HBM and other advanced packaging technologies, we will continue to increase the R&D investment, and cooperate with G2C+ partners to jointly promote a more efficient, more co-friendly and more innovative semiconductor industry.

Facing the continuously increasing demands for high-performance computational capacity in the whole world, we believe that constant technology innovation and adjustment of market policies will allow us to retain the leadership position despite the fierce global competition, and provide global customers in leading position with more diversified and higher-quality products and services. In this way, a new promising future related to IC substrate, advanced semiconductor packaging and HBM industry can be jointly built.

(II) Regulatory Environment:

C Sun adheres to the principle of legal operations and fulfilling social responsibilities, and it is able to achieve legal compliance facing the changes in the regulatory environment due to the response measures adopted by professional managers and the consultation provided by legal experts.

(III) Macroeconomic Environment:

C Sun possesses a broad portfolio of equipment for a wide range of industries, spanning from PCB, FPD, Touch Panel, SEMI, and PV to Printing and Coating industries. With the changes in customers' strategies, the importance of core competitiveness becomes prominent.

Recent years have seen a dramatic change in the industry chain and trading environment due to the changes in China–United States relations, COVID-19, and other global events. C SUN established a "paisley formation" with a horizontal organization structure to flexibly cooperate and swiftly accustom itself to the changes of the environment; we also engaged in multi-faceted industry-university cooperation activities to deepen and expand our core technologies; for horizontal integration, C SUN and G2C+alliance partners adopted T-shaped strategies to coordinate the resources of the alliance partners and integrate cross-domain technologies; for vertical integration, we stuck to the motto of the invisible champion. The 2023 TSMC Excellent Performance Award is granted for honoring C SUN's extraordinary performance in supporting mass production.

For the upcoming 2024, C SUN will continue to expand the G2C+alliance, cultivate and deepen the existing products and customer bases in an innovative fashion, double the proportion of semiconductor equipment revenue, and keep abreast of emerging industries and applications by incorporating ESG and AI applications; by keeping up with the trends of industry localization, provide One Stop Solution services to meet the needs of customers; in the hope of attaining the goal of "coordinating efforts to fulfill the joint sustainability", create profitability for customers, shareholders and employees, and fulfill corporate social responsibilities.

In the end, we would like to wish our shareholders good health and may everything go smoothly.

Chairman Morrison Liang

Chapter 2. Company Profile

I. Date of Establishment: 18 April 1978

II. History:

Liang Wu-Shun, the founder of the Company, established the I-Chen Instrument Manufactory (一成儀器製造所) in 1966 and commenced the production of hot-air ovens, lab ovens and autoclaves. In 1971, it commenced the production of environmental chambers. The Company's name was changed from C Sun Instruments to C Sun MFG. Ltd. in 1978; the significant milestones are as follows:

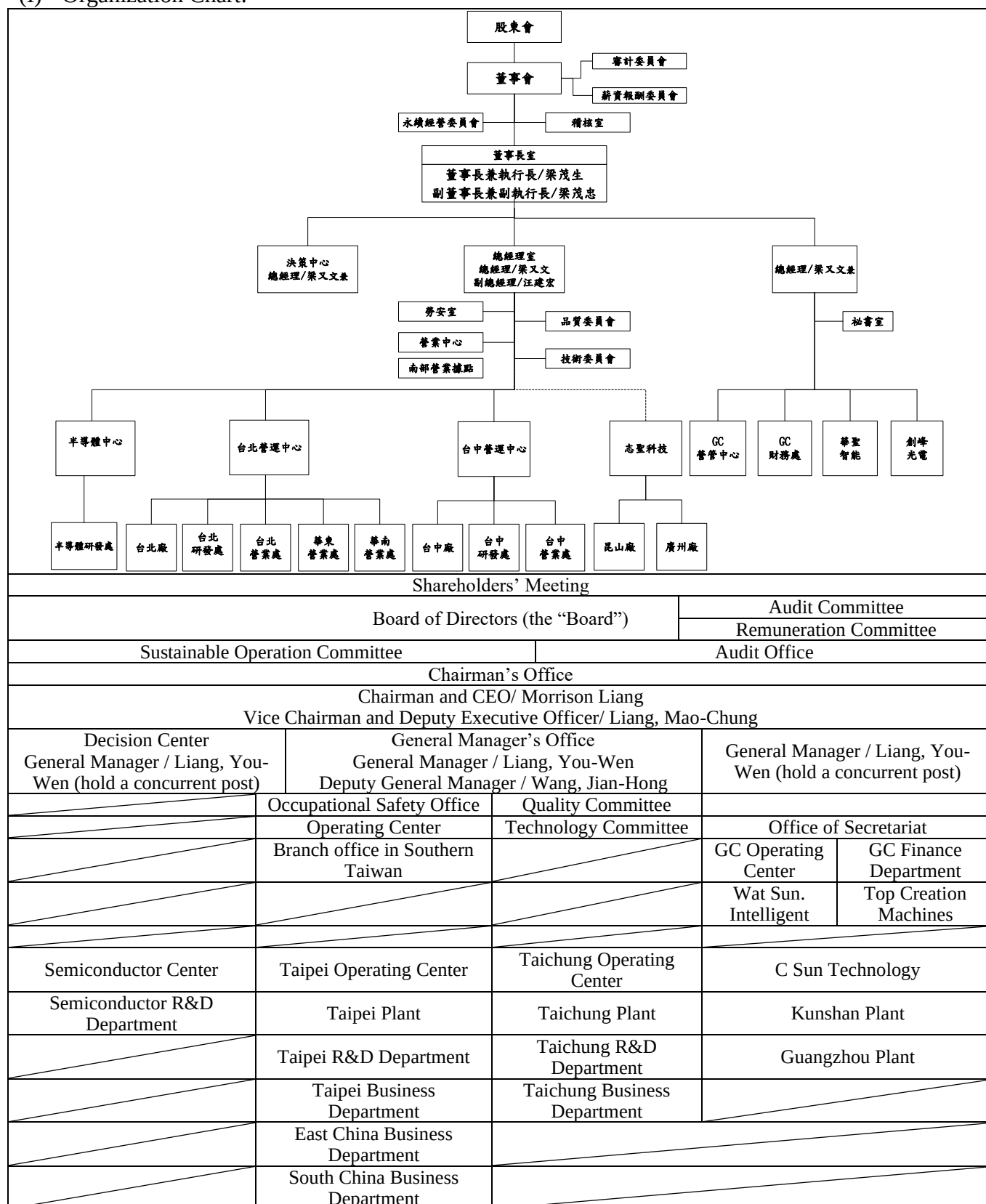
1971	Launched IC, diode and LED precision oven
1981	Launched the UV drying machine Established the Taichung Plant
1994	Launched 7kw/5kw exposure machine
1997	Launched inner layer auto exposure machine and automated laminator Established the Guangzhou Plant
1999	Entered into the field of LCD equipment manufacturing C Sun's shares listed on TPEx
2001	C Sun's shares listed on TWSE
2003	Participated in the "III-V Group Semiconductor Technology Project" to develop RTP equipment Launched automated and semi-automated outer layer exposure machines Established C Sun Tech. Guangzhou Ltd. (Kunshan)
2006	Cooperated with White Russia in developing the Stepper exposure machine Merged with Jingyen Technology (晶研科技), established its branch in Hsinchu Science Industrial Park (HSIP), and added the production of plasma equipment
2007	Merged with Pude Technology (鐸德科技)
2008	The construction of C Sun Technology Kunshan Plant was completed
2009	Received the subsidies from the National Science Council under the "High-tech Equipment Forward-looking Technology Development Project" to develop the wafer laminator Received the result recognition from the Ministry of Economic Affairs (MOEA) under the science and technology project for our FPD multilayer oven
2010	Launched the 450kg poly-Si crystal growth furnace
2011	Invested in Top Creation Machines Co., Ltd. in Suzhou for it to become a subsidiary
2012	The construction of the Taichung Plant in the Precision Machinery Innovation Technology Park was completed Invested in the subsidiary - Huashun Technology; developed the patterned sapphire substrate (PSS) (the production was suspended in 2015) The WVL automated wafer laminator received the Outstanding Supplier Forward-looking Innovation Award

- 2013 The IGZO high-temperature annealing furnace received subsidies from MOEA under the science and technology project
- 2015 The high-performance hot air multilayer oven for the panel received the display element product technology award under the 2015 Gold Panel Awards/The HSIP Branch included BU
- 2016 New alignment technology for panel – the UV multilayer oven received the 2016 Gold Panel Awards
The construction of C Sun Technology Kunshan Plant in High Technology Zone was completed and put into use
- 2017 The “high-precision display manufacturing process – smart-auto hot plate multilayer oven” received the “Gold Panel Awards” from TDUA.
Chairman Morrison Liang was awarded with Reward for Contribution of Outstanding Talent
- 2019 The business and finance management team moved to headquarters at Shi Mao Shin Du in Linkou to expand the production scale of the Linkou Plant
Received the 16th Annual Taiwan Golden Root Awards
Received the 5th Taiwan Mittlestand Award
- 2020 Formed the G2C+ Alliance and held the media conference in September
PCB automated peeler was successfully developed
- 2021 Successfully developed the ABF multi-captivity vacuum lamination and leveling equipment and launched for sales
Successfully developed the ABFvertical automated peeler and launched for sales
Successfully developed the 43-inch and 49-inch extra-large automated roller laminator and launched for sales
Secured the national semiconductor science and technology R&D program
Made donation to the Shu-Ren Fund of National Tsing Hua University
- 2022 Common Wealth Magazine - No. 519 of the Top 2000 Manufacturers
C SUN's self-assessed profit hit a record high of EPS 4.59 after-tax
Funded College of Engineering, National Taiwan University Young Investigator's Achievement Award
- 2023 Won The 1st New Taipei Enterprise Classic Award - R&D Innovation Category
Won Touch Taiwan Show Smart Display Exhibition - E-touch Green Decoration Design Award “Silver Award”
Won TSMC Excellent Performance Award for recognizing suppliers with outstanding performance

Chapter 3. Corporate Governance Report

I. Organization:

(I) Organization Chart:



(II) Business of Primary Segments

Segment	Scope of Business
GC Operating Center	(1) Planning, review, and examination for the Company's business development. (2) Promotion and execution of systems and projects. (3) Meeting planning and coordination for work between segments and follow-up (4) Promotion and integration of the ERP system. (5) Planning and management of human resources and establishment and execution of management rules and regulations and systems. (6) Planning and execution for marketing, legal affairs, and administration.
GC Finance Department	Planning and execution of accounting, finance, and stock affairs, fundraising and procurement, and relevant operations.
General Manager's Office/ Office of Secretariat	Coordinate and manage relevant affairs of all staff units, assist in the management of projects and advancement of progress
Taipei Business Department	Sales and marketing of equipment for the PCB industry, and development of markets and forward-looking products; primary products include PCB exposure machines, laminators, ovens, and relevant consumables.
Taichung Business Department	Sales and marketing of equipment for the FPD industry, and development of forward-looking products; primary products include hot air, hot plate, and UV ovens, IR dryer, LCM aging test equipment, touch panel exposure machine, and laminator, aging baking oven, silver paste baking oven, high-temperature multilayer oven, and tunnel oven.
	Electronic assembly, printing, and coating, sales and marketing of equipment for the sports shoe industry, and development of forward-looking products; primary products include UV LED and UV dryers, ovens, and equipment for printing and coating; development of new products.
	Sales and marketing of equipment for the semiconductor and electronics industry, and development of forward-looking products; primary products include wafer laminators, precision ovens, and plasma equipment; with industrial customers spreading across IC, LED, MENS, and solar cells industries.
Kunshan Operating Center	Responsible for sales, promotion and business development of markets related to Kunshan
Dongguan Business Department	Responsible for sales, promotion and business development of markets related to Dongguan
Semiconductor Center	Sales and marketing of equipment for semiconductor equipment, and development of markets and forward-looking products
Corporate Governance	Responsible for affairs related to corporate governance, safeguarding stockholders' equity and enhancing the function of the Board
Quality Committee	Horizontal integration and exchange for matters related to quality assurance.
Technology Committee	Horizontal integration and exchange for matters related to technology management.
Productivity Integration Center	Responsible for R&D, quality, manufacturing, management of plant affairs and other relevant affairs, and integration.
Operating Center	Horizontal integration and exchange for matters related to business.
Occupational Safety Office	Planning for examination and inspection of safety and health facilities, implementing labor's safety and health educational training, management for labor's health inspection, and prevention and report of occupational disaster.

Remuneration Committee	Establishment of and regular examination of policies, systems, standards, and structures of Directors and managers' performance evaluation and remuneration. Regular evaluation and establishment of remuneration for Directors and managers.
Audit Committee	Assisting Directors in supervising the Company's executions related to quality and credibility of accounting audit, and financial reporting procedures.
Sustainable Operation Committee	Responsible for promoting matters related to corporate social responsibility (CSR), ethical management, and corporate governance.
Audit Office	Investigating and assessing the deficiencies of internal control system, measuring the operational efficiency, provide proper improvement suggestions, with the aim of ensuring sustainable and effective implementation of internal control system and assisting the Board and management team in fulfilling their responsibilities properly.
Southern District Service Center	Responsible for the coordination and communication in relation to the business operation in Southern Taiwan.

II. Information on Directors, Supervisors, General Manager, Vice General Managers, Assistant Managers, Directors of Departments and Branches:

(I) Information on Directors and Supervisors:

23 March 2024 (book closure day)

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Office	Date Initially Elected	Shares Held When Elected (Note 2)		Current Number of Shares Held (Note 2)		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Chairman	Republic of China	Morrison Liang	Male 77	09 June 2022	3 years	18 April 1978	3,963,215	2.60%	2,983,111	1.90%	326,430	0.22%	None	—	Bachelor, DepBachelor, Department of Chemical Engineering, National Taiwan University 7th Session of the Executives Program, Graduate School of Business Administration, National Chengchi University Vice chairman, TEEIA Standing supervisor, TJCIT Deputy Chairman, TPCA Environment Foundation Director, Taiwan Display Union Association (TDUA)	CEO of the Company Chairman, Csun Technology (Guangzhou) Co., Ltd. Independent Director, KING POLYTECHNIC ENGINEERING CO., LTD.	Vice Chairman	Liang, Mao-Chung	Sibling	Notes 1 and 2
Vice Chairman	Republic of China	Liang, Mao-Chung	Male 72	09 June 2022	3 years	18 April 1978	2,410,045	1.58%	3,135,346	2.00%	1,137,260	0.73%	None	—	Chengyuan Junior High School Honorary president, Guangzhou Huadu Taiwan Association (廣州花都台商協會) Vice president, Guangdong Province Association for Promoting Exchanges Across the Taiwan Straits	Deputy Executive Officer of the Company Chairman, Csun Technology (Guangzhou) Co., Ltd.	Chairman	Morrison Liang	Sibling	Note 2
Director	Republic of China	Shen, Xian-He	Male 71	09 June 2022	3 years	13 June 2019	—	—	—	—	—	—	None	—	Bachelor, Department of Electronic Engineering, Chung Yuan Christian University Vice president, Module, Resource and Material Center, AU Optronics Corporation United Microelectronics Corp. Manager of Department of Resource and Material/superintendent, United Microelectronics Corporation	Director, Anpec Electronics Corporation Director, Taiwan Surface Mounting Technology Corp. Director/general manager, Chem Tec Corporation Co., Ltd. Independent director/member of the remuneration committee/member of the audit committee, ENNOSTAR Inc.	—	—	—	—
Director	Republic of China	Chen, Zheng-Xing	Male 60	09 June 2022	3 years	13 June 2019	15,301	0.01%	15,760	0.01%	—	—	None	—	Master, Department of Mechanical Engineering, National Sun Yat-sen University Director of design, Chunghwa Picture Machinery Works Corporation (華映精機廠) Deputy General Manager of Gallant Precision Machining Co., Ltd.	Chairman/general manager, Gallant Precision Machining Co., Ltd. Director, C Sun MFG. Ltd. Director, Shinyu Light Co., Ltd. Chairman, Apex-I International Co., Ltd. Legal representative and Director of Gallant-Rapid Corporation Limited	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Office	Date Initially Elected	Shares Held When Elected (Note 2)		Current Number of Shares Held (Note 2)		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
															Legal representative and Director of Gallant Precision Machining Co., Ltd.	Chairman and CEO, GPM (Suzhou) Co., Ltd. (均強機械(蘇州)有限公司) Director, ESG World Citizens & Digital Governance Foundation Vice chairman, TEELA Vice chairman, Taiwan Automation Intelligence and Robotics Association Independent Director, Tongtai Machine & Tool Co., Ltd.				
Director	Republic of China	Yang, Hsien-Tseng(Note 4)	Male 69	09 June 2022	3 years	09 June 2022	—	—	—	—	—	—	None	—	Master of Laws, Ehime University Chairman, Microtips Technology Inc. Chairman, CLOUDRICHES DIGITAL TECHNOLOGY CO., LTD. Member of the Board of Supervisor, Taiwan Printed Circuit Association (TPCA) Supervisor, TPCA Environment Foundation					
Independent Director	Republic of China	Lin, Ming-Jie	Male 75	09 June 2022	3 years	14 June 2016	32,343	0.02%	33,313	0.02%	—	—	None	—	Ph.D., Department of Business Administration, National Chengchi University Director, Joint Credit Information Center Supervisor, TPEx Professor, Department of Business Administration, National Central University	Independent director/Member of the remuneration committee/ Member of the audit committee, Chicony Electronics Co., Ltd. Independent director/ Member of the remuneration committee/ member of the audit committee, G.M.I. Technology Inc. Independent director/ Member of the remuneration committee/ Member of the audit committee, Unitech Computer Co., Ltd.	—	—	—	—
Independent Director	Republic of China	Chu, Zhi-Yuan	Male 77	09 June 2022	3 years	14 June 2016	—	—	—	—	—	—	None	—	EMBA, Chung Yuan Christian University Senior vice president and chief finance officer, Delta Electronics Inc.	Independent director, Delta Electronics Thailand	—	—	—	—
Independent Director	Republic of China	Lin, Shu-Xian	Male 55	09 June 2022	3 years	13 June 2019	—	—	—	—	—	—	None	—	Department of Chemical Engineering, Tamkang University Director, Opus Microsystems Inc. Director, United Construction Development Co., Ltd. Director, Dayu Optoelectronics Co., Ltd.	Corporate representative director, Contrel Technology Co., Ltd. Director, Darzhen Venture Corporation	—	—	—	—
Independent Director	Republic of China	Tsou, Chia-Chun	Male 59	09 June 2022	3 years	09 June 2022	—	—	—	—	—	—	None	—	Department of Computer Engineering, National Chiao Tung University	Chairman, UTECHZONE Director, GLOBAL CORP. Director, EVERVISION GLOBAL(SAMOA)CO.,LTD. Chairman, KGKAZA Co., Ltd.	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Office	Date Initially Elected	Shares Held When Elected (Note 2)		Current Number of Shares Held (Note 2)		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
																Chairman, ZF Investment Co., Ltd. Executive Director, UTECHZONE (shanghai) Chief Executive Officer, UTECHZONE GLOBAL CORP. Legal representative and Director, FAVITE INC.				

※ Major shareholders of corporate shareholders: None.

Note 1: When the Chairman and the General Manager or equivalent positions (chief managerial officer) are held by the same person, spouse, or relatives within the first degree of kinship, the reason, relevant information on the reasonableness, necessity, and future improvement measures shall be explained (such as methods of increasing the number of seats for Independent Directors and the majority Directors not concurrently being employees or managers):

The reason for the Chairman and the General Manager of the Company being within the first degree of consanguinity is to facilitate the efficiency of the operation and the decision-making process. However, to reinforce the independence of the Board; furthermore, the Chairman also closely and fully communicates with Directors from time to time regarding the Company's recent operations and prepares guidelines to realize corporate governance. Currently, the Company has the following specific measures in place:

1. Three current Independent Directors possess expertise in the industrial field and are capable of effectively exerting their supervisory functions.
2. The Company arranges Directors to participate in professional directorial programs provided by external institutions on a yearly basis to improve the operating results of the Board.
3. Independent Directors may carry out comprehensive discussions at meetings of functional committees and propose their viewpoints for the Board's reference to realize corporate governance.
4. The majority of Directors are not concurrently employees or managers.

Note 2: 4,000,000 shares and 4,100,000 shares held by Chairman Morrison Liang and Vice Chairman Liang, Mao-Chung, respectively, are trust shares that are "trust shares with discretion reserved."

Note 3: The re-election of the Company's Directors took place on 09 June 2019; the appointment of the newly elected Directors Morrison Liang, Liang, Mao-Chung, Shen, Xian-He, Chen, Zheng-Xing, Yang, Hsien-Tseng, Chu, Zhi-Yuan, Lin, Ming-Jie, Lin, Shu-Xian and Tsou, Chia-Chun became effective on 09 June 2022.

Note 4: Director Yang, Hsien-Tseng has resigned on 04 December, 2023.

(II) Qualification of Directors and Supervisors and Independence Status of Independent Directors:

Qualification Name	Qualification and Experience (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Director is An Independent Director
Morrison Liang Liang, Mao-Chung Shen, Xian-He Chen, Zheng-Xing Yang, Hsien-Tseng (Note 3)	For the qualification and experience of Directors, please refer to “Chapter 3. II. (I) Information on Directors and Supervisors” (pages 10 to 12) of the Annual Report.	N/A	1 - 1 1 -
Lin, Ming-Jie Chu, Zhi-Yuan Lin, Shu-Xian Tsou, Chia-Chun	None of the circumstances in subparagraphs under Article 30 of the Company Act occurred to any Director (Note 1)	All Independent Directors comply with the following descriptions: 1. Comply with relevant requirements under Article 14-2 of the Securities and Exchange Act and “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note 2) promulgated by the Financial Supervisory Commission. 2. The Director (or in other’s name), its spouse, or its minor has not held any shares of the Company. 3. There is no compensation obtained from the provision of business, legal, financial, or accounting services to the Company or its affiliates for the past two years.	3 - - -

Note 1: A person who is under any of the following circumstances shall not act as managerial personnel of the Company. If the person has been appointed as such, the person shall certainly be discharged:

1. Having committed an offense as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving a sentence, has not completed serving a sentence, or five years have not elapsed since completion of serving a sentence, expiration of the probation, or pardon.
2. Having committed the offense in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving a sentence, has not completed serving a sentence, or two years have not elapsed since completion of serving a sentence, expiration of the probation or pardon.
3. Having committed the offense as specified in the Anti-Corruption Act and subsequently convicted of a crime, and has not started serving a sentence, has not completed serving a sentence, or two years have not elapsed since completion of serving a sentence, expiration of the probation or pardon.
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court and having not been reinstated to his rights and privileges.
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet.
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

- Note 2: 1. Not a government or corporate shareholder or its representative.
2. Concurrently being an independent director of other public companies (less than three companies).
3. None of the following circumstances occurred two years prior to the election and during the term of office:
(1) An employee of the Company or its affiliates.
(2) A director or supervisor of the Company or its affiliates.
(3) A natural person shareholder who holds shares, together with those held by the person's spouse, minors, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company, or that ranks among the top ten in shareholdings.
(4) A manager as specified in (1) nor a spouse or a direct blood relative within the second degree or third degree of kinship as specified in (2) or (3).
(5) A director, supervisor, or employee that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or a designated representative serving as a Director or supervisor of the Company Article 27 of the Company Act.
(6) A director, supervisor, or employee of another company with its majority of director seats or voting shares controlled by the same individual.
(7) A director, supervisor, or employee of another company or institution who is, or the person's spouse is, holding the position as the Chairman, President, or equivalent positions of the Company.
(8) A director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company.
(9) A professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, manager, or spouse thereof that provides auditing service for the Company or its affiliates or provides relevant commercial, legal, financial, or accounting services with a cumulative remuneration less than NT\$0.5 million in the latest two years. However, this does not apply in cases where members of the Remuneration Committee.

Note 3: Director Yang, Hsien-Tseng has resigned on 04 December, 2023.

Board Diversity and Independence:

The nomination of Board members of the Company adopts a stringent selection procedure, which not only considers diverse backgrounds, qualifications and experience but also values the individuals' reputation in ethical conduct and leadership. Currently, eight members of the Board possess diverse backgrounds, including different industries and professional academic and legal backgrounds. The implementation status of the board diversity policies is set out in the following table:

Implementation status of the board diversity policies									
Title	Chairman	Vice Chairman	Director	Director	Director	Independent Director	Independent Director	Independent Director	Independent Director
Name	Morrison Liang	Liang, Mao-Chung	Shen, Xian-He	Chen, Zheng-Xing	Yang, Hsien-Tseng (Note)	Lin, Ming-Jie	Chu, Zhi-Yuan	Lin, Shu-Xian	Tsou, Chia-Chun
Over 70 years old	V	V				V	V		
Age 55~70			V	V	V				V
Under the age of 55								V	
Concurrently an employee of the Company	V	V							
Professional knowledge and talents									
Business	V	V	V	V	V	V	V	V	V
Technology	V	V	V	V	V	V	V	V	V
Finance/accounting							V		
Marketing	V	V	V	V	V				
Expertise and experience									
Leadership	V	V	V	V	V	V	V	V	V
Ability to make decisions	V	V	V	V	V	V	V	V	V
International viewpoints	V	V	V	V	V	V	V	V	V
Industrial knowledge	V	V	V	V	V	V	V	V	V
Financial management ability	V		V				V		
Operation and manufacturing	V	V	V	V	V	V		V	V
Business development	V	V	V	V	V	V	V	V	V
Risk management/crisis management	V	V	V	V	V	V	V	V	V
Sustainable environment	V	V							
Social participation	V	V	V	V	V				V

Note: Director Yang, Hsien-Tseng has resigned on 04 December, 2023.

(III) Continuing Education of Directors and Independent Directors

Title	Name	Date of Continuing Education		Organizer	Program	Number of Hours
		Start	Until			
Director	Morrison Liang	2023.11.06	2023.11.06	Taiwan Corporate Governance Association (TCGA)	Discussion on Taiwan Business Operation and Merger Strategies based on Global Political and Economic Dynamics	3
		2023.05.23	2023.05.23	Taiwan Corporate Governance Association (TCGA)	Sharing of Carbon Emissions and the Mechanism of Carbon Emission Right Trading	3
		2023.05.08	2023.05.08	Independent Director Association Taiwan	International Carbon Reduction Trend and Sustainable Governance – Necessary Knowledge for the Board of Directors	3
		2023.03.10	2023.03.10	Taiwan Corporate Governance Association (TCGA)	Shareholders' Meeting, Strategies for Management Rights and Stock Rights	3
Director	Chen, Zheng-Xing	2023.11.14	2023.11.14	Independent Director Association Taiwan	Group's Merger Strategies and Post-investment Management	3
		2023.09.21	2023.09.21	Independent Director Association Taiwan	Interpretation of Responsibilities of (Independent) Directors from Practical Cases	3
		2023.05.10	2023.05.10	Independent Director Association Taiwan	Effective Tools Used by the Board of Directors for Auditing Frauds Alerts	3
		2023.03.28	2023.03.28	Independent Director Association Taiwan	Identification of Financial Business Alerts from False Financial Statement Cases	3
Director	Shen, Xian-He	2023.11.02	2023.11.02	Taiwan Corporate Governance Association (TCGA)	How Directors and Supervisors Supervise Risk Management and Crisis Management, and Enhance the Corporate Governance	3
		2023.08.02	2023.08.02	Taiwan Corporate Governance Association (TCGA)	Analysis of Cyber Security Governance of TWSE/TPEX Listed Companies in terms of ESG and Corporate Sustainability	3
		2023.05.23	2023.05.23	Taiwan Corporate Governance Association (TCGA)	Sharing of Carbon Emissions and the Mechanism of Carbon Emission Right Trading	3
Independent Director	Lin, Shu-Xian	2023.05.23	2023.05.23	Taiwan Corporate Governance Association (TCGA)	Sharing of Carbon Emissions and the Mechanism of Carbon Emission Right Trading	3

		2023.04.25	2023.04.25	Taiwan Corporate Governance Association (TCGA)	Offensive and Defensive Strategies for Contest for Right of Management and Legal Liability Risks of Corporate Person-in-charge (Independent Directors)	3
Independent Director	Lin, Ming-Jie	2023.11.03	2023.11.03	Taiwan Corporate Governance Association (TCGA)	New Blueprint for Corporate Governance and ESG (Volume II)	3
		2023.11.03	2023.11.03	Taiwan Corporate Governance Association (TCGA)	New Blueprint for Corporate Governance and ESG (Volume I)	3
		2023.10.06	2023.10.06	Taiwan Corporate Governance Association (TCGA)	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot ChatGPT	3
Independent Director	Chu, Zhi-Yuan	2023.05.23	2023.05.23	Taiwan Corporate Governance Association (TCGA)	Sharing of Carbon Emissions and the Mechanism of Carbon Emission Right Trading	3
Independent Director	Tsou, Chia-Chun	2023.05.23	2023.05.23	Taiwan Corporate Governance Association (TCGA)	Sharing of Carbon Emissions and the Mechanism of Carbon Emission Right Trading	3

Note: Refer to the number of hours, scope, system, arrangement for continuing education, and information disclosure required by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.”

(IV) Information on General Manager, Vice General Managers, Assistant Managers, Directors of Departments and Branches

23 March 2024 (book closure day)

Title	Nationality	Name	Gender	Date Elected (of Assumption)	Shares Held ^(Note 1)		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background) ^(Note 2)	Current Positions in the Company and Other Companies	Managers Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
CEO	Republic of China	Morrison Liang	Male	2007.06.15	2,983,111	1.90%	346,222	0.22%	None	—	Bachelor, Department of Chemical Engineering, National Taiwan University 7th Session of the Executives Program, Graduate School of Business Administration, National Chengchi University	CEO of the Company Director, Csun Technology (Guangzhou) Co., Ltd.	Deputy Executive Officer	Liang, Mao--Chung	Sibling	
Deputy Executive Officer	Republic of China	Liang, Mao--Chung	Male	2007.06.15	3,135,346	2.00%	1,137,260	0.73%	None	—	Chengyuan Junior High School Honorary president, Guangzhou Huadu Taiwan Association	Chairman, Csun Technology (Guangzhou) Co., Ltd. Deputy Executive Officer of the Company	CEO	Morrison Liang	Sibling	
General Manager	Republic of China	Liang, You-Wen	Male	2022.06.17	1,648,027	1.05%	—	—	None	—	Class 40, Department of Business Administration, National Chengchi University Being granted the degree of Master of Business Administration (MBA), Washington State University (WSU) Being granted the degree of Master of Laws, Northwestern University Completed the Business Administration Courses at Northwestern University Supervisor, ViewMove Technologies, Inc. Director, Taiwan Printed Circuit Association	Chairman and CEO, GALLANT MICRO. MACHINING CO., LTD. Deputy Chairman, GALLANT PRECISION MACHINING CO., LTD. Director, Taiwan Printed Circuit Association Supervisor, Global Investment Holdings Director, UTRON TECHNOLOGIES CORP. Chairman, TOP CREATION MACHINES CO., LTD Chairman, POWER EVER ENTERPRISES LIMITED (SAMOA) Director, Suzhou Top Creation Machines Co., Ltd. Chairman, GOOD TEAM INTERNATIONAL ENTERPRISE LIMITED Director, Nantong Top Creation Photoelectric Equipment Co., Ltd. Phoenix Silicon International Corporation Independent Director, Contrel Technology Co., Ltd.	CEO	Morrison Liang	Father and son	Took office on June 2022
Deputy General Manager	Republic of China	Wang, Jian-Hong	Male	2020.08.01	55,590	0.04%	664	0.00%	None	—	Machinery, Lee-Ming Institute of Technology	Director, Csun Technology (Guangzhou) Co., Ltd.	None	None	None	
Assistant Manager	Republic of China	Yuan, Kai-Chun	Male	2018.10.05	14,556	0.01%	—	—	None	—	Department of Mechatronics Engineering, Changhua Normal University	None	None	None	None	
Assistant Manager	Republic of China	Wu, Yen-Cheng	Male	2018.10.05	37,119	0.02%	—	—	None	—	Department of Industrial Engineering and Systems Management, Feng Chia University	None	None	None	None	
Assistant Manager	Republic of China	Tung, Pao-Wei	Male	2021.01.21	57,691	0.04%	—	—	None	—	Tunghai University/Business Administration	None	None	None	None	

Note 1: 4,000,000 shares and 4,100,000 shares held by Chairman Morrison Liang and Vice Chairman Liang, Mao-Chung, respectively, are trust shares that are “trust shares with discretion reserved.”

Note 2: The disclosure shall include information on General Manager, Vice General Managers, assistant managers, directors of departments and branches, and positions equivalent to that of General Manager, Vice General Managers, or assistant managers, regardless of the title.

Note 3: For experiences related to the current positions, when any manager held positions in the CPA’s firm or its affiliates during the above period, the positions held, and responsible duties shall be described.

Note 4: Where the positions of General Manager and the Chairman or equivalent position (top executive) are held by the same person, by married couples, or by relatives within the first degree of consanguinity, the information relevant to the reason, rationality, necessity, and measures to be taken shall be disclosed (such as an increase of the number of independent directors, and the requirement that more than half of the Directors should not concurrently serve as employees or managers): The reason for the Chairman and General Manager of the Company being within the first degree of consanguinity is to facilitate the efficiency of the operation and the decision-making process and to reinforce the independence of the Board. The Chairman and the General Manager also closely and fully communicates with Directors from time to time regarding the Company’s recent operations and prepares guidelines to realize corporate governance. Currently, the Company has the following specific measures in place:

1. Incumbent Independent Directors possess expertise in the industrial field and are capable of effectively exerting their supervisory functions.
2. The Company arranges Directors to participate in professional directorial programs provided by external institutions on a yearly basis to improve the operating results of the Board.
3. Independent Directors may carry out comprehensive discussions at meetings of functional committees and propose their viewpoints for the Board’s reference to realize corporate governance.
4. The majority of Directors are not concurrently employees or managers.

(V) Remuneration Paid to Directors, Independent Directors, General Manager, and Vice General Manager

(1) Remuneration of Directors and Independent Directors (Disclose the Name and the Corresponding Remuneration Separately):

Unit: NT\$000'

Title	Name	Remuneration of Directors								Ratio of the sum of items A, B, C, and D to net profit after tax (%)		Relevant remuneration received by Directors who are also employees								Ratio of the sum of items A, B, C, D, E, F, and G to net profit after tax (%) (Note 10)		Receive remuneration from investee companies other than subsidiaries or from the parent company (Note 11)
		Compensation (A) (Note 2)		Severance pay and retirement pension (B)		Remuneration of Directors (C) (Note 3)		Allowances for Business Execution (D) (Note 4)				Salaries, bonus, and allowance (E) (Note 5)		Remuneration of Directors (F)		Remuneration of Employees (G) (Note 6)						
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	
Chairman	Morrison Liang	-	-	-	-	1,298	1,298	-	-	1,298 0.27%	1,298 0.27%	6,246	6,246	92	92	217	-	217	-	7,853 1.61%	7,853 1.61%	-
Vice Chairman	Liang, Mao-Chung	-	-	-	-	1,298	1,298	-	-	1,298 0.27%	1,298 0.27%	6,162	7,769	89	89	217	-	217	-	7,766 1.60%	9,373 1.93%	-
Director	Shen, Xian-He	-	-	-	-	1,298	1,298	80	80	1,378 0.28%	1,378 0.28%	-	-	-	-	-	-	-	-	1,378 0.28%	1,378 0.28%	-
Director	Chen, Zheng-Xing	-	-	-	-	1,298	1,298	70	70	1,368 0.28%	1,368 0.28%	-	-	-	-	-	-	-	-	1,368 0.28%	1,368 0.28%	-
Director	Yang, Hsien-Tseng (Note)	-	-	-	-	1,261	1,261	70	70	1,331 0.27%	1,331 0.27%	-	-	-	-	-	-	-	-	1,331 0.27%	1,331 0.27%	-
Independent Director	Chu, Zhi-Yuan	-	-	-	-	1,316	1,316	80	80	1,396 0.29%	1,396 0.29%	-	-	-	-	-	-	-	-	1,396 0.29%	1,396 0.29%	-
Independent Director	Lin, Ming-Jie	-	-	-	-	1,316	1,316	80	80	1,396 0.29%	1,396 0.29%	-	-	-	-	-	-	-	-	1,396 0.29%	1,396 0.29%	-
Independent Director	Lin, Shu-Xian	-	-	-	-	1,316	1,316	80	80	1,396 0.29%	1,396 0.29%	-	-	-	-	-	-	-	-	1,396 0.29%	1,396 0.29%	-
Independent Director	Tsou, Chia-Chun	-	-	-	-	1,279	1,279	70	70	1,349 0.28%	1,349 0.28%	-	-	-	-	-	-	-	-	1,349 0.28%	1,349 0.28%	-

Note: Director Yang, Hsien-Tseng has resigned on 04 December, 2023.

- Please describe the remuneration payment policy, system, standards, and structure, and the connectivity with the duties and risks assumed and time invested by the Independent Director: The compensation of the Company's Directors is distributed by the Board according to the authorization under the Articles of Association based on the level of participation and the value of contributions of Directors. When the Company has earnings, the Board, in accordance with requirements under the Articles of Association, shall determine the amount of Directors' compensation. Independent Directors are the certain members of the Audit Committee, apart from the payment of remuneration for general Directors, reasonable remunerations are otherwise established considering the duties and risks assumed and time invested by Independent Directors.
- Except for the disclosures made in the above table, remuneration received by Directors for providing services (such as being a non-employee consultant) to all companies in the financial report for the Latest year: None.

* Please separately set out the information related to Directors (general Directors who are not Independent Directors) and Independent Directors.

(2) Table of Remuneration Range:

	2023			
Grades of Remuneration paid to the Directors of the Company	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Below NT\$1,000,000	—	—	—	—
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Morrison Liang; Liang, Mao-Chung; Shen, Xian-He; Chen, Zheng-Xing; Yang, Hsien-Tseng; Chu, Zhi-Yuan; Lin, Ming-Jie; Lin, Shu-Xian; Tsou, Chia-Chun	Morrison Liang; Liang, Mao-Chung; Shen, Xian-He; Chen, Zheng-Xing; Yang, Hsien-Tseng; Chu, Zhi-Yuan; Lin, Ming-Jie; Lin, Shu-Xian; Tsou, Chia-Chun	Shen, Xian-He; Chen, Zheng-Xing; Yang, Hsien-Tseng; Chu, Zhi-Yuan; Lin, Ming-Jie; Lin, Shu-Xian; Tsou, Chia-Chun	Shen, Xian-He; Chen, Zheng-Xing; Yang, Hsien-Tseng; Chu, Zhi-Yuan; Lin, Ming-Jie; Lin, Shu-Xian; Tsou, Chia-Chun
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	—	—	Morrison Liang; Liang, Mao-Chung	Morrison Liang; Liang, Mao-Chung
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	—	—		
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	—	—	—	—
Above NT\$100,000,000	—	—	—	—
Total	9	9	9	9

Note 1: Name of the Directors shall be set out separately (title of the corporate shareholder and the name of the representative shall be set out separately for a corporate shareholder), and general Directors and Independent Directors shall be set out separately to disclose the amount of different payment in aggregate.

Note 2: Refer to the compensation of Directors (including salaries, duty allowance, severance pay, bonuses, and incentives) for the Latest year.

Note 3: Refer to the amount of Director's remuneration distributed after being passed by the Board for the Latest year.

Note 4: Refer to relevant business execution expenses of Directors (including traffic allowance, special allowance, subsidies, dormitory, vehicle, and other benefits-in-kind) for the Latest year. For the provision of houses, vehicles, and other transportation or exclusive personal expenses, nature, costs, and rental imputed using the actual or fair market price of assets provided, oil expenses, and other payment shall be disclosed. For personal driver provided, please provide explanations on relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration.

Note 5: Refer to salaries, duty allowance, severance pay, bonuses, incentives, traffic allowance, special allowance, subsidies, dormitory, vehicle, and other benefits in kind received by Directors who are also employees (including concurrently holding the position as General Manager, Vice General Manager, other managers, and employees) for the Latest year. For the provision of houses, vehicles, and other transportation or exclusive personal expenses, nature, costs, and rental imputed using the actual or fair market price of assets provided, oil expenses, and other payment shall be disclosed. For personal driver provided, please provide explanations on relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration. Furthermore, salary expenses recognized according to IFRS 2 “Share-based Payment” (including employee stock options, restricted stock awards, and participation in share subscription for the capital increase by cash) shall be included in the remuneration.

Note 6: Refer to remuneration of employees received by Directors who are also employees (including concurrently holding the position as General Manager, Vice General Manager, other managers, and employees) for the Latest year; the amount of employees’ remuneration distributed after being passed by the Board for the Latest year shall be disclosed; where it is unable to make such estimations, calculated the amount to be distributed for the year based on the ratio of the actual distribution amount in the preceding year, and otherwise complete Schedule 1-3.

Note 7: The total remuneration paid to the Company’s Directors by all companies in the consolidated report (including the Company) shall be disclosed.

Note 8: Regarding the total remuneration paid to the Directors by the Company, the names of Directors are disclosed in the corresponding range of their remuneration.

Note 9: The total remuneration paid to the Company’s Directors by all companies in the consolidated report (including the Company) shall be disclosed, and the names of Directors shall be disclosed in the corresponding range of their remuneration.

Note 10: Net profit after tax refers to the net profit after tax in the individual or standalone financial report for the Latest Year.

Note 11:

- a. The column shall explicitly set out the relevant remuneration amount received by the Company’s Directors from investee companies other than subsidiaries or the parent company (please fill in “None” when there is no such amount).
 - b. For relevant remuneration received by the Company’s Directors from investee companies other than subsidiaries or the parent company, the remuneration received by the Company’s Directors from investee companies other than subsidiaries or the parent company shall be included in column I in the table of remuneration range, and the title of the column shall be altered as “Parent company and all investee companies.”
 - c. The remuneration refers to relevant remuneration such as compensation, remuneration (including remuneration of employees, Directors, and supervisors), and business execution expenses received by the Company’s Directors due to being directors, supervisors, or managers of investee companies other than subsidiaries or the parent company.
- * The content of remuneration disclosed in the table shares different concepts of income with the Income Tax Act; therefore, the purpose of the table is for information disclosure, instead of taxation.

(3) Remuneration of General Manager and Vice General Managers (Disclose the Name and the Corresponding Remuneration Separately):

Unit: NT\$000'

Title	Name	Salaries (A) (Note 2)		Severance pay and retirement pension (B)		Bonuses and allowance (C) (Note 3)		Remuneration of Employees (D) (Note 4)				Ratio of the sum of items A, B, C, and D to net profit after tax (%) (Note 8)		Receive remuneration from investee companies other than subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
CEO	Morrison Liang	8,923	11,567	397	397	19,802	20,371	1,122	-	1,122	-	30,244 6.22%	33,457 6.88%	-
Deputy Executive Officer	Liang, Mao- Chung													
General Manager	Liang, You- Wen													
Vice General Manager	Wang, Jian- Hong													

* Regardless of the title, positions equivalent to General Managers and Vice General Managers (such as president, CEO, and COO) shall be disclosed.

(4) Table of Remuneration Range:

Grades of remuneration paid to the Company's General Manager and Deputy General Managers	2023	
	The Company (Note 6)	All companies in the financial statements (Note 7)
Below NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Wang, Jian-Hong	Wang, Jian-Hong
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Morrison Liang; Liang, Mao-Chung	Morrison Liang; Liang, Mao-Chung
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	Liang, You-Wen	Liang, You-Wen
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	—	—
Above NT\$100,000,000	—	—
Total	—	—

Note 1: Name of the General Manager and Vice General Managers shall be set out separately to disclose the amount of different payments in aggregate.

Note 2: Refer to the salaries, duty allowance, and severance pay of the General Manager and Vice General Managers for the Latest year.

Note 3: Refer to bonuses, incentives, traffic allowance, special allowance, subsidies, dormitory, vehicle, and other benefits in kind received by General Manager and Vice General Managers for the Latest year. For the provision of houses, vehicles, and other transportation or exclusive personal expenses, nature, costs, and rental imputed using the actual or fair market price of assets provided, oil expenses, and other payment shall be disclosed. For personal driver provided, please provide explanations on relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration. Furthermore, salary expenses recognized according to IFRS 2 “Share-based Payment” (including employee stock options, restricted stock awards, and participation in share subscription for the capital increase by cash) shall be included in the remuneration.

Note 4: Refer to the amount of employees’ remuneration (including shares and cash) of General Manager and Vice General Managers distributed after being passed by the Board for the Latest year.

Note 5: The total remuneration paid to the Company’s General Manager and Vice General Managers by all companies in the consolidated report (including the Company) shall be disclosed.

Note 6: Regarding the total remuneration paid to the General Manager and Vice General Managers by the Company, the names of General Manager and Vice General Managers are disclosed in the corresponding range of their remuneration.

Note 7: The total remuneration paid to the Company’s General Manager and Vice General Managers by all companies in the consolidated report (including the Company) shall be disclosed, and the names of General Manager and Vice General Managers shall be disclosed in the corresponding range of their remuneration.

Note 8: Net profit after tax refers to the net profit after tax in the individual or standalone financial report for the Latest Year.

Note 9:

- The column shall explicitly set out the relevant remuneration amount received by the Company’s General Manager and Vice General Managers from investee companies other than subsidiaries or the parent company (please fill in “None” when there is no such amount).
- For relevant remuneration received by the Company’s General Manager and Vice General Managers from investee companies other than subsidiaries or the parent company, the remuneration received by the Company’s General Manager and Vice General Managers from investee companies other than subsidiaries or the parent company shall be included in column I in the table of remuneration range, and the title of the column shall be altered as “Parent company and all investee companies.”
- The remuneration refers to relevant remuneration such as compensation, remuneration (including remuneration of employees, Directors, and supervisors), and business execution expenses received by the Company’s General Manager and Vice General Managers due to being directors, supervisors, or managers of investee companies other than subsidiaries or the parent company.

* The content of remuneration disclosed in the table shares different concepts of income with the Income Tax Act; therefore, the purpose of the table is for information disclosure, instead of taxation.

(5) The compensation of the top five highest-paid executives of listed and OTC-listed companies (individually disclosed names and compensation methods)
(Note 1)

(Note 1)

Title	Name	Remuneration (A) (Note 2)		Retirement Pension (B)		Bonuses and Special Allowances (C) (Note 3)		Employee Remuneration (D) (Note 4)				Total amounts of A, B, C, and D, as well as the percentage of tax net profit (Note 6)		Receipt of remuneration from subsidiaries, equity-method investees, or parent companies (Note 7)
		Company	All companies in the financial report (Note 5)	Company	All companies in the financial report (Note 5)	Company	All companies in the financial report (Note 5)	Company		All companies in the financial report (Note 5)		Company	All companies in the financial report (Note 5)	
								Cash	Stock shares	Cash	Stock shares			
CEO	Morrison Liang	2,275	2,275	92	92	3,971	3,971	217	-	217	-	6,555 1.35%	6,555 1.35%	-
Deputy Executive	Liang, Mao-	2,203	3,810	89	89	3,959	3,959	217	-	217	-	6,468 1.33%	8,075 1.66%	-
General Manager	Liang, You-	2,641	3,678	108	108	10,296	10,865	597	-	597	-	13,642 2.81%	15,248 3.14%	-
Vice General Manager	Wang, Jian-	1,804	1,804	108	108	1,576	1,576	91	-	91	-	3,579 0.74%	3,579 0.74%	-
Assistant Manager	Tung, Pao-Wei	1,536	1,536	99	99	1,736	1,736	101	-	101	-	3,472 0.71%	3,472 0.71%	-

Note 1: The term "top five highest-paid executives" refers to company executives. The criteria for determining these executives shall be in accordance with the regulations of the former Ministry of Finance and the Securities and Futures Bureau of the Financial Supervisory Commission, No. 0920001301 Letter of Finance and Securities_3. The principle of determining the "top five highest-paid" is based on the total amount received by the Company executives from the salaries, retirement pensions, bonuses, and special allowances, as well as the total amount of employee compensation (i.e., the sum of A+B+C+D), and the top five highest-paid executives are identified after sorting. Directors who also serve as the aforementioned executives should fill in both this table and the Table (1-1) above.

Note 2: Fill in the salaries, duty allowances, and severance pay of the top five highest-paid executives for the most recent fiscal year.

Note 3: Fill in various bonuses, incentives, transportation allowances, special allowances, various subsidies, dormitories, vehicle allocations, and other remuneration amounts received by the top five highest-paid executives for the most recent fiscal year. If housing, cars, or other transportation vehicles or exclusive personal expenses are provided, disclose the nature and cost of the provided assets, actual or fair market value-based rental fees, fuel costs, and other benefits. If a driver is provided, please provide a note explaining the relevant compensation paid to the driver by the Company, but do not include it in the remuneration. In addition, remuneration expenses recognized under IFRS 2 "Share-based Payment", including the acquisition of employee stock option certificates, restricted stock units, and participation in the subscription of new shares in cash capital increases, should also be included in the remuneration.

Note 4: Fill in the employee compensation amounts (including stocks and cash) distributed by the board of directors to the top five highest-paid executives for the most recent fiscal year. If it cannot be estimated, calculate the proposed distribution amount for this year based on the proportion of the actual distribution amount last year, and also fill in the attached form 1-3.

Note 5: The total remuneration paid to the top five highest-paid executives of all companies (including the Company) disclosed in the consolidated financial report should be disclosed.

Note 6: Tax net profit refers to the net profit after tax for the most recent fiscal year of the individual or individual financial report.

Note 7:

- This column should clearly indicate the amount of remuneration received by the top five highest-paid executives of the Company from subsidiaries, equity-method investees, or parent companies (if none, please fill in "none").
- Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the top five highest-paid executives of the Company in their capacity as directors, supervisors, or executives of subsidiaries, equity-method investees, or parent companies.

*The remuneration disclosed in this table is different from the concept of income under the Income Tax Law, so the purpose of this table is for information disclosure and not for taxation.

(6) Names of the Manager for the Distribution of Employee's Bonuses and the Distribution:

Unit: NT\$000'

Title ^(Note 1)		Name ^(Note 1)	Amount of share dividends	Amount of cash dividends	Total	Ratio of the sum to the net profit after tax (%)
Manager	CEO	Morrison Liang	—	2,414	2,414	0.50%
	Deputy Executive Officer	Liang, Mao-Chung				
	General Manager	Liang, You-Wen				
	Deputy General Manager	Wang, Jian-Hong				
	Assistant Manager	Tung, Pao-Wei				
	Assistant Manager	Wu, Yen-Cheng				
	Assistant Manager	Yuan, Kai-Chun				
	Chief of Finance	Zhang, Qiong-Yao				
	Chief Accountant	Lai, Chiu-Yen				

Note 1: Name and titles shall be set out separately to disclose the profit distribution in aggregate.

Note 2: Refer to the amount of employees' remuneration (including shares and cash) of managers distributed after being passed by the Board for the Latest year; where it is unable to make such estimations, calculated the amount to be distributed for the year based on the ratio of the actual distribution amount in the preceding year. Net profit after tax refers to the net profit after tax for the Latest Year; for those who had adopted IFRSs, net profit after tax refers to the net profit after tax in the individual or standalone financial report for the Latest Year.

Note 3: Applicable scope of managers: According to the requirements under the Letter Tai-Cai-Zheng-San-Zi No. 0920001301 issued by the former Securities and Futures Bureau on 27 March 2003, the scope is as follows:

- (1) Those equivalent to General Manager
- (2) Those equivalent to Vice General Managers
- (3) Those equivalent to assistant managers
- (4) Chief of Finance
- (5) Chief Accountant
- (6) Other persons with rights to sign for management affairs of the Company

(VI) Compare and Explain the Analysis on the Ratio of the Remuneration Paid to the Company's Directors, Supervisors, General Manager, and Vice General Managers by the Company and All Companies in the Consolidated Statements, Respectively, and Explain the Policies, Standards, and Packages for Remuneration Payment, Procedures for Determining the Remunerations, and the Connection with Operating Performance

Remuneration of the Company's Directors, General Manager, and Vice General Managers are solely paid by the Company. Remuneration of Directors and supervisors include traffic allowance, Directors' remuneration from earning distribution, Remuneration of the Chairman and the Vice Chairman concurrently holding the positions as Deputy Executive Officer, and the general manager of the subsidiary in China, and employee bonuses. For traffic allowance, the Company refers to the standards within the industry and pays based on the status of Directors attending the meetings of the Board. Remuneration of General Manager and Vice General Managers includes salaries, bonuses, remuneration of employees, and employee stock options. The Company determines the remuneration based on the positions they held, the scope of business execution, and responsibilities assumed, with reference to the standards for the equivalent positions within the industry.

Remuneration of employees and remuneration of Directors and supervisors from earning distribution is subject to the requirements under the Company's Articles of Association: When the Company recorded profits for the year, the Company shall appropriate 1% to 9% of such profits as the remuneration of employees, and the distribution in shares or cash shall be determined by the Board; the distribution targets include employees of subsidiaries that fulfill certain conditions. The Board may determine to appropriate no more than 2.25% of the amount of the above profits of the Company as the remuneration of Directors and supervisors.

III. Operations of Corporate Governance:

(I) Operations of the Board of Directors:

(1) Six meetings (A) had been held for the Board for the Latest year, and the attendance (presence) of Directors and Independent Directors is as follows:

Title	Name	Number of actual attendance (presence) (B)	Number of attendance by proxy	Actual attendance (presence) rate 【B / A】	Remark
Chairman	Morrison Liang	6	0	100%	—
Vice Chairman	Liang, Mao-Chung	5	1	83%	—
Director	Shen, Xian-He	6	0	100%	—
Director	Chen, Zheng-Xing	6	0	100%	—
Director	Yang, Hsien-Tseng	4	0	100%	Resigned on 04, December, 2023
Independent Director	Ling, Ming-Jie	6	0	100%	—
Independent Director	Chu, Zhi-Yuan	6	0	100%	—
Independent Director	Lin, Shu-Xian	6	0	100%	—
Independent Director	Tsou, Chia-Chun	5	1	83%	—

Session	18 th session					
Date	2023/2/24	2023/5/15	2023/8/1	2023/11/9	2023/12/21	2023/12/29
Morrison Liang	V	V	V	V	V	V
Liang, Mao-Chung	V	V	V	V	V	by proxy
Shen, Xian-He	V	V	V	V	V	V
Chen, Zheng-Xing	V	V	V	V	V	V
Yang, Hsien-Tseng	V	V	V	V		
Ling, Ming-Jie	V	V	V	V	V	V
Chu, Zhi-Yuan	V	V	V	V	V	V
Lin, Shu-Xian	V	V	V	V	V	V
Tsou, Chia-Chun	V	V	V	V	V	by proxy

Other Matters to be Disclosed:

I. Where any of the following circumstances occurred in the operations of the Board, the Company shall set out the date of the Board meeting, the session, the content of the resolution, opinions of all Independent Directors, and measures adopted by the Company for the opinions of the Independent Directors:

- (I) Matters set out in Article 14-3 of the Securities Exchange Act: The Company has established its Audit Committee, requirements under Article 14-3 of the Securities Exchange Act are not applicable. For explanations on matters set out in Article 14-5 of the Securities Exchange Act, please see “Operations of the Audit Committee” on page 21 of the Annual Report.
- (II) Except for the above matter, other resolutions at the meeting of the Board where Independent Directors expressed opposing or qualified opinions with records or written declarations: None.

II. The execution of the Director’s recusal from resolutions in which they have interests:

Name	Content of the resolution	Reason for the recusal due to interests	Participation in voting
Morrison Liang and Liang, Mao-Chung	Proposal of Directors’ remuneration	Directors have personal interests	Recused from voting

III. Objectives for strengthening the functions of the Board (such as the establishment of the Audit Committee and improvement of information transparency) during the current year and the latest year and the execution evaluation:

- (1) Establish the discussion methods for proposals related to strategic operations.
- (2) The Company is committed to improving information transparency; relevant information is published on the Market Observation Post System (MOPS) to safeguard shareholders’ interests.
- (3) The Company has established its Remuneration Committee, responsible for assisting the Board in regular evaluation and examine the policies, systems, standards, and structures of performance evaluation and remuneration of Directors and managers.
- (4) The company established its Corporate Sustainability Committee in December 2017, responsible for promoting matters related to corporate social responsibility (CSR), ethical management, and corporate governance and reporting to the Board regarding the execution.

Note 1: For corporate Directors and supervisors, the name of the corporate shareholders and the name of their representatives shall be disclosed.

Note 2: (1) For any Director or supervisor dismissed before the end of the year, the date of separation shall be specified in the remarks column, and the actual attendance (presence) rate (%) shall be calculated based on the number of Board meetings held and the number of its actual attendance during its term of office.

(2) For any re-election of Directors or supervisors before the end of the year, set out the new and former Directors and supervisors and specify the former, new, or re-elected Directors and supervisors, and the date of re-election in the remarks column.

(2) Execution of Board Evaluation:

Cycle of evaluation (Note 1)	Period of evaluation (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Content of evaluation (Note 5)
Execute once a year	1 January 2023 to 31 December 2023	Board Performance Evaluation, Performance evaluation on individual Directors, Performance evaluation on Audit Committee, Performance evaluation on Remuneration Committee	Self-evaluation of the Board Members	Board Performance Evaluation: 1.Level of participation in corporate operations 2.Improving the quality of the Board's decision-making 3.Composition and structure of the Board 4.Election and continuing education of Directors 5.Internal control Performance evaluation on individual Directors: 1.Understanding of the Company's goals and tasks 2.Understanding of the duties of Director 3.Level of participation in corporate operations 4.Internal relationship management and communication 5.Professional and continuing education of Directors 6.Internal control. Performance evaluation on Audit Committee: 1.Level of participation in corporate operations 2.Understanding of the duties of Audit Committee 3.Improving the quality of the Audit Committee 's decision-making 4.Internal control Performance evaluation on Remuneration Committee: 1.Level of participation in corporate operations 2.Understanding of the duties of Remuneration Committee 3.Improving the quality of the Remuneration Committee 's decision-making 4.Composition of Remuneration Committee and Member Selection

C Sun 2023 Reports of Performance Evaluation on the Board and Functional Committees

➤2023 Reports of Performance Evaluation on the Board and Directors

Board Evaluation Questionnaire Comprehensive Score 99.17

Five Dimensions, 18 evaluation items:

Evaluation Items		Comprehensive Score	99.17
A.	Level of participation in corporate operations	The total score of 4 questions in Item A is 22, the average score is	22.22
B.	Improving the quality of the Board's decision-making	The total score of 4 questions in Item B is 22, the average score is	21.81
C.	Composition and structure of the Board	The total score of 3 questions in Item C is 17, the average score is	16.67
D.	Election and continuing education of Directors	The total score of 4 questions in Item D is 22, the average score is	21.94
E.	Internal control	The total score of 3 questions in Item E is 17, the average score is	16.53

Director Evaluation Questionnaire_Comprehensive Score 98.95

Six Dimensions, 19 evaluation items:

Evaluation Items		Comprehensive Score	98.95
A.	Understanding of the Company's goals and tasks	The total score of 3 questions in Item A is 16, the average score is	15.79
B.	Understanding of the duties of Director	The total score of 3 questions in Item B is 16, the average score is	15.79
C.	Level of participation in corporate operations	The total score of 4 questions in Item C is 20, the average score is	21.05
D.	Internal relationship management and communication	The total score of 3 questions in Item D is 16, the average score is	15.79
E.	Professional and continuing education of Directors	The total score of 3 questions in Item E is 16, the average score is	15.13
F.	Internal control	The total score of 3 questions in Item F is 16, the average score is	15.39

2023 Reports of Performance Evaluation on Functional Committees

Audit Committee Evaluation Questionnaire_Comprehensive Score 99.33

Four Dimensions, 15 evaluation items:

Evaluation Items		Comprehensive Score	99.33
A.	Level of participation in corporate operations	The total score of 3 questions in Item A is 20, the average score is	20.00
B.	Understanding of the duties of Audit Committee	The total score of 4 questions in Item B is 27, the average score is	26.00
C.	Improving the quality of the Audit Committee's decision-making	The total score of 6 questions in Item C is 40, the average score is	40.00
D.	Internal control	The total score of 2 questions in Item D is 13, the average score is	13.33

Audit Committee Evaluation Questionnaire_Comprehensive Score 99.33

Four Dimensions, 15 evaluation items:

Evaluation Items		Comprehensive Score	99.33
A.	Level of participation in corporate operations	The total score of 4 questions in Item A is 27, the average score is	26.67
B.	Understanding of the duties of Remuneration Committee	The total score of 3 questions in Item B is 20, the average score is	20.00
C.	Improving the quality of the Remuneration Committee's decision-making	The total score of 6 questions in Item C is 40, the average score is	39.33
D.	Composition of Remuneration Committee and Member Selection	The total score of 2 questions in Item D is 13, the average score is	13.33

Note 1: Refer to the cycle of execution for the Board evaluation, such as execute once a year.

Note 2: Refer to the period involved for the Board evaluation, such as the evaluation on the performance of the Board from 1 January 2023 to 31 December 2023.

Note 3: The scope of evaluation includes performance evaluation on the Board, individual Directors, and functional committees.

Note 4: The method of evaluation includes the performance evaluation conducted by using the internal self-evaluation of the Board, the self-evaluation of Directors, peer evaluation, engaging external professional institutions or experts, or other appropriate methods.

Note 5: The content of evaluation shall at least include the following items:

- (1) Performance evaluation on the Board: At least include the level of participation in corporate operations, the quality of the Board's decision-making, Composition and structure of the Board, election and continuing education of Directors, and internal control.
- (2) Performance evaluation on individual Directors: At last include understanding of the Company's goals and tasks, understanding of the duties of Director, the level of participation in corporate operations, internal relationship management and communication, professional and continuing education of Directors, and internal control.
- (3) Performance evaluation on functional committees: The level of participation in corporate operations, the understanding of the duties and functions of the functional committee, quality of the functional committee's decision-making, the composition of the functional committee and election of committee members, and internal control.

(II) Operations of the Audit Committee:

(1) Five meetings (A) had been held for the Audit Committee in 2023, and the attendance of Independent Directors is as follows:

Title	Name	Number of actual attendance (presence) (B)	Number of attendance by proxy	Actual attendance (presence) rate (B/A) (Note1, Note2)	Remark
Independent Director	Ling, Ming-Jie	5	0	100%	-
Independent Director	Chu, Zhi-Yuan	5	0	100%	-
Independent Director	Lin, Shu-Xian	5	0	100%	-
Independent Director	Tsou, Chia-Chun	5	0	100%	-

📅 Five meetings were convened in 2023:

Date of meeting	Chu, Zhi-Yuan	Ling, Ming-Jie	Lin, Shu-Xian	Tsou, Chia-Chun
2023/02/24	V	V	V	V
2023/05/15	V	V	V	V
2023/08/01	V	V	V	V
2023/11/09	V	V	V	V
2023/12/21	V	V	V	V

Date	Title of the meeting	Content
2023/02/24	5th meeting of the 2 nd Audit Committee	1.It is planned to adopt the financial reports and consolidated statements of year 2022 and the communication between the accountants and the management of the Company. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 2.It is planned to adopt the 2022 internal control system effectiveness assessment and statement. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 3.It is planned to adopt the proposal of surplus distribution of year 2022. Resolution: This proposal was discussed together with the proposal 4. All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 4.It is planned to adopt the proposal of capitalization of retained earnings of year 2022 by means of issuing new shares. Resolution: This proposal was discussed together with the proposal 3. Generally, the dividend of this year will be distributed in cash, so the proposed capitalization of retained earnings by means of issuing additional shares will not be implemented. 5.It is planned to adopt the 2022 business report. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 6.It is planned to adopt the proposal of replacement of financial statement CPA and appointment and remuneration of CPA of year 2023 Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 7.It is planned to discontinue the follow-on offering in installments by means of private placement after expiry. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 8.It is planned to adopt the proposal of issue of RSA for employees. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution.
2023/05/15	6th meeting of the 2 nd Audit Committee	1.It is planned to adopt the consolidated financial reports of the first quarter of year 2023 and the communication between the accountants and the management of the Company. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution.
2023/08/01	7th meeting of the 2 nd Audit Committee	1.It is planned to adopt the consolidated financial reports of the second quarter of year 2023 and the communication between the accountants and the management of the Company. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution.
2023/11/09	8th meeting of the 2 nd Audit Committee	1.It is planned to adopt the consolidated financial reports of the third quarter of year 2023 and the communication between the accountants and the management of the Company. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 2. Proposal for the review of overdue accounts receivable (till 30 September, 2023) of the Company with the nature being not loaning of funds. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 3. Proposal of the first repurchase of the Company's Shares in 2023. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 4. Proposal for the review of lifting the non-compete restrictions on managers and directors. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution.
2023/12/21	9th meeting of the 2 nd Audit Committee	1. The 2024 annual audit plan, submitted for ratification. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for

		resolution. 2. The 2024 annual plan, submitted for ratification. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 3. The proposal of endorsement/guarantee Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 4. Proposal for independence and adequacy evaluation of current CPA. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution.
2024/03/05	10th meeting of the 2 nd Audit Committee	1. It is planned to adopt the financial reports and consolidated statements of year 2023 and the communication between the accountants and the management of the Company. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 2. It is planned to adopt the 2023 business report. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 3. Proposal of appointment and remuneration of CPA of year 2024. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 4. Proposal for the review of overdue accounts receivable (till 31 December, 2023) of the Company with the nature being not loaning of funds. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 5. It is planned to adopt the 2023 internal control system effectiveness assessment and statement. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 6. It is planned to adopt the proposal of surplus distribution of year 2023. Resolution: This proposal was discussed together with the proposal 7. All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 7. It is planned to adopt the proposal of capitalization of retained earnings of year 2023 by means of issuing new shares. Resolution: This proposal was discussed together with the proposal 6. Generally, the dividend of this year will be distributed in cash, so the proposed capitalization of retained earnings by means of issuing additional shares will not be implemented. 8. Amend the proposal of "Rules on Transfer of the First Repurchased Company's Shares in 2023 to Employees" Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 9. Proposal of Transfer of Treasury Shares of the Company to Employees. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution. 10. It is planned to adopt the proposal of issue of RSA for employees. Resolution: All members present agreed. The proposal was passed and then submitted to the Board of Directors for resolution.

Other Matters to be Disclosed:

- I. Where any of the following circumstances occurred in the operations of the Audit Committee, the Company shall set out the date of the Audit Committee meeting, the session, the content of the resolution, dissenting opinions, qualified opinions, or significant recommendations expressed by Independent Directors, resolution results of the Audit Committee, and measures adopted by the Company for the opinions of the Audit Committee.
- (I) Matters set out in Article 14-5 of the Securities Exchange Act.
- (II) Except for the above matter, other resolutions not passed by the Audit Committee but received consent from two-thirds of all Directors.
- II. For the execution of Independent Director's recusal from resolutions in which they have interests, the name of the Independent Directors, the content of the resolution, the reason for the recusal due to interests, and the participation in voting shall be set out: None.
- III. Communication between Independent Directors and Chief Internal Auditor and CPAs (the content shall include significant matters, methods, and results communicated regarding the Company's finance and business conditions):

Date	Matter of communication	Recommendations and correction
5 th meeting of the 2 nd Audit Committee on 2023/02/24	1. 2022 internal audit execution report. 2. 2022 internal control system statement. 3. 2022 audit report auditing results.	None
6 th meeting of the 2 nd Audit Committee on 2023/05/15	1. 2023 Q1 internal audit execution report. 2. 2023 Q1 review report reviewing results.	None
7 th meeting of the 2 nd Audit Committee on 2023/08/01	1. 2023 Q2 internal audit execution report. 2. 2023 Q2 review report reviewing results.	None
8 th meeting of the 2 nd Audit Committee on 2023/11/09	1. 2023 Q3 internal audit execution report. 2. 2023 Q3 review report reviewing results.	None
9 th meeting of the 2 nd Audit Committee on 2023/12/21	1. Internal audit execution report. 2. 2024 annual audit plan.	None

Note1: For any Independent Director dismissed before the end of the year, the date of separation shall be specified in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the number of its actual attendance during its term of office.

Note2: For any re-election of Independent Directors before the end of the year, set out the new and former Independent Directors and specify the former, new, or re-elected Independent Directors and the date of re-election in the remark's column. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the number of its actual attendance during its term of office.

(III) Operations of Corporate Governance and Its Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Its Causes:

Evaluation item		Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Its Causes
		Yes	No	Summary	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?		V		The Company has established its Corporate Governance Best Practice Principles and disclosed it on the Company's website: https://www.csun.com.tw/investor-relations/corporate-governance	No deviation
II. Equity structure and shareholders' interests of the company	(I) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations and implemented such processing based on the procedure?	V		The Company has established its "Corporate Governance Best Practice Principles" and established a spokesman system according to the requirements; the stock affairs department and the stock affairs agency are responsible for the handling of relevant matters; the Company also discloses the contact window on the Company's website.	No deviation
	(II) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?	V		The Company announces the shareholdings of internal parties each month and keeps abreast of the changes at all times to be aware of major shareholders who have actual control over the Company and the ultimate controllers of major shareholders.	
	(III) Has the Company established and executed the risk control and firewall system with its affiliates?	V		The Company has established its internal control regulations such as the "Procedures for Transactions with Related Parties" and "Regulations for Monitoring the Operations and Management of Subsidiaries" and established a risk control and firewall system with its affiliates; the audit department will carry out an audit on the execution each year.	
	(IV) Has the Company established its internal regulations to forbid internal parties from using undisclosed information in trading securities?	V		The Company has established its "Procedures for Processing Significant Information" to forbid internal parties of the Company from using undisclosed information in trading securities; the Procedures are available on the Company's corporate website; the Company organizes promotional programs according to the requirements each year.	
III. Composition and responsibilities of the Board	(I) Has the Board developed a diversification policy for its composition and substantial management objectives and made implementation?	V		The Company has established its "Corporate Governance Best Practice Principles," and Directors possess the knowledge, skills, and attributes required for the execution of their duties; there are Independent Directors in place, and each Independent Director possesses expertise from different industrial backgrounds, so as to fully realize the diversification of the Board.	No deviation

Evaluation item	Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Its Causes
	Yes	No	Summary	
(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee established according to the law?	V		Except for establishing the Remuneration Committee according to the law, the Company has established its Corporate Sustainability Committee comprised of its operating team; the execution status and results are available on the Company's corporate website.	
(III) Has the Company established the regulations for the performance evaluation of the board of directors and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors.	V		The Company has established its Regulations for the Performance Evaluation and Remuneration Payment of the Board of Directors to regularly carry out the performance evaluation on the Board each year. After the end of each year, the Company carries out the performance evaluation by way of self-evaluation using questionnaires in terms of aspects of the Company's target, Directors' duties and responsibilities, and continuing education. The evaluation process ends after the end of the year of evaluation and before the upcoming meeting of the Board. The scoring results are reported to the Board to improve the operating function of the Board. The Regulations for the Performance Evaluation of the Board of Directors and the results are disclosed on the Company's website and reported to the Board on 5 March 2024.	
(IV) Has the Company regularly evaluated the independence of CPAs?	V		The Audit Committee and the Board of Directors evaluate the independence and competency of the current accountants every year; before reviewing the accountants, in addition to requiring the certified accountants to provide a "Declaration of Detached Independence" and "Audit Quality Indicators (AQIs)", they shall also comply with standards and 13 AQI indicators are evaluated. It is confirmed that the accountant's confirmation has no other financial interests and business relationships with the Company except for fees for accountant's confirmation signature and financial and tax cases. The accountant's family members do not violate the independence requirements. It is also confirmed that the accountant and the firm have	

Evaluation item	Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Its Causes
	Yes	No	Summary	
			audit experience and experience with reference to the AQI indicator information. The number of training hours is better than the industry average. In addition, in the past three years, we will continue to introduce digital audit work to improve audit quality. Another letter requested the Company's stock agency to confirm its shareholding status. After being reviewed and confirmed by the Company's accounting department to meet independence and suitability, it will be submitted to the Audit Committee for review and submitted to the Board of Directors for resolution; 2023 accountant review and evaluation form has been submitted to the Audit Committee and the Board of Directors for approval on December 21, 2023. The Company's important standard items for assessing the independence requirements of accountants, operations and suitability inspections are listed as follows: • The accountant himself, his spouse, and minor children do not have any investment or financial interest-sharing relationship with the Company. • The accountant himself, his spouse, and minor children do not have any funds or loans from the Company. • Accountants or audit service team members do not promote or broker stocks or other securities issued by the Company. • The accountant has no disciplinary record from the Accountant Disciplinary Committee in the past two years. • The accountant or any audit service team member does not currently hold the position of director or	

Evaluation item	Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Its Causes
	Yes	No	Summary	
			manager of the Company or has a significant impact on the audit case or has held a position with significant influence on the audit case within the past two years. - The accountant or any member of the audit service team does not have a spouse, direct blood relative, direct marriage relative, or second blood relative within the collateral line of blood with the Company's directors, managers, or personnel with positions that have a significant impact on the audit case. - The accountant is not currently employed by the client or the person under investigation to hold regular work, receive a fixed salary, or serve as a director or supervisor. When the accountants provide auditing, review, compilation, or special examination services and issue an audit opinion, it is important for them to maintain not only substantive independence but also formal independence.	
IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance who are appropriate for such positions and designated a Chief of Corporate Governance to be responsible for affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to Directors and supervisors, assisting Directors and supervisors in legal compliance, handling matters related to meetings of the Board and shareholders' meeting according to the law, and preparing meeting minutes for meetings of the Board and shareholders' meeting)?	V		The Corporate Sustainability Committee of the Company is responsible for promoting matters related to corporate governance, and the Chief of Finance is responsible for supervising matters related to corporate governance. The Corporate Sustainability Committee of the Company is responsible for handling matters related to meetings of the Board and shareholders' meeting according to the law, preparing meeting minutes for meetings of the Board and shareholders' meeting, carrying out company registration and alteration registration, and arranging continuing education programs for Directors.	No deviation

Evaluation item		Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Its Causes
		Yes	No	Summary	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and duly responded to significant issues of corporate social responsibility concerned by stakeholders.		V		The Company has established a spokesman system, maintained smooth communication channels with stakeholders, and disclosed contact information of relevant operating personnel, and set out a stakeholder section on the Company's website to duly respond to relevant issues (including CSR) concerned by stakeholders.	No deviation
VI. Has the Company appointed a professional stock affairs agency to process affairs related to shareholders' meetings?		V		The Company has appointed its professional stock affairs agency, the Shareholder Services Department of President Securities Corporation, to process matters related to shareholders' meetings and stock affairs.	No deviation
VII. Open information	(I) Has the Company established its website to disclose information on its financial operations and corporate governance?	V		The Company has disclosed information related to financial operations and corporate governance on its website (https://www.csun.com.tw/investor-relations).	No deviation
	(II) Has the company adopted other methods for information disclosure (such as building an English website, appointing dedicated personnel to be responsible for the information collection and disclosure, implementing a spokesman system, and uploading the course of investor conferences on the Company's website)?	V		The Company has regularly and unscheduledly declared its financial and business information on MOPS and disclosed the latest news on its products and business on the Company's website (www.csun.com.tw).	
	(III) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?	V		The Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline.	
VIII. Is there any other significant information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employees' interests, care for employees, investor relations, supplier relations, rights		V		<u>Employees' interests and care for employees</u> The Company has established its Employee Benefits Committee to promote various subsidy activities, ensuring employees' interests.	No deviation

Evaluation item	Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Its Causes
	Yes	No	Summary	
of stakeholders, Directors and supervisors' continuing education records, the execution of risk management policies and risk evaluation standards, the execution of customer policies, and the purchase of responsibility insurance for Directors and supervisors)?			<u>Investor relations</u> The dedicated department of the Company is responsible for publishing and disclosing information related to finance and business on MOPS and the Company's website, in the hope of achieving open information and transparency. <u>Supplier relations</u> The Company has established its "Procedures for the Management of Suppliers" to review the business conducts between suppliers and the Company, so as to avoid harming the reputation and interest of both parties. When necessary, both parties would sign a "non-disclosure agreement" (NDA) after completing the review on the supplier and before the commencement of the cooperation to protect the rights and obligations of both parties. <u>Rights of stakeholders</u> The Company has established a stakeholder section to provide a communication channel for protecting the legal interests of both parties. <u>Execution of policies on risk management and the risk measuring standards.</u> The Company established internal rules and regulations according to the laws and performed risk management and evaluations. <u>Execution of customer policies</u> The Company generally maintains close contact with customers. It has set up a professional customer service team and comprehensive after-sales service system to provide comprehensive premium services, in the hope of assisting customers in improving their competitiveness and creating higher added values. <u>Purchase of responsibility insurance for Directors and supervisors</u> The Company had purchased the directors and supervisors' responsibility insurance for all Directors to reduce and spread the risk of significant harm to the Company and shareholders due to errors or mistakes made by Directors; the Company has published the status of the purchase of insurance policy on	

Evaluation item	Operation (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Its Causes
	Yes	No	Summary	
			MOPS.	
IX. According to the results of the Corporate Governance Evaluation by the Corporate Governance Center of TWSE for the Latest Year, explain the improvements, and propose the matters to be improved first and measures regarding any conditions not improved: Adhering to the concept of sustainable operations, the Company aims to realize sustainable corporate operations, establish long-term partnerships with customers and social communities, and fulfill its responsibilities as a corporate citizen; the Company established its Corporate Sustainability Committee in 2017, responsible for promoting matter related to CSR and ethical management and reporting to the Board regarding the execution and results each year. ➤ Matters improved: 1. Continual optimization of the new official website: The Company optimized the user interface, provided abundant and public corporate data that caters to the demand of users, and provided instant and direct contact windows for consultation. 2. The Company has set up the CSR section to allow investors, customers, suppliers, and stakeholders to understand the promotion and execution of the Company's CSR. ➤ Matters to be improved first and measures regarding any conditions not improved: 1. The Company continued to optimize the arrangements on its new website, allowing the Company's website to align with the demands of investors and relevant stakeholders. 2. The Company continued to optimize the CSR section on the Company's website, allowing investors, customers, suppliers, and stakeholders to understand the promotion and execution of the Company's CSR.				

(IV) Company with a Remuneration Committee or a Nomination Committee in Place Shall Disclose Its Composition, Duties, and Operations

(1) Information on the Members of the Remuneration Committee:

Condition		Qualification and Experience (Note 2)	Independence Status (Note 3)	Number of Other Public Companies in Which the Director is A Member of the Remuneration Committee
Identity (Note1)	Name			
Independent Director (Convenor)	Lin, Ming-Jie	The Remuneration Committee of the Company comprises all three of the Independent Directors; for the qualification and experience of members, please refer to “Chapter 3. II. (I) Information on Directors and Supervisors” (pages 10 to 12) of the Annual Report.	All members of the Remuneration Committee comply with the following descriptions: 1. Comply with relevant requirements under Article 14-2 of the Securities and Exchange Act and “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” (Note) promulgated by the Financial Supervisory Commission. 2. The member (or in other’s name), its spouse, or its minor has not held any shares of the Company. 3. There is no compensation obtained from the provision of business, legal, financial, or accounting services to the Company or its affiliates for the past two years.	3
Independent Director	Chu, Zhi-Yuan			—
Independent Director	Lin, Shu-Xian			—
Independent Director	Tsou, Chia-Chun			—

Note: None of the following circumstances occurred two years prior to the election and during the term of office:

- (1) An employee of the Company or its affiliates.
- (2) A director or supervisor of the Company or its affiliates.
- (3) A natural person shareholder who holds shares, together with those held by the person's spouse, minors, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company, or that ranks among the top ten in shareholdings.
- (4) A manager as specified in (1) nor a spouse or a direct blood relative within the second degree or third degree of kinship as specified in (2) or (3).
- (5) A director, supervisor, or employee that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or a designated representative serving as a Director or supervisor of the Company Article 27 of the Company Act.
- (6) A director, supervisor, or employee of another company with its majority of director seats or voting shares controlled by the same individual.
- (7) A director, supervisor, or employee of another company or institution who is, or the person's spouse is, holding the position as the Chairman, President, or equivalent positions of the Company.
- (8) A director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company.
- (9) A professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, manager, or spouse thereof that provides auditing service for the Company or its affiliates or provides relevant commercial, legal, financial, or accounting services with a cumulative remuneration less than NT\$0.5 million in the latest two years. However, this does not apply in cases where members of the Remuneration Committee.

Note 1: Please specify the seniority, qualification and experience, and independence status related to members of the Remuneration Committee; for Independent Directors, make notes to refer to relevant content under Schedule 1 Information of Directors and Supervisors (I) on page [*]. For the identity, please fill in Independent Director or others (please make a remark for the convenor).

Note 2: Qualification and experience: Describe the qualification and experience of members of the Remuneration Committee.

Note 3: Compliance with the independence status: Describe the independence status of the Remuneration Committee's members, including but not limited to whether the member, its spouse, or its relative within the second degree of kinship is a Director, supervisor, or employee of the Company or its affiliates, the shareholding of the member, its spouse, or its relative within the second degree of kinship (or in other's name), whether the member, its spouse, or its relative within the second degree of kinship is a director, supervisor, or employee of a company with a particular relationship with the Company (please refer to subparagraphs 5 to 8, paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange), and the amount of compensation obtained from the provision of business, legal, financial, or accounting services to the Company or its affiliates for the past two years.

(2) Duties of the Remuneration Committee

The Committee shall exert the duty of care of a good administrator and duly fulfill the following functions and submit their recommendations to the Board for discussion.

- (A) Establish the policy, system, standards, and structure for the performance evaluation and remuneration of Directors, Independent Directors, and managers, and perform regular examinations.
- (B) Regularly evaluate and establish the remuneration of Directors, Independent Directors, and managers.

(3) Information on the Operations of the Remuneration Committee

- I. The Company's Remuneration Committee comprises four persons.
- II. Term of office of the current members: From 09 June 2022 to 08 June 2025; four meetings (A) were held for the Remuneration Committee for the Latest year; the qualification and attendance of members are as follows:

Title	Name	Number of actual attendance (presence) (B)	Number of attendance by proxy	Actual attendance (presence) rate (B/A) (Note)	Remark
Convener	Lin, Ming-Jie	4	0	100%	
Member	Chu, Zhi-Yuan	4	0	100%	
Member	Lin, Shu-Xian	4	0	100%	
Member	Tsou, Chia-Chun	4	0	100%	

Four meetings were convened in 2023:

Date of meeting	Lin, Ming-Jie	Chu, Zhi-Yuan	Lin, Shu-Xian	Tsou, Chia-Chun
2023/02/24	V	V	V	V
2023/05/15	V	V	V	V
2023/08/01	V	V	V	V
2023/12/21	V	V	V	V

Date	Title of the meeting	Content
2023/02/24	3 rd meeting of the 5 th Remuneration Committee	1. It is proposed to adopt the proposal of the total amount of director and employee remuneration of year 2022. Resolution: Approved as proposed after the chairperson has solicited all attending members' opinions.
2023/05/15	4 th meeting of the 5 th Remuneration Committee	1. Review of the 2022 distribution of Directors' remuneration of the Company. Resolution: Approved as proposed after the chairperson has solicited all attending members' opinions. 2. The proposal of 2023 salary adjustment put forward is submitted for deliberation. Resolution: Approved as proposed after the chairperson has solicited all attending members' opinions.
2023/08/01	5 th meeting of the 5 th Remuneration Committee	1. The proposal of 2023 salary adjustment of managers is submitted for deliberation. Resolution: Approved as proposed after the chairperson has solicited all attending members' opinions.
2023/12/21	6 th meeting of the 5 th Remuneration Committee	1. Proposal of 2023 salary adjustment of managers. Resolution: Approved as proposed after the chairperson has solicited all attending members' opinions. 2. Proposal for the 2023 performance evaluation results and the year-end income of managers of the Company is submitted for review. Resolution: Approved as proposed after the chairperson has solicited all attending members' opinions.
2024/03/05	7 th meeting of the 5 th Remuneration Committee	1. Proposal of the total amount of director and employee remuneration of year 2023. Resolution: Approved as proposed after the chairperson has solicited all attending members' opinions. 2. It is proposed to adopt the proposal of transfer of treasury shares to employees and managers. Resolution: Approved as proposed after the chairperson has solicited all attending members' opinions.

Other Matters to be Disclosed:

- I. Where the Board refused to adopt or amend the recommendations from the Remuneration Committee, the Company shall set out the date of the Board meeting, the session, the content of the resolution, resolution results of the Board, and measures adopted by the Company for the opinions of the Remuneration Committee: None.
- II. For the resolution matter of the Remuneration Committee, where any member expressed opposing or qualified opinions with records or written declarations, the Company shall set out the date of the Remuneration Committee meeting, the session, the content of the resolution, opinions of all members, and measures adopted by the Company for the opinions of the members: None.

Note:

- (1) Before the end of the year, for any separation of the Remuneration Committee's member, the date of separation shall be marked in the remark column, and the actual attendance (%) shall be calculated based on the number of meetings of the Remuneration Committee held during the term of office and the actual attendance.
- (2) Before the end of the year, for any re-election of the Remuneration Committee, the new and existing members of the Remuneration Committee shall be specified, and the status of the existing, newly elected, or re-elected member, as well as the date of re-election, shall be specified in the remark column. The actual attendance (%) shall be calculated based on the number of meetings of the Remuneration Committee held during the term of office and the actual attendance.

(V) Promotion of Sustainable Development and Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons Thereof:

Evaluation item		Operation (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
		Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development and established a dedicated (part-time) unit to promote sustainable development, for which the senior management is authorized by the Board to handle such matters, and the Board is responsible for supervising?		V		The Corporate Sustainability Committee, formed by the management team of the Company, is the responsible unit for promoting corporate social responsibility; the Committee is responsible for promoting various corporate social responsibility projects and coordinating and formulating the social responsibility targets and sustainable development policies of the entire Company and reporting to the Board regarding the execution status. For execution status during the year, please refer to "VII. Social Responsibilities" of "Chapter 5. Business Overview".	No significant deviation
II. Has the Company carried out risk assessments on environmental, social, and corporate governance issues related to the operations of the Company and established relevant risk management policies or strategies? ^(Note 2)		V		1.The Company has established its "Corporate Social Responsibility Best Practice Principles"; through the operation and management of the Corporate Sustainability Committee, the Company reports to the Board regarding the execution status and results at least once a year and performs examinations. 2.The Company was awarded with ISO 14001 Certification on 23 December 2023.	No significant deviation
III. Environmental Aspect	(I) Has the Company established an appropriate environmental management system based on the features of the industry in which it operates?	V		Based on the features of the Company, when choosing raw materials, the Company selects light soluble matters with no harm to the environment as much as possible and reduces the consumption of materials to minimize the consumption of the resources on earth. Also, during the course of use, the Company focuses on safety and energy-saving designs and reuses wastewater and other resources repeatedly to minimize GHG emissions. For the scrapping of products, they shall be easily dissembled; considering the functional extension and reuse of products, the Company adopts recyclable designs to allow resource recycling, minimizing the load of landfills.	No significant deviation
	(II) Does the Company commit to improving the energy use efficiency and using renewable supplies with low impacts on the environmental loads?	V		1. For the design of machines, the Company selects small power transmission elements to provide light machines or selects power supply elements with high-performance switches to achieve the effect of energy-saving. 2. Consumables recycling and reuse, including promoting paper recycling and consumable reuse. 3. Duly processes wastes, including promoting garbage classification and reduction; the Company recycles resources and suppliers and engages legal companies to recycle and process the wastes of the Company. 4. Cooperate with domestic sustainability benchmarking enterprises to carry out energy-saving and carbon reduction research and development projects, develop highly energy-saving equipment with advanced manufacturing technologies. Taking the current product "thermal recovery energy-saving equipment " as an example, each equipment can reduce 1.58 tonnes of carbon dioxide equivalent. 5. The Company substituted the wooden pallets with the plastic pallets to reduce the volume of wooden trash; the rate of repetitive use of plastic pallets is also better.	No significant deviation
	(III) Has the Company evaluated the potential risks and opportunities of climate change of the Company and adopted countermeasures related to climate change issues?	V		Facing climate change, the Company actively promotes and reforms its GHG reduction management measures, including the improvement plan for energy-saving efficiencies, such as: 1. Improve the ratio of energy-saving vehicles on a yearly basis. 2. Prohibit smoking in offices; smokers are required to go to designated outdoor venues to comply with	No significant deviation

				regulations. Furthermore, the Company regularly performs sanitization, as well as rodent control and pest control. 3. The Company substitutes all lights with energy-saving light tubes (LED light).	
	(IV) Has the Company calculated the emission of GHGs, water consumption, and the total weight of wastes for the past two years and established management policies related to energy-saving and carbon dioxide reduction, GHG reduction, and water consumption or other waste reduction?	V		To duly perform its corporate social responsibility and commits to environmental protection so as to achieve the social responsibility of “protect the earth and love the earth,” the Company has formulated its environmental protection management requirements. Please refer to “(VI) Climate-related Information of TWSE/TPEx Listed Companies, III Operations of Corporate Governance, Chapter 3. Corporate Governance Report” in this Annual Report for the details about the implementation.	No significant deviation
IV. Social Aspects	(I) Has the Company established relevant management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company has established its working rules and relevant human affairs management rules according to the specifications of labor laws and regulations to protect employees’ interests and convenes labor-management meetings according to the law to facilitate the harmonious relationship and manifest the prospect of mutual benefits.	No significant deviation
	(II) Has the Company established and implemented reasonable employees benefit measures (including remuneration, leave, and other benefits) and appropriately reflected the operating performances or results on employees’ remuneration?	V		The Company regularly evaluates its operating costs, profitability, internal and external salary fairness, and performance management, combined with social responsibility considerations, to establish reasonable remuneration policies. The Company promotes the code of ethical conduct and specifications related to corporate ethics when employees assume their posts, and it discloses its working rules on the employees’ portal website for employees to inquire and make self-examination at all times. For any acts violating the rules, the Company imposes punishments based on the materiality of the circumstances, and such punishments are connected with the performance evaluation system.	No significant deviation
	(III) Does the Company provide a safe and healthy working environment for employees and regularly organize safety and health education?	V		1. The Company organizes health inspections for all employees at least once a year and subsidizes health inspection items for employees. 2. Implement disaster control arrangements and monthly occupational disaster promotion. 3. The Company engages Lee Way Electronics, subordinated to Taiwan Secom, to provide AEDs, portable first-aid devices for general persons who are not medical staff to use for heart arrest. 4. Register cases of injuries due to official affairs and calculate categories and number of times, and convene cross-plant quarterly meetings of the senior management and quarterly administrative meetings to examine and propose preventive improvement policies, creating a safe and worry-free working environment. 5. In 2023, the number of participants in the occupational safety educational training was 1,437 persons, and the number of hours for the occupational safety educational training was 1,041 hours. 6. In 2023, there was no case of disabling injury, accounting for 0% of all employees. For detailed execution, please refer to this year's report (Chapter 5, Operating Overview, Section 3.(3): Occupational Safety and Health Protection Measures).	No significant deviation
	(IV) Has the Company established effective career and ability development and training plans for employees?	V		To allow employees to possess professional literacy and development advantages, the Company organizes internal training courses and sends employees to external parties for professional training from time to time.	No significant deviation
	(V) Has the Company complied with relevant regulations and international standards for issues related to	V		The business philosophy that the Company posted on its website starts with: “innovative and improved products and services of C Sun provide satisfaction for customers”; the quality policy of the Company	No significant deviation

	customer privacy, marketing, and labeling of its products and services, and established relevant policies and complaint procedures to protect the interests of consumers or customers?			is: "adhering to quality, customer satisfaction, professionalism and practices, and sustainability; our Articles of rules specify that the after-sales customer complaint procedures are handled in our quality handbook. In addition, based on the "procedures for customer satisfaction survey," the Company executes annual customer satisfaction surveys for feedback to grasp customers' satisfaction in terms of products, technologies, quality, delivery terms, and services and make further improvements.	
	(VI) Has the Company established its management policies for supplier management and required suppliers to comply with requirements related to environmental protection, occupational safety and health, or labor human rights? What is the implementation status?	V		The Company has established its "environmental protection management requirements," stating requirements for suppliers in terms of environmental protection as well as safety and health, improving its social and environmental responsibilities; the Company and its suppliers are jointly committed to green environmental protection technologies. For any violation, the Company may immediately terminate its cooperation with the supplier.	No significant deviation
V. Has the Company prepared its sustainability report or other reports for the disclosure of non-financial information with reference to report preparation standards or guidelines internationally accepted? Has the abovementioned report received the assurance or guarantee opinions from a certifying institution?		V		None.	No significant deviation
VI. Where the Company has established its Sustainable Development Best Principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its operations and the deviation from the Principles established: The Company has established its Corporate Social Responsibility Best Principles that have no significant deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies." The Principles are available for download at the Company's website or MOPS. For the execution of its corporate social responsibility, please refer to the Annual Report or the Company's corporate website.					
VII. Other significant information to facilitate a better understanding of the Company's sustainable development operations: ✦ Social Participation: • Public welfare support: 1. The Company continues its sponsorship program for the youth baseball team of Chung-Ping Elementary School (2020 to 2024) and provides funding of NT\$0.2 million per year to promote quality baseball. 2. The Company participates in the "Millions of schoolchildren - World Citizenship Literacy Education Project" held by ESGWD, including holding Teacher Education Lectures and Workshops and Campus Tour. Furthermore, it also designs the course of World Citizen Board Games, develops E-learning Communication Website, proposes to add the world citizenship mindset into teacher education, and allow students of the institute of education to self-examine during the activity design. • Cultivation of talents: 1. The Company provides scholarships to the Department of Mechanical and Computer-Aided Engineering, Department of Materials Science and Engineering, and Department of Industrial Engineering and Systems Management of Feng Chia University. 2. The Company provides scholarships for the bachelor's Program in Precision Systems Design and the Department of Mechanical Engineering. 3. The Company organizes a campus lecture tour with mentors within the industrial sectors to continue the positive industry-academic circulation. (National Chiao Tung University, National Tsing Hua University, National Taipei University of Technology, Feng Chia University, and National Kaohsiung University of Science and Technology). 4. The Company signed "2023 Promoting Corporate-funded Students" Project with Ming Chi University of Technology. With tuition and fees and scholarships subsidized by enterprises conducting internship cooperation, this project allows students to settle down to learn, and successfully dock with the enterprises offering internship cooperation opportunities. On the other hand, such project can provide enterprises with excellent candidates with combat capabilities, thus achieving win-win. • Academic promotions: 1. Provide sponsorships to the "Shu Ren Fund" organized by the College of Engineering of Tsing Hua University to support outstanding young scholars with real actions through providing assistance in their research and teaching projects so as to establish the stage for knowledge of the new era, creating the social competitiveness in Taiwan. 2. Members of G2C+ Alliance will donate NTD 20 million in total until 2031 by responding to National Taiwan University (NTU) Centennial Fundraising Project, together with Young Investigator's Achievement Award for College of Engineering, National Taiwan University, Dean's Award for Graduate Student for College of Engineering, National Taiwan University, Outstanding Overseas Chinese Student Scholarship, Young Investigator's Achievement Award for National Taiwan University, and other sponsored awards. 3. In 2022, C Sun and Feng Chia University executed a team-innovation incentive program, in which a development fund of NT\$5 million, for a term of five years, is provided to Feng Chia for research related to carbon-neutral investigations and energy-saving device development. 4. In order to celebrate the 48th anniversary of National Taiwan University of Science and Technology, National Taiwan University of Science and Technology and C Sun jointly held the Global Outstanding Alumni Visiting Activity, and Taichung Plant served as the exchange and visiting site. • Care for the vulnerable: 1. The Company regularly provided sponsorships to St. Joseph's Hospital in Yunlin Country by way of collecting and donating charitable coins. 2. The Company made donations to support Taiwan Foundation for Rare Disorders and XS Foundation. ✦ Care for Employees: • Care for Employees: The Company has established its Employee Welfare Committee to stipulate comprehensive welfare measures for employees. 1. Emergency allowance for employees. 2. Offspring scholarship and grant for employees. 3. Birthday cash gift. 4. Baby bonus for having the second child and third child. • The Company applies and provides lunch cooked by using the Miele steam oven from Germany, allowing our fellow colleagues to dine in safety and health; the Company provides fruits of the season each Wednesday to support local fruit growers. (dragon fruit and banana) • Provide Comfortable employees' dormitory. • Diverse club activities – The Company and its Employee Welfare Committee subsidized employees to establish a basketball club, yoga club, and					

follower arrangement club.

- The Company organized employees' family events: New year greetings for resuming business operations at the end of the Chinese New Year/Mid-autumn dinner party/company trip/year-end dinner/ladies' meal/ and mountain climbing event for the PCB industry.
- The Company engages private childcare centers to provide admission discounts for employees.
- Care for women:
 1. Established nursery rooms at headquarters and its northern plant and central plant.
 2. Adoption of leave without pay for nursery and measures for fertility subsidies: Employees may apply for a leave without pay according to laws and regulations; one employee submitted the application for leave without pay in 2023; 8 employees applied for fertility subsidies.
- Global human resources:
 1. C Sun employs a total of four employees with physical or mental disabilities.
 2. Diverse recruitment channels: Employees' recommendation projects, R&D substitute services, career expo, industry-academic cooperation, recruitment events for industry-academia cooperation programs.
- Employees' development:
 1. New employees' e-learning and general knowledge educational training.
 2. Provided free programs of goujon in Japanese for our fellow colleagues to participate in every half-year.
 3. Provided an external training application system for employees.
 4. Monthly management programs for executives.
 5. Business training and value sharing program.
 6. Associates in China and subsidiaries visited Taiwan for training from time to time.
- ✚ Safety and Health:
 - Comprehensive safety and health systems:
 1. Regular disaster prevention lectures.
 2. Provided plant-wide communication regarding occupational disaster or occupational safety events during monthly meetings.
 3. Regular training of safety and health personnel.
 4. Installed AED and implemented operating educational training.
 - Care for employees' health
 1. Organized health inspections for our fellow colleagues each year.
 2. Provided health subsidies to our fellow colleagues that have significant duties and are exposed to a high-risk work environment.

(VI) Climate-related Information of TWSE/TPEX Listed Companies

1. Implementation of climate-related Information

Item	Implementation
1. Clarify the supervision and governance of the Board of Directors and the management level on climate-related risks and opportunities. 2. Clarify how the identified climate-related risks and opportunities affect the business, policies and finance (short, medium and long-term) of the corporate. 3. Specify the financial influence of extreme climatic events and transformation actions. 4. Specify how the identification, assessment and management procedures of climate-related risks are integrated with the overall risk management systems. 5. Where the situational analysis is applied to assess the resilience against climate change risks, the used situations, parameters, assumptions, factors for analysis, and major financial impacts shall be specified. 6. Where there are transformation plans in terms of management of climate-related risks, the plan content, indicators used for identifying and managing entity risks and transformation risks, and targets shall be specified. 7. Where the Internal Carbon Pricing (ICP) is employed as the planning tool, the pricing basis shall be specified. 8. Where climate-related goals are set, the covered activities, GHG emission scope, planned term durations, and yearly emission goal progress shall be specified; where carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the related goals, source and volume of the offset carbon credit or the amount of RECs shall be specified. 9. Greenhouse gas (GHG) inventories and assurance, GHG emission reduction goals, strategies and specific plans of action (1-1 and 1-2 shall be filled separately).	1. The Board of Directors serves as the supreme unit of C Sun's climate governance. Its main responsibilities include advancing and supervising the strategic directions of climate-related topics, discussing the opportunity trend of current climate risks on an irregular basis, and determining the specific strategies, goals for key climate risks, thus maintaining the sustainable operation of the Company steadily. The General Manager serves as the chairperson of Sustainable Operation Committee under the Board of Directors, and shall report the sustainable operation progress and implementation results of the Company to the Board of Directors. 2. Based on the evaluation results, C Sun identifies the following items as the current key climate risks and opportunities: increase of shareholders' and customers' requirements on environmental protection and low carbon emissions, substitute of the current products and services with low-carbon commodities, the severity of extreme climate events and increase in frequency, development and increase of low-carbon products or services. The evaluation results are shown in Table 1 below. 3. For the above identified climate change risks and opportunities, the possibilities and timing of climate risks and opportunities, and their effects on the Company and other factors have been comprehensively taken into consideration to analyze the potential impact on operation and finance of the Company case by case. Please refer to the above Point 2 for details of the financial impact and influence. 4. C Sun has established the climate-related risk identification and management procedures based on TCFD framework. In order to master current key climate opportunities and risks, C Sun Sustainability Committee collects sustainability reports of peer companies, CDP corporate questionnaires, as well as topics on risks and opportunities of international trend annually. Following collection of potential climate topics that are vital to C Sun, the information of each relevant department handling climate risks is collected and summarized, and interviews with each unit related to the climate topic are carried out to consolidate opinions on the impact degree and likelihood of occurrence of these topics. After identifying key and major climate risks and opportunities related to C Sun through above measures, such risks and opportunities shall be reported to the Board of Directors, and the Board of Directors will make a resolution and devise the group strategies.

Table 1

Risk/ Opportunity	Risk/Opportunity Description	Term duration	Potential financial impact	Coping strategies and management measures
Transformation risks	Increase of shareholders' and customers' requirements on environmental protection and low carbon emissions	Medium-term (within 3-10 years)	Increase in operating costs Decrease in operating revenues	1. Carry out C Sun individual GHG inventory and certification according to ISO 14064-1. 2. Plan to introduce ISO14067, and optimize processes and technologies of production assembly and manufacturing. 3. Introduce smart meters, and replace the light source in offices and plants to LED. 4. Build solar panels in Taichung Plant for self-supply of electricity.
	Substitute of the current products and services with low-carbon commodities	Medium-term (within 3-10 years)	Increase in production costs and R&D expenses Decrease in operating revenues	1. Get to know the market trend and customer demands via market survey, and take such trend and customer demands as the key for developing low-carbon commodities and services. 2. Optimize processes and technologies of production assembly and manufacturing; conduct cooperation and communication with the industry, institutes and universities to jointly launch carbon reduction technologies for products. 3. Provide energy efficiency retrofit services for already sold products and equipment, with the aim to reactivate the old production lines and harvest profits.
Entity risks	Severity of extreme climate events and increase in frequency	Short-term (within 3years)	Increase in operating costs Decrease in operating revenues	1. Employ diversified supply chain strategies, and strengthen the supply chain management. 2. Set emergency response team, and develop disaster emergency response measures. 3. Set stand-by working site to ensure business continuity.
Opportunities	Development and increase of low-carbon products or services	Medium-term (within 3-10 years)	Increase in operating revenues	1. Team up with domestic benchmarking companies to advance the carbon reduction development project. 2. Provide energy efficiency retrofit services for already sold products and equipment, with the aim to reactivate the old production lines and harvest profits. 3. Plan to introduce ISO 14067 to understand carbon emissions hotspots of production process for future optimization. 4. Participate in trade fairs and industrial associations, and promote low-carbon products and energy-efficient equipment.

1-1 C Sun GHG Inventory and Assurance in the Recent Two Years

1-1-1 GHG Inventory Information

Clarify the emissions (tCO₂e) of GHG in the recent two years, emission intensity (tonnes of CO₂e/ NTD 1,000,000.00), and information coverage scope.

Scope of execution		2022		2023	
		Emission (Ton of CO ₂ e)	Intensity (Ton of CO ₂ e/ NTD million of revenue)	Emission (Ton of CO ₂ e)	Intensity (Ton of CO ₂ e/ NTD million of revenue)
The Company	Scope 1: Direct greenhouse gas emissions	443.09	0.15	491.52	0.26
	Scope 2: Indirect greenhouse gas emissions	1,822.68	0.60	1,709.38	0.90
	Total	2,265.77	0.75	2,200.90	1.16

The information coverage scope includes the summarized information of the headquarters, Taipei Plant, Taichung Plant, and South Office.

Note 1: Direct emissions (Scope 1, direct emissions from owned or controlled sources), indirect emissions from the generation of purchased energy (Scope 2, indirect GHG emissions associated with the purchase of electricity, steam and heat), and all other indirect emissions (scope 3, emissions that are a consequence of the activities of the reporting company, beyond the scope of indirect emissions from the generation of purchased energy, but occur at sources owned or controlled by another company).

Note 2: The information coverage scope of direct emissions and indirect emissions from the generation of purchased energy shall be handled according to the term duration specified in Paragraph 2, Article 10 of the Principles, while the information of other indirect emissions shall be disclosed by themselves.

Note 3: GHG Inventory Standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions shall be calculated with per unit of a product/service or revenue, but the data calculated with revenues (unit: NTD 1,000,000.00) shall be clarified at least.

1-1-2 GHG Assurance Information

Clarify the assurance information, including assurance scope, assurance institutions, assurance standards and assurance opinions of the recent two years till the printing day of the annual report.

Complete assurance information will be disclosed at the MOPS, and will be disclosed at the next year's annual report.

Note 1: it shall be handled according to the term duration specified in Paragraph 2, Article 10 of the Principles. If the Company fails to obtain the complete GHG assurance opinions on or before the printing day of the annual report, it shall be indicated that "complete assurance information will be disclosed in the sustainability report"; if the Company does not compile the sustainability report, it shall be indicated that "complete assurance information will be disclosed at the MOPS", and will be disclosed at the next year's annual report.

Note 2: Assurance institutions shall be in line with the regulations on sustainability report assurance institutions specified by Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX).

Note 3: Please refer to the best practice reference examples on the Corporate Governance Center website of TWSE for the disclosure content.

1-2 GHG emission reduction goals, strategies and specific plans of action

Clarify the GHG emission reduction base year and relevant data, reduction goals, strategies, specific plans of action, and reduction goal achievement results.

Complete information will be disclosed in the sustainability report, and will be disclosed at the next year's

annual report.

Note 1: It shall be handled according to the term duration specified in Paragraph 2, Article 10 of the Principles.

Note 2: The base year shall be the year completing the inventory within the consolidated financial statement boundary. For example, according to the rules in Paragraph 2, Article 10 of the Principles, companies with the capital sum over NTD 10 billion shall complete the inventory of 2024 consolidated financial statement in 2025, therefore, the base year is 2024. In case that the company completes the inventory of the consolidated financial statement in advance, the earlier year of completion shall be the base year. Furthermore, the data of base year shall be calculated as the value of one-single-year-data or the mean of several years of data.

(VII) Performance of Ethical Management and Its Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Its Cause:

Evaluation item		Operation (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Its Causes
		Yes	No	Summary	
I. Establishment of ethical management policies and programs	(I) Has the Company established its ethical management policies that are passed by the Board, and expressively declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?	V		The Company has established its “Ethical Corporate Management Principles” and “Regulations for the Whistleblowing of Illegal and Unethical Behaviors” to stipulate a code of conduct for the corporate and employees. The Company communicates with its employees from time to time; the execution and handling status are disclosed on the Company’s website.	No deviation
	(II) Has the Company established an evaluation system for the risk of unethical behaviors, regularly analyzed and evaluated operating activities with higher risks of unethical behaviors within its scope of business, and established an unethical behavior preventive plan that at least covers the preventive measures for behaviors set out in paragraph 2 under Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company’s “Ethical Corporate Management Principles” set out preventive measures for unethical behaviors, such as providing and accepting bribes, providing illegal political donations, providing or accepting unreasonable gifts, social engagement, or other unjust interests, or infringement on business secrets and intellectual property rights.	No deviation
	(III) Has the Company stated the operating procedures, behavioral guidelines, punishments for violations, and the complaint system in its unethical behavior preventive plan, duly implemented the plan, and regularly examined and amended the abovementioned plan?	V		Except for “Ethical Corporate Management Principles,” the Company also established its “Procedures for the Acquisition or Disposal of Assets,” “Procedures for Endorsement and Guarantee,” “Procedures for Loans to Others” and “Procedures for Transactions with Related Parties.”	No deviation
II. Realize ethical management	(I) Has the Company evaluated business counterparties' ethical records and included clauses related to ethical management in contracts with business counterparties?	V		The Company engages in business activities in a fair and transparent manner. Before engaging in business activities, the Company duly evaluates the counterparties to avoid conducting transactions with unethical counterparties. Furthermore, when entering into business contracts with business counterparties, the department of legal affairs would review the contract terms to avoid conducting transactions with those with records of unethical behaviors.	No deviation
	(II) Has the Company established a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year) reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and	V		The Company’s Corporate Sustainability Committee is responsible for promoting business related to ethical corporate management. Furthermore, an Audit Office directly subordinated to the Board was established to be responsible for auditing whether there is any internal or external violation of ethical management.	No deviation

Evaluation item	Operation (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Its Causes
	Yes	No	Summary	
the execution of supervision?				
(III) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implemented such policies?	V		For internal parties, the Company's relevant rules and regulations and working procedures for employees and the Company are published on the Company's internal website, and the Company sends letters to notify all our fellow colleagues upon any amendment. For external parties, the Company establishes a stakeholder section on its corporate website (https://www.csun.com.tw/investor-relations/stakeholder).	No deviation
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical management, with the internal audit department being responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examining, accordingly, the compliance with the unethical behavior preventive plan, or engaged CPAs to carry out the audit?	V		The Company has established its internal control system, provisions for implementing internal audits, accounting system, and management regulations that operate normally. The Company also fully realizes the requirements of ethical management. The internal auditors of the Company perform audits according to the audit plan and prepare audit reports, and regularly report to the Board regarding the audit results.	No deviation
(V) Has the Company regularly held internal and external educational training on ethical management?	V		The Company regularly organizes educational training related to ethical management and has disclosed the procedures and regulations of relevant specifications on the Company's internal website for employees to inquire about at all times.	No deviation
III. Operations of the Company's whistleblowing system	V		Regarding behaviors violating laws and regulations or code of ethics, the Company has established the "Regulations for the Whistleblowing of Illegal and Unethical Behaviors," whistleblowing and complaint channels (such as e-mail, employees' opinion mailbox, and relevant punishment measures) and carries out examination and amendments from time to time to provide channels to achieve effective and abundant opinion communications, so as to rapidly and effectively communicate and resolve issues upon occurrence. The Company also assigns appropriate dedicated personnel to handle the reported targets.	No deviation
	V		The Company has established whistleblowing regulations and a whistleblowing mailbox. We keep the identity of the whistleblower and the content of the whistleblowing confidential.	No deviation
	V		The Company has adopted measures to protect whistleblowers from being mistreated due to whistleblowing.	No deviation

Evaluation item		Operation (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Its Causes
		Yes	No	Summary	
IV. Improve information disclosure	Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website and MOPS?	V		The Ethical Management Principles of the Company have been uploaded to MOPS and disclosed on the Company's website (https://www.csun.com.tw/category).	No deviation
V. Where the Company has established its Ethical Management Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its operations and the deviation from the Principles: None.					
VI. Other important information to facilitate a better understanding of the Company's ethical management operations (such as reviews on and amendments to the Ethical Management Principles): 1. The Company observes the Company Act, the Securities Exchange Act, the Business Accounting Act, rules and regulations related to TWSE and TPEX, or other laws and regulations related to business conduct as the basis for fully realizing its ethical management. 2. The Company's "Rules of Procedure for Meeting of the Board of Directors" stipulates the Directors' interest recusal system. For those who have or the corporates they represent have interests in the proposal at the meeting of the Board that may impair the Company's interests, they shall state their opinions and answer to inquiries, and may not participate in the discussion or voting, and they shall recuse themselves from the discussion and voting, and may not represent other Directors in exercising their voting rights. 3. The Company has established its "Operations for the Management of Preventing Insider Transactions," which stated that Directors, supervisors, managers, and employees may not leak the Company's undisclosed significant internal information acknowledged by them, and may not leak the Company's undisclosed significant internal information acknowledged by them due to the execution of businesses to others. 4. The CPA's firm of the Company is PwC Taiwan. The CPAs are not Directors of the Company and possess expertise and independence. The Company reviews the independence of CPAs on a yearly basis. The CPAs regularly perform audits on major cyclic and internal control and provide recommendations on matters related to internal control and accounting of the Company.					

(VIII) The Company established its code for corporate governance and relevant rules and regulations shall disclose the inquiry method:

The Company made disclosures on the investor sector of the Company's corporate website.

(IX) Other information enabling a better understanding of the Company's corporate governance operations shall be disclosed:

C Sun is committed to the transparency and immediacy of its operating information, and in turns generate maximum investment interest for shareholders, which has always been the essential operating concept of C Sun; the Company's corporate governance status is as follows:

1. The Board includes three Independent Directors with years of industrial experiences.
2. The professional Independent Directors regularly participate in the decision-making system (one to two meetings of the Board are convened every three months).
3. The Company regularly engages CPAs to perform audits on the operating system in Taiwan and China.
4. The CPAs regularly participate in the meeting of the Board and play the part of supervision and consultation.
5. The Company has established an investor section on its website and made regular updates, allowing all shareholders to acquire real-time information of the Company via a uniform and fair channel.
6. The Company has established a professional Director consultation system.

(X) Summary of resignation and discharge of the persons relevant:

TITLE	Name	DATE STARTED	DATE LEFT	REASON FOR RESIGNATION OR DISCHARGE
Spokesman	Zhang, Qiong-Yao	2018/08/02	2023/12/21	Staff changes
Acting Spokesman	Chien, Hsing-I	2018/08/02	2023/12/21	Staff changes

Note: The persons relevant means Chairman, General Manager, chief accountant, financial supervisor, head of internal audit, head of corporate governance, head of research and development, etc.

(XI) Implementation of the Internal Control System:

1.Statement of Internal Control:

C Sun MFG. Ltd.

Statement of Internal Control System

Date: 05 March 2024

Based on the results of the self-examination on the internal control system for 2023, the Company hereby stated as follows:

- I. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company had established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility of financial reports, compliance with relevant laws, and regulations.
- II. An internal control system has inherent limitations. Regardless of the comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company adopts immediate remedial actions in response to any identified deficiencies.
- III. The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system are effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation and response; 3. control operations; 4. information and communications; and 5. supervision. For the items mentioned above, please see the requirements under the "Regulations."
- IV. The Company adopted the abovementioned determination items for the internal control system to examine the effectiveness of the internal control system's design and execution.
- V. Based on the examination results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as at 31 December 2023 are effective (including knowing of the level of achievement regarding the objectives of operations' effects and efficiency, credibility of financial reports, compliance with relevant laws and regulations), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.
- VI. The Statement is a major part of the Company's annual report and prospectus that is disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Statement was passed at the meeting of the Board on 05 March 2024. It is hereby stated that eight Directors who attended the meeting have agreed on the content of the Statement.

C Sun MFG. Ltd.

Chairman: Morrison Liang

General Manager: Liang, You-Wen

2. Where CPAs were engaged to conduct a project audit on the internal control system, the audit report shall be disclosed: None.

(XII) Penalties Imposed upon the Company and Its Internal Personnel According to Law, Penalties Imposed by Company on Its Internal Personnel for the Violation of the Internal Control System, Principal Deficiencies, and Improvement for the Latest Year and as of the Date of Publishing the Annual Report: None.

(XIII) Significant Resolution Made by the Shareholders' Meeting and the Board of Directors for the Latest Year and as of the Date of Publishing the Annual Report

(1) Significant Resolution of the Board:

Date	Title of the Meeting	Content
2023.02.24	6 th meeting of the 18 th Board	1. Proposed adoption of the financial reports and consolidated statements of year 2022 and the communication between the accountants and the management of the Company. 2. Proposed adoption of the 2022 internal control system effectiveness evaluation and statements. 3. Proposed adoption of the proposal of surplus distribution of year 2022. 4. Proposed adoption of the proposal of capitalization of retained earnings of year 2022 by means of issuing new shares. 5. Proposed adoption of the 2022 Business Report 6. Proposed adoption of the proposal of replacement of financial statement CPA and appointment and remuneration of CPA of year 2023. 7. Proposal of concluding financing contracts and contracts that their values derive from asset, interest rate, exchange rate, index, other interests and commodities with banks and bills finance companies. 8. Proposal of the amendments to the "Articles of Association". 9. Propose to discontinue the follow-on offering in installments of the capital increase by cash by means of private placement after expiry. 10. Proposed adoption of the proposal of issue of RSA for employees. 11. Proposed adoption of the time, venue, agenda, deadline of accepting proposals by shareholders of the 2023 annual shareholders meeting. 12. Proposal of the total amount of director, supervisor and employee remuneration of year 2022
2023.05.15	7 th meeting of the 18 th Board	1. Proposed adoption of the 2023 Q1 consolidated financial statements and the communication between the accountants and the management of the Company. 2. Proposal of concluding financing contracts and contracts that their values derive from asset, interest rate, exchange rate, index, other interests and commodities with banks and bills finance companies. 3. Propose for adoption of establishing issues related to 2022 cash dividend distribution base day. 4. Proposal of the 2022 distribution of Directors' remuneration. 5. Propose for review of 2023 salary adjustment.
2023.08.01	8 th meeting of the 18 th Board	1. Propose for adoption of the consolidated financial reports of the second quarter of year 2023 and the communication between the accountants and the management of the Company. 2. Proposal of concluding financing contracts and contracts that their values derive from asset, interest rate, exchange rate, index, other interests and commodities with banks and bills finance companies. 3. Propose for review the proposal of 2023 salary adjustment of managers.
2023.11.09	9 th meeting of the 18 th Board	1. Propose for adoption of the consolidated financial reports of the third quarter of year 2023 and the communication between the

		accountants and the management of the Company. 2. Propose to review overdue accounts receivable (till 30 September, 2023) of the Company with the nature being not loaning of funds. 3. Proposal of the first repurchase of the Company's Shares in 2023. 4. Propose to review the proposal of lifting the non-compete restrictions on managers and directors. 5. Proposal of concluding financing contracts and contracts that their values derive from asset, interest rate, exchange rate, index, other interests and commodities with banks and bills finance companies. 6. Power Ever Enterprises Limited set sub-subsidiary company - Suzhou Top Creation Photoelectricity Smart Technology Co., Ltd. via its subsidiary company - Good Team International Enterprise Limited (Hong Kong)
2023.12.21	10 th meeting of the 18 th Board	1. Propose for adoption of the 2024 annual audit plan. 2. Propose for adoption of the 2024 annual plan 3. Proposal of endorsement/guarantee 4. Proposal for independence and adequacy evaluation of incumbent CPA. 5. Proposal of concluding financing contracts and contracts that their values derive from asset, interest rate, exchange rate, index, other interests and commodities with banks and bills finance companies. 6. Proposal of Suzhou Top Creation Machines Co., Ltd. set subsidiary company - Suzhou Top Creation Photoelectricity Smart Technology Co., Ltd. 7. Set subsidiary in Thailand. 8. Change the spokesman and acting spokesman of the Company 9. Proposal of amending "Regulations for the Performance Evaluation of the Board of Directors" 10. Proposal of 2023 salary adjustment of managers of the Company. 11. Proposal for review of the 2023 performance evaluation results and the year-end income of managers of the Company
2023.12.29	11 th meeting of the 18 th Board	1. Proposal of purchasing Shi Mao Shin Du Office
2024.03.05	12 th meeting of the 18 th Board	1. Proposed adoption of the financial report and consolidated financial statements of year 2023 and the communication between the accountants and the management of the Company. 2. Proposal of appointment and remuneration of CPA of year 2024. 3. Proposal for the review of overdue accounts receivable (till 31 December, 2023) of the Company with the nature being not loaning of funds. 4. Proposed adoption of the 2023 internal control system effectiveness assessment and statement. 5. Proposed adoption of the 2023 business report 6. Proposed adoption of the proposal of surplus distribution of year 2023 7. Proposed adoption of the proposal of capitalization of retained earnings of year 2023 by means of issuing new shares. 8. Proposal of concluding financing contracts and contracts that their values derive from asset, interest rate, exchange rate, index, other interests and commodities with banks and bills finance companies. 9. Proposal of the total amount of director and employee remuneration of year 2023. 10. Amend the proposal of "Rules on Transfer of the First Repurchased Company's Shares in 2023 to Employees". 11. Proposed adoption of transfer of treasury stock to employees and managers via referendum 12. Proposal of issue of RSA for employees. 13. Proposed adoption of the time, venue, agenda, and deadline for acceptance of proposals by shareholders of the 2024 annual shareholders meeting.

(2) Content of Significant Resolutions at the Annual Shareholders' Meeting on 23 May 2023 and the Execution:

Significant Resolutions:

1. Passed the 2022 final accounting books and statements °
2. Passed the 2022 earning distribution.
3. Passed the amendments to the "Articles of Association".
4. Approved the proposal of issue of RSA for employees.

Execution:

On 15 May 2023, the Board set 13 June 2023 as the ex-dividend date for the distribution of cash (NT\$3.6 per share); the distribution of cash and stock was made on 27 June 2023 to the shareholders, and the distribution amount has no differences from that prescribed in the resolution made at the annual shareholders' meeting.

(XIV) The Primary Content of Directors or Supervisors' Opposing Opinions with Records or Written Declarations on Significant Resolutions Passed by the Board of Directors for the Latest Year and as of the Date of Publishing the Annual Report: None.

(XV) Summary of Separation and Dismissal of Parties Related to the Financial Report (Including Chairman, General Manager, Chief Accountant, and Chief Internal Auditor) for the Latest Year and as of the Date of Publishing the Annual Report: None:

IV. Information on Audit Fees

Unit: NT\$000'

The name of CPA Firm	CPA Name	Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
PricewaterhouseCoopers Taiwan (PwC Taiwan)	Li, Dian-Yi Wu, Wei-Hao	2023.1.1~2023.12.31	2,500	330	2,830	Consolidated and parent company financial statements, Translation of financial statements into English Transfer pricing

Please specify the service content of non-audit fees: (i.e., taxation certification, assurance, or other financial consultation services)

Note: For any changes in the CPAs or CPA firm, the audit period shall be stated, explanations for such changes shall be set forth in the remark column, and the information such as the audit fees and non-audit fees paid shall be disclosed in order. Service content shall be specified for non-audit fees.

- (I) Where the Non-Audit Fees Paid to the CPAs, CPA's Firm, and Its Affiliates Accounted for One-Fourth of the Audit Fees and Above, the Audit and Non-Audit Fees and the Content of the Non-Audit Services Shall Be Disclosed: Not applicable.
- (II) When Changing the Accounting Firm and the Audit Fees Paid for the Year in which the Change Took Place Are Lower than Those Paid for the Year Preceding the Change, the Decrease in the Amount of the Audit Fees, the Ratio, and the Reason Shall be Disclosed: Not applicable.
- (III) When the Audit Fees Decreased by 10% and Above as Compared with the Preceding Year, the Decrease in the Amount of the Audit Fees, the Ratio, and the Reason Shall be Disclosed: Not applicable.

V. Information on the Change of CPAs

(I) Former CPA:

Date of Change	24 February 2023 (Note)		
Reason for Change and Description	Internal rotation of the CPA firm		
Description regarding whether the appointer or the CPA terminates or refuses to be appointed	Parties Involved		
	Circumstances	CPA	Appointer
	Actively terminate the appointment	N/A	N/A
	Not accepting (continuing) the appointment	N/A	N/A
Opinion and reason other than issuing an unqualified opinion for the past two years	Unqualified opinions were issued in the past two years.		
Whether there is any different opinion with the issuer	Yes		Accounting principles or practices
			Disclosures in the financial statements
			Scope or steps of audit
			Others
	No	V	
	Description		
Other disclosures (Disclosures to be made according to item1-4 to 1-7, subparagraph 6, Article 10 of the Principles)	Not applicable.		

(II) Successor CPAs

CPA Firm	PwC Taiwan
CPAs	Li, Dian-Yi Wu, Wei-Hao
Date of Appointment	24 February 2023 (Note)
Consulting matters and results regarding the accounting method for particular transactions or opinions that may be issued for the financial statements before the appointment	Not applicable.
Written opinion for matters of which the successor CPAs have different opinions from the former CPAs	Not applicable.

Note: Refer to the date on which the Board of the Company formally approves the appointment.

(III) Response Letter from Former CPAs for Matters Set out in item 1 and item 2-3, subparagraph 6, Article 10 of the Regulations: None.

VI. When the Chairman, General Manager, Managers Responsible for Financial or Accounting Affairs of the Company Had Taken Office in the CPAs' Firm or its Affiliates, Names, Titles, and the Period Taken Office in the CPA's Firm or Its Affiliates shall be Disclosed: None.

VII. Changes in Equity Transfer and Pledge of Equity by Directors, Supervisors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report:

(1) Changes in Equity of Shareholders:

Changes in Equity of Directors, Supervisors, Managers, and Major Shareholders

Unit: Share

Title (Note 1)	Name	2023		As of 23 March 2024 of the current year	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Chairman	Morrison Liang	(600,000)	—	(499,000)	—
Director	Liang Mao-Chung	1,252,000	—	(599,000)	—
Director	Shen, Xian-He	—	—	—	—
Director	Chen, Zheng-Xing	—	—	—	—
Director	Yang, Hsien-Tseng	—	—	—	—
Independent Director	Lin, Ming-Jie	—	—	—	—
Independent Director	Chu, Zhi-Yuan	—	—	—	—
Independent Director	Lin, Shu-Xian	—	—	—	—
Independent Director	Tsou, Chia-Chun	—	—	—	—
General Manager	Liang, You-Wen (Note2)	660,000	—	1,000	—
Deputy General Manager	Wang, Jian-Hong	—	—	1,000	—
Assistant Manager	Yuan, Kai-Chun	—	—	(9,000)	—
Assistant Manager	Wu, Yen-Cheng	—	—	1,000	—
Assistant Manager	Tung, Pao-Wei	—	—	—	—
Chief of Finance	Zhang, Qiong-Yao	—	—	1,000	—
Chief Accountant	Lai, Chiu-Yen	—	—	1,000	—
Major Shareholder (Note 5)	GALLANT MICRO. MACHINING CO., LTD.	4,203,000	—	—	—

Note 1: Shareholders holding more than 10% of the Company's total number of shares shall be specified as major shareholders, and shall be set out separately.

Note 2: Liang, You-Wen took office on 17 June 2022 - the date the statistics period starts.

Note 3: Morrison Liang reduced 600 shares at year 2023, and further reduced 499 shares as of 23 March 2024, these reduced shares were transferred to his children;

Note 4: Liang Mao-Chung added 1,252 shares at 2023, which were transferred from trust shares upon expiry; he reduced 599 shares as of 23 March 2024, which were transferred to his children;

Note 5: The shareholding ratio of GALLANT MICRO. MACHINING CO., LTD. on 23 March 2023 exceeded 10%, thus becoming the major shareholder of the Company. The statistics period starts from that day.

(2) Information on Equity Transfer: None.

(3) Information on Equity Pledge: The counterparties of the pledged equity are not related parties.

VIII.Shareholders with the Top Ten Shareholdings, and Those Who Are Related Parties, Spouses, or Relatives Within the Second Degree of Kinship

23 March 2024 (book closure day)

Unit: Share; %

Name (Note 1)	Shares held by the shareholders		Shares held by spouse and minors		Shares held in the name of others		Title, name, or relationship of shareholders with top ten shareholdings who are related parties or spouses or family members within the second degree of kinship. (Note 3)		Remark
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title	Relationship	
Gallant Precision Machining Co., Ltd.	19,957,082	12.73%	—	—	—	—	—	—	—
Hai-Xing Investment Co., Ltd. Representative: Cheng Liang, Jin-Rong	15,127,743	9.65%	—	—	—	—	Morrison Liang, Mao-Chung	Older sister and younger brothers relationship with the representative	—
	890130	0.57%	—	—	—	—	Morrison Liang, Mao-Chung	Older sister and younger brothers relationship with the representative	—
Pin-zhi Investment Co., Ltd. Representative: Liang, Bi-Ru	12,300,560	7.85%	—	—	—	—	Morrison Liang	Representative is the child	—
	1,348,393	0.86%	—	—	—	—	Morrison Liang	Representative is the child	—
Liang, Mao-Chung	7,235,346	4.62%	1,137,260	0.73%	—	—	Morrison Liang	Brothers	—
							Hai-Xing Investment Co., Ltd.	Older sister and younger brothers relationship with the representative	—
Treasury Share Special Account of C Sun	7,013,000	4.47%	—	—	—	—	—	—	—
Morrison Liang	6,983,111	4.45%	346,222	0.22%	—	—	Liang, Mao-Chung	Brothers	—
							Hai-Xing Investment Co., Ltd.	Older sister and younger brothers relationship with the representative	—
							Pin-zhi Investment Co., Ltd.	Representative is the child	—
Jian, Jin-Tu	3,081,155	1.97%	—	—	—	—	—	—	—
Yakaidi Emerging Market Small Capital Equity Fund under the Custody of HSBC	2,396,942	1.53%	—	—	—	—	—	—	—
Super Century Investments Limited	1,857,748	1.19%	—	—	—	—	—	—	—
SPDR Portfolio Emerging Market ETF Special Account under the Custody of Stanrd Chartered	1,781,139	1.14%	—	—	—	—	—	—	—

Note 1: Shareholders with top ten shareholdings shall be fully stated, and the title of the corporate shareholder and the name of the representative for the corporate shareholders shall be separately stated.

Note 2: The calculation of shareholdings refers to the ratio of shares held by the shareholders themselves, their spouses, minors, and in the name of others.

Note 3: The shareholders above include corporates and natural persons, the relationships among such shareholders shall be disclosed according to the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Shareholdings of the Company, the Company's Directors, Supervisors, Managers, and Companies Directly or Indirectly Controlled by the Company in the Same Investee Companies, and the Consolidated Shareholding Ratio in Aggregation:

Shareholding in Aggregation

31 December 2023

Unit: Share; %

Investee companies (Note 1)	Investments of the Company		Investments of Directors, supervisors, managers, and companies directly or indirectly controlled by the Company		Investments in aggregation	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
C SUN(B.V.I.) LTD.	18,081,750	100.00%	-	-	18,081,750	100.00%
Csun Technology (Guangzhou) Co., Ltd. (Note 2)	-	100.00%	-	-	-	100.00%
Suzhou Top Creation Machines Co., Ltd. (Note 2)	-	77.47%	-	-	-	77.47%
K SUN (SAMOA) LTD.	2,312,160	100.00%	-	-	2,312,160	100.00%

Note 1: Long-term investments accounted for using the equity method of the Company.

Note 2: Companies in China invested by way of investing the establishment of a company in a third region.

Chapter 4. Fund-raising

I. Capital and Shares of the Company

(I) Share Capital and Its Sources:

Source of Share Capital

23 March 2024 (book closure day)

Unit: Share

Month and Year	Issue price	Authorized capital		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Properties other than cash in substitution of share capital	Others
April 1978	10	300,000	3,000,000	300,000	3,000,000	Establishment	None	-
May 1984	10	600,000	6,000,000	600,000	6,000,000	Capital increase by cash of NT\$3,000 thousand	None	-
July 1985	10	1,500,000	15,000,000	1,500,000	15,000,000	Capital increase by cash of NT\$9,000 thousand	None	-
October 1994	10	4,000,000	40,000,000	4,000,000	40,000,000	Capital increase by cash of NT\$25,000 thousand	None	-
October 1995	10	6,000,000	60,000,000	6,000,000	60,000,000	Capital increase by cash of NT\$20,000 thousand	None	-
November 1996	10	8,500,000	85,000,000	8,500,000	85,000,000	Capital increase by cash of NT\$25,000 thousand	None	-
July 1997	10	30,000,000	300,000,000	17,300,000	173,000,000	Capital increase by cash of NT\$33,000 thousand Capital increase from earnings of NT\$25,000 thousand Capital increase from capital reserve of NT\$30,000 thousand	None	Letter (86) Tai-Cai-Zheng-(Yi) No. 79879 On 4 November 1997
July 1998	10	30,000,000	300,000,000	25,900,000	259,000,000	Capital increase by cash of NT\$49,260 thousand Capital increase from earnings of NT\$36,740 thousand	None	Letter (87) Tai-Cai-Zheng-(Yi) No. 48830 On 5 June 1998
June 1999	10	30,600,000	306,000,000	30,600,000	306,000,000	Capital increase from earnings of NT\$47,000 thousand	None	Letter (88) Tai-Cai-Zheng-(Yi) No. 53483 On 10 June 1999
May 2000	10	88,600,000	886,000,000	46,700,000	467,000,000	Capital increase by cash of NT\$91,000 thousand Capital increase from earnings of NT\$70,000 thousand	None	Letter (89) Tai-Cai-Zheng-(Yi) No. 42313 On 23 May 2000 Letter (89) Tai-Cai-Zheng-(Yi) No. 42314 On 16 May 2000
May 2001	10	101,300,000	1,013,000,000	60,280,000	602,800,000	Capital increase from earnings of NT\$135,800 thousand	None	Letter (90) Tai-Cai-Zheng-(Yi) No. 132351 On 25 May 2001
June 2002	10	101,300,000	1,013,000,000	76,493,000	764,930,000	Capital increase from earnings of NT\$101,850 thousand Capital increase from capital reserve of NT\$60,280 thousand	None	Letter (91) Tai-Cai-Zheng-(Yi) No. 0910132850 On 18 June 2002

August 2003	10	101,300,000	1,013,000,000	81,395,500	813,955,000	Capital increase from earnings of NT\$33,726.4 thousand Capital increase from capital reserve of NT\$15,298.6 thousand	None	Letter (92) Tai-Cai-Zheng-(Yi) No. 09201253670 On 28 August 2003
July 2004	10	121,300,000	1,213,000,000	89,915,000	899,150,000	Capital increase from earnings of NT\$52,636.8 thousand Capital increase from capital reserve of NT\$32,558.2 thousand	None	Letter (93) Jin-Guan-Zheng-(Yi) No. 0930131353 On 14 July 2004
July 2005	10	121,300,000	1,213,000,000	93,729,908	937,299,080	Consolidated capital increase in consolidated cash of NT\$38,149.08	None	Letter (94) Jin-Guan-Zheng-(Yi) No. 0940125887 On 21 July 2005
September 2005	10	134,700,000	1,347,000,000	102,482,700	1,024,827,000	Capital increase from earnings of NT\$81,271 thousand Capital increase from capital reserve of NT\$6,256.92 thousand	None	Letter (94) Jin-Guan-Zheng-(Yi) No. 0940137840 On 9 September 2005
January 2006	10	134,700,000	1,347,000,000	103,292,700	1,032,927,000	Employee stock option converted to the issuance of new shares of NT\$8,100 thousand	None	Letter Jing-Shou-Shang-Zi No. 09501012510 On 25 January 2006
May 2006	10	134,700,000	1,347,000,000	103,627,700	1,036,277,000	Employee stock option converted for the issuance of new shares of NT\$3,350 thousand	None	Letter Jing-Shou-Shang-Zi No. 09501089280 On 17 May 2006
August 2006	10	200,000,000	2,000,000,000	115,959,700	1,159,597,000	Capital increase from earnings of NT\$107,670 thousand Capital increase from capital reserve of NT\$14,000 thousand Employee stock option converted for the issuance of new shares of NT\$1,650 thousand	None	Letter Jing-Shou-Shang-Zi No. 09501176280 On 18 August 2006
November 2006	10	200,000,000	2,000,000,000	116,124,700	1,161,247,000	Employee stock option converted for the issuance of new shares of NT\$1,650 thousand	None	Letter Jing-Shou-Shang-Zi No. 09501251590 On 13 November 2006
March 2007	10	200,000,000	2,000,000,000	129,106,561	1,291,065,610	Consolidated capital increase in consolidated cash of NT\$129,268.61 Employee stock option converted for the issuance of new shares of NT\$550 thousand	None	Letter Jing-Shou-Shang-Zi No. 09601035250 On 6 March 2007
May 2007	10	200,000,000	2,000,000,000	129,171,561	1,291,715,610	Employee stock option converted for the issuance of new shares of NT\$650 thousand	None	Letter Jing-Shou-Shang-Zi No. 09601100380 On 9 May 2007
September 2007	10	200,000,000	2,000,000,000	134,998,361	1,349,983,610	Capital increase from capital reserve of NT\$58,268 thousand	None	Letter Jing-Shou-Shang-Zi No. 09601215250 On 3 September 2007
November 2007	10	200,000,000	2,000,000,000	135,123,361	1,351,233,610	Employee stock option converted for the issuance of new shares of NT\$1,250 thousand	None	Letter Jing-Shou-Shang-Zi No. 09601215250 On 16 November 2007

March 2008	10	200,000,000	2,000,000,000	135,128,361	1,351,283,610	Employee stock option converted for the issuance of new shares of NT\$50 thousand	None	Letter Jing-Shou-Shang-Zi No. 09701055510 On 6 March 2008
July 2008	10	200,000,000	2,000,000,000	135,287,361	1,352,873,610	Employee stock option converted for the issuance of new shares of NT\$1,590 thousand	None	Letter Jing-Shou-Shang-Zi No. 09701156110 On 2 July 2008
September 2008	10	200,000,000	2,000,000,000	139,762,861	1,397,628,610	Capital increase from earnings of NT\$44,755 thousand	None	Letter Jing-Shou-Shang-Zi No. 09701246900 On 24 September 2008
July 2009	10	200,000,000	2,000,000,000	139,792,861	1,397,928,610	Employee stock option converted for the issuance of new shares of NT\$300 thousand	None	Letter Jing-Shou-Shang-Zi No. 09801140360 On 13 July 2009
August 2009	10	200,000,000	2,000,000,000	143,661,610	1,436,616,100	Capital increase from earnings of NT\$38,687 thousand	None	Letter Jing-Shou-Shang-Zi No. 09801189850 On 20 August 2009
February 2010	10	200,000,000	2,000,000,000	143,707,610	1,437,076,100	Employee stock option converted for the issuance of new shares of NT\$460 thousand	None	Letter Jing-Shou-Shang-Zi No. 09901026100 On 5 February 2010
May 2010	10	200,000,000	2,000,000,000	146,711,620	1,467,116,200	Employee stock option converted for the issuance of new shares of NT\$8,450 thousand Corporate bonds converted into shares of NT\$21,590.1 thousand	None	Letter Jing-Shou-Shang-Zi No. 09901092890 On 7 May 2010
September 2010	10	200,000,000	2,000,000,000	150,107,558	1,501,075,580	Employee stock option converted for the issuance of new shares of NT\$7,640 thousand Corporate bonds converted into shares of NT\$26,319.38 thousand	None	Letter Jing-Shou-Shang-Zi No. 09901199890 On 2 September 2010
November 2010	10	200,000,000	2,000,000,000	151,184,208	1,511,842,080	Employee stock option converted for the issuance of new shares of NT\$4,510 thousand Corporate bonds converted into shares of NT\$32,986.5 thousand Cancellation of treasury shares of NT\$26,730 thousand	None	Letter Jing-Shou-Shang-Zi No. 09901251530 On 9 November 2010
March 2011	10	200,000,000	2,000,000,000	152,338,304	1,523,383,040	Employee stock option converted for the issuance of new shares of NT\$4,855 thousand Corporate bonds converted into shares of NT\$6,685.96 thousand	None	Letter Jing-Shou-Shang-Zi No. 10001044350 On 8 March 2011
May 2011	10	200,000,000	2,000,000,000	153,056,510	1,530,565,100	Employee stock option converted for the issuance of new shares of NT\$3,185 thousand Corporate bonds converted into shares of NT\$3,997.06 thousand	None	Letter Jing-Shou-Shang-Zi No. 10001096720 On 14 May 2011
September 2011	10	200,000,000	2,000,000,000	155,152,820	1,551,528,200	Employee stock option converted for the issuance of new shares of NT\$905 thousand Corporate bonds converted into shares of NT\$20,058.10 thousand	None	Letter Jing-Shou-Shang-Zi No. 10001208720 On 8 September 2011

November 2011	10	200,000,000	2,000,000,000	156,045,219	1,560,452,190	Employee stock option converted for the issuance of new shares of NT\$2,200 thousand Corporate bonds converted into shares of NT\$6,723.99 thousand	None	Letter Jing-Shou-Shang-Zi No. 10001252220 On 2 November 2011
March 2012	10	200,000,000	2,000,000,000	156,129,130	1,561,291,300	Employee stock option converted for the issuance of new shares of NT\$370 thousand Corporate bonds converted into shares of NT\$469.11 thousand	None	Letter Jing-Shou-Shang-Zi No. 10101048670 On 21 March 2012
June 2012	10	200,000,000	2,000,000,000	158,224,515	1,582,245,150	Corporate bonds converted into shares of NT\$20,953.85 thousand	None	Letter Jing-Shou-Shang-Zi No. 10101105390 On 8 June 2012
October 2012	10	200,000,000	2,000,000,000	158,744,548	1,587,445,480	Corporate bonds converted into shares of NT\$5,200.33 thousand	None	Letter Jing-Shou-Shang-Zi No. 10101226550 On 31 October 2012
April 2019	10	200,000,000	2,000,000,000	149,205,548	1,492,055,480	Cancellation of the Company's treasury shares of NT\$95,390 thousand	None	Letter Jing-Shou-Shang-Zi No. 10801042370 On 23 April 2019
August 2021	10	200,000,000	2,000,000,000	152,189,659	1,521,896,590	Capital increase from earnings of NT\$29,841 thousand	None	Letter Jing-Shou-Shang-Zi No. 11001149340 On 30 August 2021
August 2021	10	200,000,000	2,000,000,000	156,755,348	1,567,553,480	Capital increase from earnings of NT\$45,657 thousand	None	Letter Jing-Shou-Shang-Zi No. 11101144060 On 02 August 2022

(II) Capital and Shares

23 March 2024 (book closure day)

Category of shares	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	156,755,348 shares	43,244,652 shares	200,000,000 shares	

(III) Summary of Information Related to the Declaration System: Not applicable.

(IV) Shareholders' Structure:

23 March 2024 (book closure day)

Unite: Share; %

Shareholder structure Quantity	Government agencies	Financial institutions	Other corporates	Individuals	Foreign institutions and foreign individuals	Total
Number of shareholders	0	0	218	36,508	110	36,836
Number of shares held	0	0	69,559,626	77,682,565	9,513,157	156,755,348
Shareholding	0%	0%	44.375%	49.557%	6.0689%	100%

Note 1: Companies with their primary listing on TWSE (TPEX) and emerging stock market shall disclose their shareholding of Chinese investments; Chinese investments refer to citizens, corporates, groups, and other institutions in the China region, or companies invested in a third region stated under Article 3 of the Regulations for the Permission of Citizens in the China Region to Invest in Taiwan.

Note 2: Shareholding of Chinese investments: 0%.

(V) Equity Dispersion

Equity Dispersion

23 March 2024 (book closure day)

Range of shareholding	Number of shareholders	Number of shares held	Shareholding (%)
1-----999	24,743	1,289,390	0.823
1,000-----5,000	10,075	17,425,687	11.116
5,001-----10,000	1,001	7,159,424	4.567
10,001-----15,000	374	4,383,918	2.797
15,001-----20,000	146	2,597,014	1.657
20,001-----30,000	176	4,360,661	2.782
30,001-----40,000	82	2,823,323	1.801
40,001-----50,000	47	2,124,598	1.355
50,001-----100,000	98	6,742,043	4.301
100,001-----200,000	37	5,221,869	3.331
200,001-----400,000	22	6,464,198	4.124
400,001-----600,000	8	4,004,044	2.554
600,001-----800,000	4	2,654,212	1.693
800,001---1,000,000	6	5,243,970	3.345
Above 1,000,001	17	84,260,997	53.753
Total	36,836	156,755,348	100.000

(VI)List of Major Shareholders

List of Major Shareholders

23 March 2024 (book closure day)

Shares	Number of shares held	Shareholding (%)
Title of major shareholders		
Gallant Precision Machining Co., Ltd.	19,957,082	12.73%
Hai-Xing Investment Co., Ltd.	15,127,743	9.65%
Pin-zhi Investment Co., Ltd.	12,300,560	7.85%
Liang, Mao-Chung	7,235,346	4.62%
Treasury Share Special Account of C Sun	7,013,000	4.47%
Morrison Liang	6,983,111	4.45%
Jian, Jin-Tu	3,081,155	1.97%
Yakaidi Emerging Market Small Capital Equity Fund under the Custody of HSBC	2,396,942	1.53%
Super Century Investments Limited	1,857,748	1.19%
SPDR Portfolio Emerging Market ETF Special Account under the Custody of Stanrd Chartered	1,781,139	1.14%

(VII) Information Related to the Market Price per Share, Net Value, Earnings, and Dividends for the Latest Two Years

Information on Market Price per Share, Net Value, Earnings, and Dividends

Item		Year	2022	2023	As of 31 March 2024 of the current year
Market price per share (Note 1)	Highest		54.60	66.80	128.50
	Lowest		35.35	43.00	122.50
	Average		45.71	48.53	124.86
Net value per share (Note 2)	Before distribution		20.37	19.72	(note 9)
	After distribution		17.15	16.11	
Earnings per share	Weighted average number of shares		156,614 thousand shares	155,785 thousand shares	149,305 thousand shares
	Earnings per share (Note 3)	Before retrospective adjustments	4.59	3.11	—
		After retrospective adjustments	4.59	3.11	—
Dividends per share	Cash dividends		3.6	3.00	—
	Right issue	Share allotment from earning	—	—	—
		Share allotment from capital reserve	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Analysis of investment return	P/E ratio (Note 5)		9.96	15.63	(note 9)
	Price to dividend ratio (Note 6)		12.70 (note)	16.18	—
	Dividend yield (Note 7)		7.88%(note)	6.18%	—

Note : The proposal of surplus distribution has been adopted as a resolution at the shareholders' meeting.

Note 1: Set out the highest and lowest market price of ordinary shares for each year and calculated the average market price for each year based on the trading value and trading volume for each year.

Note 2: Please complete based on the number of issued shares at the end of the year in accordance with the allocation determined at the shareholders' meeting in the following year.

Note 3: For retrospective adjustments required due to right issues, earnings per share before and after the adjustment shall be set out.

Note 4: Where the issuance conditions of the equity securities stated that the undistributed dividends of the year may be accumulated until the year with earning for distribution, the accumulated unpaid dividends as of the year shall be separately disclosed.

Note 5: P/E ratio = Average closing price per share for the year/earnings per share.

Note 6: Price to dividend ratio = Average closing price per share for the year/cash dividends per share.

Note 7: Dividend yield = Cash dividends per share/average closing price per share for the year.

Note 8: Data for the Latest quarter audited (reviewed) by the CPAs as of the date of publishing the Annual Report shall be used for the net value per share and earnings per share; current data as of the date of publishing the Annual Report shall be used for other columns.

Note 9: As of the date of publishing the Annual Report, CPAs had certified and reviewed all data.

(VIII) Dividend Policy of the Company and the Execution:

(1) Dividend Policy:

➤ Article 31 of the Articles of Association:

When the Company recorded profits for the year, the Company shall appropriate 1% to 9% of such profits as the remuneration of employees, and the distribution in shares or cash shall be determined by the Board; the distribution targets include employees of subsidiaries that fulfill certain conditions. The Board may determine to appropriate no more than 2.25% of the amount of the above profits of the Company as the remuneration of Directors and supervisors. The proposal of the distribution of remuneration of employees and remuneration of Directors shall be reported to the shareholders meeting. However, when the Company still has accumulated losses, the amount for compensation shall be preserved in advance, and the remuneration of employees and remuneration of Directors shall be appropriated according to the above ratios.

Where the Company recorded earnings after final annual account:

- I. Pay tax according to the law;
- II. Make compensation for accumulated losses;
- III. Provide 10% as the statutory surplus reserve; however, when the statutory surplus reserve has reached the paid-up capital of the Company, provision is no longer required;
- IV. Provide or reverse special surplus reserve according to the requirements of the laws and regulations regarding the remaining earnings;

The remaining balance shall be combined with the undistributed earnings, and the Board shall prepare the allotment proposal after retaining partial of such balances discretionally subject to the operating status of the Company, and submit the proposal to the shareholders' meeting to determine for the distribution of shareholders' dividends based on the Article 31-1 "Dividend Policy of the Company."

The Company authorizes the Board of Directors to pass a special resolution to distribute all or part of the dividends and bonuses in cash in accordance with the laws, provided that the decision must be reported to the shareholders at shareholders' meetings. In this case, the provisions about the resolution of shareholders' meetings set out in the preceding paragraph shall not apply.

- Where the Company distributes statutory surplus reserve and capital reserves in accordance with the laws, in the case of in the form of issuance of new shares, the distribution plan shall be submitted to the shareholders' meeting for resolution; in the case of in cash, the distribution plan shall be passed if more than two-thirds of the Directors attend and more than 50% of the attending Directors approve of the resolution. The resolution shall be reported to the shareholders' meeting. Article 31-1 of the Articles of Association: Dividend Policy

Considers its operating environment and growth, responding to the future capital requirements and its long-term financial planning, and satisfying shareholders' demand for cash, **the Company distributes a cash dividend no less than 20% regarding the shareholders' dividends in the preceding Article.** **The Articles of Association have not stipulated the distribution ratio for dividends and bonuses for shareholders. Considering the Company's capital requirements, long-term financial planning, and other factors, with equivalent focus given to shareholders' interests, the appropriation of shareholders' dividends and bonuses shall be on the basis of not lower than 20% of the net profit after tax for the year/period.**

- (2) Dividend distribution resolved at the meeting of the Board of Directors:
The earning distribution of year 2023 resolved at the meeting of the Board of Directors on 5 March 2024 is tabulated as follows.

C Sun MFG. Ltd.
Earning Distribution Table
For the Year Ended 31 December 2023

Unit: NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings at the beginning of the year		349,256,409
Net profit after tax for the year		486,324,233
Items not adjusted according to the retained earnings under the item of profit or loss:		12,139,255
Actuarial profit or loss included in retained earnings	(138,089)	
Disposals of equity instruments at fair value through other comprehensive income	12,841,443	
Changes in affiliates recognized using the equity method	(564,099)	
The amount of net profit after tax for the year plus items other than net profit of the period included in the undistributed earnings for the year		498,463,488
Less: Provision of 10% statutory surplus reserve		49,846,349
Plus: Special surplus reserve – shareholders’ equity adjustment item		0
Earnings available for distribution		797,873,548
Distribution item:		
Shareholders’ dividends – Cash (distribution of NT\$3 per share)		447,727,044
Undistributed earnings at the end of the year		350,146,504

(IX) Effects of the Right Issue Discussed at the Shareholders' Meeting on the Operating Performance and Earning per Share of the Company: None.

(X) Remuneration of Employees and Remuneration of Directors

1. The ratio or scope of remuneration of employees and Directors set out in the Articles of Association:

When the Company recorded profits for the year, the Company shall appropriate 1% to 9% of such profits as the remuneration of employees, and the distribution in shares or cash shall be determined by the Board; the distribution targets include employees of subsidiaries that fulfill certain conditions. The Board may determine to appropriate no more than 2.25% of the amount of the above profits of the Company as the remuneration of Directors and supervisors. The proposal of the distribution of remuneration of employees and remuneration of Directors shall be reported to the shareholders meeting. However, when the Company still has accumulated losses, the amount for compensation shall be preserved in advance, and the remuneration of employees and remuneration of Directors shall be appropriated according to the above ratios.

2. The estimation basis for the estimation regarding the amount of remuneration of employees and Directors, the calculation basis for the number of shares for share distribution as remuneration of employees, and the accounting for differences between the actual distribution amount or the estimation amount:

The Company adopts the basis by deducting the accumulated losses from the profits of the year (i.e., profit before tax and remuneration of employees and remuneration of Directors) and estimate the remuneration of employees and remuneration of Directors according to the scope of ratio set out in the Articles of Association, and include such remuneration as operating costs or operating expenses. For remuneration of employees distributed in shares, the calculation of the number of shares distributed is based on the closing price of the ordinary shares on the day prior to the discussion of the Board. For any difference between the above estimated amount and the actual distributed amount, the Company processes it as the changes in accounting estimates, and adjusted and accounted for such differences during the year of distribution.

3. Distribution of remuneration passed by the Board:

- (1) Amount of remuneration of employees and remuneration of Directors and supervisors made in cash or share distribution. For any difference with the estimation amount for the year recognizing the expenses, the differences, reasons, and handling status shall be disclosed:

From the earnings of 2023, the Company appropriated 1% as the remuneration of employees (NT\$5,191,150) and 2.25% as the remuneration of Directors (NT\$11,680,087), which was approved by the Board through a resolution on 5 March 2024 and distributed in cash, and there was no difference from the expenses recognized in 2023.

- (2) Amount of remuneration of employees in shares and the ratios of the remuneration to the net profit after tax and to the total sum of remuneration of employees for the period: None.

4. Actual distribution of the remuneration of employees and Directors for the preceding year (including the number of share and amount distributed and share price), the differences with the recognized remuneration of employees and Directors, and the explanations on the differences, reasons, and handling status:

Item	Actual distribution	Estimation	Differences
Remuneration of employees	8,708,855	8,708,855	0
Remuneration of Directors	19,594,924	19,594,924	0
Total	28,303,779	28,303,779	0

(XI) Repurchase of the Company's Shares by the Company:

23 March 2024 (book closure day)

Time of Repurchase	10 th
Purpose of Repurchase	Transfer of shares to employees
Period of Repurchase	2023/11/10-2024/01/09
Interval of Repurchase Price	33.00-67.00
Types and Number of Repurchased Shares	7,513,000 ordinary shares
Sum of Repurchased Shares	NTD 426,917,516
Proportion of Repurchased Shares to Predetermined Repurchase Amount	75.13%
Number of Shares that have been cancelled or transferred	500,000 ordinary shares
Number of accumulative shares of the Company	7,013,000 shares
Ratio of number of accumulative shares to total amount of issued shares	4.47%

II. Corporate Bond/Preferred Shares/Global Depository Receipt:

(I) Corporate Bond: None.

(II) Preferred Shares/Global Depository Receipt: None.

III. Employee Stock Option:

(I) Outstanding Employee Stock Option and Effects on Shareholders' Interests: None.

(II) Names, Acquisition, and Subscription of Managers Acquired Employee Stock Option and Top Ten Employees in the Amount of Employee Stock Warrant Acquired with Subscription Amounts Reaching NT\$30 Million and Above: None.

IV. Mergers with or Transfers of Other Companies' Shares for the Issuance of New Shares

(I) Mergers with or Transfers of Other Companies' Shares for the Issuance of New Shares Completed for the Latest Year and as of the Date of Publishing the Annual Report: None.

(II) Mergers with or Transfers of Other Companies' Shares for the Issuance of New Shares Passed as Resolutions at the Meeting of the Board of Directors for the Latest Year and as of the Date of Publishing the Annual Report: None.

V. Execution of the Capital Utilization Plan

(I) Content of the Plan:

Regarding previous issuance or private offering of securities had not completed or had been completed for the Latest three years but the effects of the plan had not shown, the content of the plan for each issuance or private offering of securities shall be explained in detail: None.

(II) Execution:

The case-by-case analysis on the use of the plans above as of the quarter preceding the date of publishing the Annual Report and the comparison on their execution and the estimated effects initially: None.

Chapter 5. Business Overview

I. Scope of Business

1. Scope of Business:

(1) Primary Content of the Scope of Business:

- A. Manufacturing and sales of industrial heating equipment with constant temperature, accessories, and machine parts for advanced semiconductor packaging, electronics, textile, plastic, rubber, printing, chemical engineering, and aerospace.
- B. Processing, manufacturing, and trading of temporary bonding machine, wafer laminator, hybrid bonding manufacturing process equipment, pressure oven, test furnace, UV dryer, plate solarization set, exposure machine, environmental testing equipment, industrial drying oven, IR dryer, conveyer dryer, precision testing oven, environmental chamber, muffle furnace, electric heating panel, vacuum oven, soldering furnace, vacuum impregnator, thermal cycling testing machine, auto punching pre-heat machine, dust-free room oven, auto exposure equipment, and UV surface cleaning machine.
- C. Quotation, tender, and distribution for products related to the above paragraph for domestic or foreign suppliers.
- D. E604010 Machinery Installation Construction.
- E. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
- F. CE01030 Photographic and Optical Equipment Manufacturing
- G. CB01010 Machinery and Equipment Manufacturing
- G. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
- I. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
- J. F401010 International Trade
- K. I199990 Other Consultancy
- L. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Operating Proportion:

Product category	Ratio of sales in 2022	Ratio of sales in 2023
Equipment for semiconductor manufacturing process	10%	17%
Equipment for PCB manufacturing process	63%	61%
Equipment for forward-looking manufacturing process and other electronic applications	37%	22%
Total	100%	100%

(3) Current Products (Services):

The fields of application for manufacturing process equipment produced by C Sun MFG. at present primarily include three major industries of advanced semiconductor packaging manufacturing process, PCB and substrate forward-looking advanced manufacturing process, as well as equipment for other manufacturing processes; products developed for the manufacturing process of each industry is described as follows:

① **Application of equipment for advanced semiconductor packing manufacturing process and other related manufacturing processes:**

- Wafer dry film lamination equipment, temporary bonding machine, hybrid bonding manufacturing process equipment;
- Auto oven, pressure oven, vacuum oven, test furnace, high-clean/oxygen-free/hot air baking equipment;
- FoPLP manufacturing process equipment system
- Surface cleaning plasma processing equipment, plasma deep etching equipment (DRIE and ETCHER)

② **Application of equipment for Printed Circuit Board (PCB) manufacturing process and IC package substrate manufacturing process**

- Equipment for light resistance (dry and wet film) manufacturing process: auto/manual lamination system, vacuum lamination system, wet film coating system, peeler (Dry film/ABF).
- Equipment for light curing/exposure manufacturing process: UV dryer, manual, semi-auto, and auto exposure equipment for inner and outer layer/dry and wet film/solder mask manufacturing process, and new generation exposure machine.
- Equipment for heat curing manufacturing process: hot air baking equipment, continual drying equipment, plate leveler, pre-heat equipment, and oven economizer.
- Equipment for wet manufacturing process: electroplating pretreatment field, equipment for horizontal desmear and electroless copper process, horizontal immersion tin equipment.
- Others: Surface modification equipment, and consumables.

③ **Equipment for forward-looking manufacturing process and other manufacturing processes**

● **Flat Panel Display (FPD)**

- TFT-LCD manufacturing process: array section annealing baking equipment, probe frame, PI baking/pre-baking equipment, UV curing equipment, hot air baking equipment, IR drying oven.
- TFT-LCM manufacturing process: aging test equipment, plasma cleaning and surface modification equipment.
- Other FPD (Touch Panel/TN/STN): exposure equipment, UV cleaning equipment, UV modification system, PI baking/pre-baking equipment, dust-free baking equipment, light-resistant coating equipment, large touch panel baking equipment.
- Mini LED, MicroLED manufacturing process: vacuum lamination equipment, dust-free baking equipment.
- Auto system integration software

- **Other Electronic Assembly Industry and Printing and Coating Industry**

- UV drying system, hot air baking equipment, and consumables
- High-frequency element manufacturing process equipment, equipment related to AR/VR manufacturing process, equipment related to LEO manufacturing process, equipment related to Lens manufacturing process.

(4) New Products (Services) to be Developed:

In addition, C Sun will extend its core technologies in the manufacturing process for PCB lamination, develop the semiconductor wafer vacuum lamination system in advanced packaging manufacturing process, 3D/2.5D packaging manufacturing process equipment for SoIC hybrid bonding, semiconductor silicon wafer deep etching system, and HBM-related semiconductor high-end oven and equipment for other manufacturing processes.

In response to the advancement of new PCB manufacturing processes, demand for yield improvement, and the increasing trend of labor cost in China, C Sun is actively developing lithography laboratory manufacturing process of high-automation, high positioning accuracy, high-resolution, and high energy-conservation, including solder mask exposure machine, aligner, vacuum laminator, film preheater, mounter, flexible panel R/R exposure machine, and flexible panel laminator.

In addition, for FPD, in response to transformation of Taiwan customers, the technological demands change to equipment for manufacturing process of vehicle-mounted panel, FoPLP, Micro LED, Mini LED products, such as equipment for lamination, pressure oven, curved glass baking-curing, black-rimmed curing auto baking line in the vehicle-mounted panel manufacturing process, LED UV curing equipment, and thermal equipment related to LCM.

Responding to the individual requirements of customers in the printing and coating industry, C Sun will continue developing the modified UV drying system and hot air baking equipment, and infuse the concept of environmental protection and energy-saving into the design of its products. Furthermore, C Sun will develop upstream key parts and components originally outsourced from upstream suppliers and increase its self-manufacturing items, in particular, consumables required by customers.

2. Industry Overview:

(1) Current Condition and Development of the Industry:

Over the past decades, the development of semiconductor manufacturing process has allowed the line width of transistors to shorten from tens of microns to nano-level. However, the further development of manufacturing process is restricted by increase of design and manufacturing costs, reduction of critical margin, and other challenges. At the same time, number of I/O pins and speed of interconnection between wafers are limited with the increase of intensity of transistors in the wafer. As a result, simple manufacturing process scaling fails to achieve the efficiency improvement as expected by Moore's Law, with limited effects observed. To this end, semiconductor industry turns to strategies beyond Moore's Law. Size and number of transistors are no longer the only focus, efficiency, power consumption, chip area, costs and other aspects are taken into consideration. Through 2.5D and 3D heterogeneous integration of the advanced manufacturing process, multiple chips with different functions (such as logic circuits, radio frequency circuits, MEMS, sensors, neural computing units) are integrated into a single package. Such integration will, in addition to extending the economic benefits of Moore's Law, drive the continued development of the semiconductor industry, especially when combined with technologies such as AI applications, IoT and 5G. In the trend of demand for smaller, lighter and thinner electronics, heterogeneous integration technology has become the new normal.

With the advent of 5G, IoT and AI, high performance and AI chips have become the hardware architecture of key technologies such as data centers, deep learning training and inference, and the demand has increased significantly to promote the development of important application markets. According to the research and consulting firm Gartner, AI server shipments will account for 22% of all servers in 2025, with a CAGR from 2022 to 2025 up to 138%.



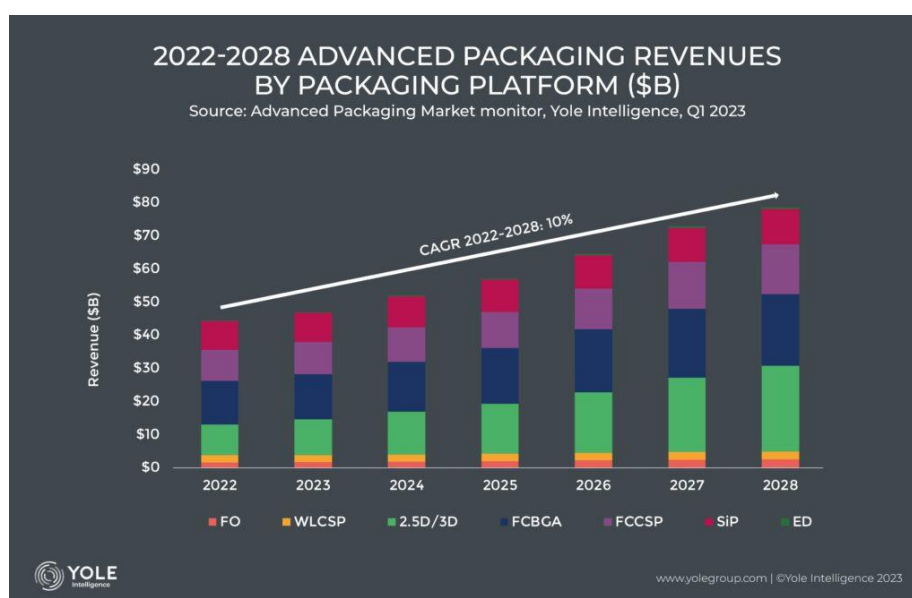
Estimated proportion of AI server shipments			
Unit: 100,000 sets			
	AI server	General server	Proportion of AI servers
Data source: Sorted by Gartner, CMoney Research Team			

However, traditional System on a Chip (SoC) is encountered with certain restrictions right in the way of development, especially in terms of transmission efficiency and computation performance between chips. In order to overcome these challenges, the concept of Chiplet emerges, which has developed to be an effective solution. By modularization of chips with different functions and integrating into one, Chiplet technology can improve the flexibility and scalability of systems, and significantly boost the transition efficiency and overall computation performance. As a result, semiconductor manufacturers launched the extended packaging technologies based on Chiplet concept, with the aim to further strengthen the communication efficiency between chips and enhance the computational capabilities of systems. These innovative packaging technologies stands for an important direction for the progress of semiconductor industry technologies. Furthermore, these technologies can provide more powerful and efficient hardware support in the fields of data enter, AI servers, AI training and inference, promising the increasingly important role of semiconductor technologies in the smart era. Along with the emerging of Generative AI, the global demands for high performance chips are ever-growing over the time. From the flourishing of AI imagination inspired by ChatGPT to competitions in deployment of AI models, we are seeing the advent of a technological revolution. In addition of driving a surge in GPU sales, such demands bring the supply chain to the unprecedented challenges, especially in the context of insufficient GPU supply. In the rapid development of AI, 5G, and IoT technologies, high-performance computing has become critical, and as a consequence, semiconductor products shift to advanced packaging technologies such as system-in-package (SiP), CoWoS, and SoIC to meet the market's demand for higher performance chips and larger memory capacity.

In the advanced packaging manufacturing process, packaging is directly applied on chips by virtue of the existing technologies mastered by “fabs”. This method is especially applied to fabs. Currently, to meet the increasing market demands, such leading semiconductor manufacturers as TSMC, Intel and Samsung have respectively launched their own advanced packaging technologies, such as CoWoS, EMIB an I-Cube. IDC, a research firm, also predicted that AI demands will drive the explosive growth

of HPC chips in 2024, the recession of semiconductor industry since 2023 will be reversed, expecting to be back on track, while CoWoS featured with high performance and low power consumption will be the preferred choice for current AI chips.

Industry giants such as TSMC, Intel and Samsung have released packaging technologies based on the concept of Chiplet to enhance the transmission efficiency between chips and computing performance. This offers us a great amount of business opportunities. Outsourced semiconductor assembly and test (OST) vendors also sped up to plan the wafer minimization and stacking market trend. Based on the research of YOLE, the advanced packaging market is expected to grow rapidly in the near future. The market scale is expected to be \$24.5 billion in 2028, with 6-year CAGR being 22.9%. The advanced packaging market will gradually replace the traditional packaging market. At present, fabs and OSTs have developed their own advanced packaging technology, which accounts for 55% of the overall industry in terms of capital expenditure and technology investment. Since the semiconductor industry is highly capital-intensive and technology intensive, and the fact that most fabs today can provide customers with services from wafer manufacturing to packaging/testing, the future development trend of the industry is expected to be with one-stop advanced manufacturing process technology service capabilities, namely, the major market dynamics are under control. Yole Group's most recent Advanced Packaging Market Monitor report shows that revenue in 2022 grew by about 10% from the previous year. The market value in 2022 was \$44.3 billion in 2022, and is expected to be \$78.6 billion in 2028, with a CAGR of 10.6% from 2022 to 2028. The market value of high-end performance packages used for integrating wafers with more advanced nodes is expected to exceed \$16 billion in 2028, accounting for more than 20% of the advanced packaging filed. Among advanced packaging platforms, 2.5D/3D grows at the fastest rate, with a CAGR of nearly 40% between 2022 and 2028. This technology is the one with the highest ratio of analysis and research, and is the main reason for the booming in revenue.

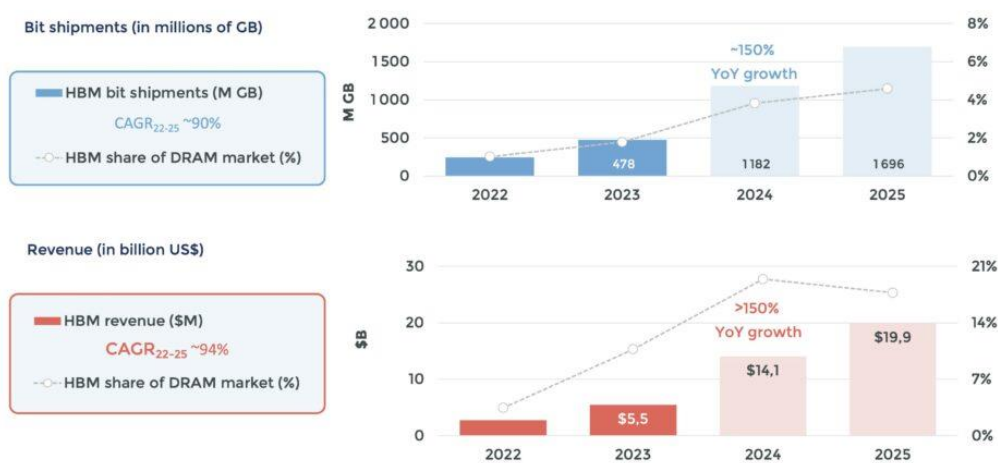


Besides, with the increasing demands of AI chips for High Bandwidth Memory (HBM) and advanced semiconductor packaging technologies, we, the memory equipment supplier, are also facing unprecedented business opportunities. HBM technology has become a key technology of AI data centers due to its ability to provide higher data transmission rate and lower power consumption in a smaller volume. At the same time, advanced semiconductor packaging technologies, such as HBM3 Gen2 newly released by Micron, can support memory with larger capacity and higher EER, which are critical for running large language models and HPC applications.

In addition to benefiting end users, such technological advancement offers us with great opportunities. As an equipment supplier, we can take the opportunity to develop and sell manufacturing equipment that supports these advanced technologies. From plasma etching equipment for precision Through Silicon Via (TSV) to specialized 3D stacking and packaging process equipment, these needs are driving the search for innovative semiconductor manufacturing solutions. According to Yole's estimates, data centers' demands on DRAM bits are expected to grow at a CAGR of 25% between 2023 and 2029, driven primarily by a 39% increase in AI servers' demands for DRAM during that period.

2022-2025 HIGH BANDWIDTH MEMORY (HBM) MARKET EVOLUTION

Source: Next-Generation DRAM report, Yole Intelligence, 2024



www.yolegroup.com | ©Yole Intelligence 2024

Since semiconductor manufacturing giants such as Micron and TSMC continuously deepens their cooperation, their cooperation potential attracts the attention of our Company, as a leading global supplier of semiconductor equipment. By cooperating with them to support the development of their advanced processes and packaging technologies, our technologies are ensured to be in line with the latest manufacturing standards, and the foundation for further innovation is thus laid. In the age of intelligence, there are higher requirements for semiconductor technologies imposed by all terminal applications from PCs, smart phones to AI data centers, while the development of advanced packaging technologies such as CoWoS and SoIC is the key to meeting these demands. As these technologies continue to advance and the scope of application expands, the expected high growth of our process equipment capacity in the future will bring unprecedented development opportunities for the Company. Our equipment for lamination, bonding, hybrid bonding manufacturing process and a wide range of ovens for forward-looking manufacturing processes not only support current technical demands, but also provide a solid foundation for the rapid development of AI applications in the future. With the surge in demand for CoWoS and SoIC manufacturing processes and HBM manufacturing processes, especially in cloud computing, data centers and deep learning, demands of chip design companies for high-performance and high bandwidth memory products will further drive the expansion of market scale of our devices.

(3) Development Trend of Macroeconomics and the Industry:

In terms of semiconductor industry, the global wave of AI has driven a surge in demand for NVIDIA H100 GPU. The reason why TSMC's 2.5D CoWoS packaging technology is adopted in current H100 is that the stacking of wafers requires the manufacturing process support of fabs, which means that the main technology is in the hands of advanced manufacturing process fabs. Among them, TSMC's technology is the most advanced, and the CoWoS manufacturing process has become the standard for AI chips. Because the key of AI chips lies in performance and bandwidth, the CoWoS technology with the highest performance is still adopted by most AI chips, despite of the higher cost. As a result, CoWoS will still dominate the advanced packaging market in 2024. Considering the tight supply caused by the limited CoWoS production capacity, the capacity of the previous Taoyuan Longtan Advanced packaging plant was expanded, Zhunan AP6 advanced packaging plant was put into service in 2023, and two CoWoS advanced packaging plants will be set up in Chiayi Science Park according to news released in early 2024. In conclusion, the CoWoS production capacity is expected to be doubled by the end of this year and will continue to expand CoWoS packaging capacity by 2025. With improving the sustainability of the local semiconductor industry as an important part of its corporate social responsibility and continuously promoting the localization of the supply chain as its sustainable supply chain strategy, TSMC has been actively tutoring local key raw material suppliers to improve technology and quality. All these efforts will constantly boost Taiwan equipment suppliers' supply proportion in the advanced packaging manufacturing processes.

For the PCB industry, the product cycle of terminal consumer electronic products will shrink rapidly and the light, thin, short, and small demand for products is expected to significantly increase (such as substrate-like PCB (SLP) MSAP and RCC manufacturing process). The production equipment is able to process the demand for precision production in a fast manner and continue to improve production efficacy. For the thermal, drying, curing, and developing manufacturing process, the cutting efficiency for substrate materials is improved. The application of collimated beam and the degree of vacuum for thin routes, together with auto visual positioning, high precision, high dust-free/oxygen-free and automated system integration is the major trend for the development of manufacturing process equipment.

In terms of flat panel display industry, since two major Taiwan customers shifted their new manufacturing process direction to MicroLED and FoPLP, the Company will constantly cooperate with such customers to develop relevant manufacturing process equipment and expect that the two major customers can achieve diversified development in these two manufacturing process technologies in the future.

The printing and coating industry is a relatively developed industry, the regional demand differs. In general, due to the increasing appeals to environmental protection, small 3C products, and diversification of materials, together with major printing machine suppliers in Germany and Japan actively seeking new cooperating suppliers to reduce the UV costs, UV drying products with features of energy-saving and low temperature becomes the major development trend for the UV drying manufacturing process equipment in the printing and coating industry.

Electronics application industry is featured with widespread and diversified characteristics. With gradual clear blueprint of smart cities and self-driving cars in recent years, infrastructure and new products constantly spring up, such as the gradual development of low earth orbit satellites, 6G/WiFi 7 and digital image. C Sun combines its key technologies in lamination, bonding, peeling, baking and curing, plasma and UV with customers' forward-looking/advanced manufacturing process development to accumulate experience gradually.

3. Technology and R&D Overview:

(1) R&D Expenses Invested and Technologies or Products Successfully Developed for the Latest Year and as of the Date of Publishing the Annual Report:

Unit: NT\$000

Year	R&D development expenditure	Technologies or products successfully developed	Cooperating partner
2023	NT\$337,892thousand (accounted for 9.32% of the operating income)	Large size automatic roller laminator, high-end roller laminator, multi-captivity vacuum laminator, STR roller laminator, development of ABF peeler generation II, research and development of smart roller lamination equipment, development of G8.5 PI Prebake equipment, Micro LED coater, vehicle protection film lamination, vehicle pressure degassing machine, semiconductor industry innovation project - Wafer-grade RDL dielectric process equipment	Japanese equipment manufacturers, domestic PCB, SEMI, FPD leading manufacturers
2024 Q1	NT\$72,766 thousand (accounted for 7.53% of the operating income)		

4. Long-term and Short-term Business Development Plan:

(1) Short-term Plan:

A. Marketing Strategy

- Promote equipment for lamination, bonding, hybrid bonding manufacturing process of the 2.5D/3D IC manufacturing process, and various ovens for semiconductors.
- Focus on the existing market and customers, continue to develop high-end products, and assess the forward-looking manufacturing process development projects of potential customers.
- Continue to focus on the cross-strait markets and expand into Thailand, Southeast Asia, India, Europe, the US, and Japan.
- Redirect to the new energy field and demands for the focus on environmental change (circular economy).

B. Production Strategy

- Adopt lean management to continue improving, reducing costs, and stabilizing quality; responding to the economic cycle and the era of meager profit for our R&D resources and materials is our primary task.
- Improve the capacity for manufacturing and managing resources and materials and commit to the management of an optimized inventory.
- Reinforce the design for modular and standard common parts and components and attach attention to environmental protection and waste reduction.
- Improve the capacity for price negotiation and quality control for part and components, materials, and rough machining outsourcing.
- Further complete, modify, and adjust the production and assembly work procedures for products, assembly specification, and manufacturing process inspection specification in favor of the manufacturability and standardization of production, and improve the capacity for the customized functions of products concurrently.

C. Product Development Strategy

Integrate our key core technologies, expand the product portfolio, extend the industrial applications,

and cooperate with strategic partners in terms of technology and markets.

D. Quality Strategy

Adopt the PDCA (plan-do-check-act) circular management model to improve from QC to QA based on the ISO-9000 quality system, reinforce customers' satisfaction, and satisfy customers' quality requirements.

(2) Long-term Plan:

A. Marketing Strategy:

- a. Focus on the self-owned brands and G2C + Alliance.
- b. Adopt the position as the leading equipment supplier and customers' forward-looking equipment R&D center based on technologies of lamination, bonding, peeling, baking, wet and plasma.
- c. Expand from the Greater China region market into emerging economies and developed countries.
- d. Utilizing our advantageous product portfolio and integrated service solutions for market segregation and cooperate with strategic partners in terms of the market.

B. Production Strategy

- a. Establish and develop a core supplier system. Assist our suppliers in improving their responding abilities for the economic cycle and the abilities of rapid and stable supplies in the China region.
- b. Deepen the R&D capacity in Taiwan and China and focus on core technologies leading the industrial development.
- c. Adjust the effective work division between the production bases in China and Taiwan in accordance with the circumstance and the, facilitate the economic industries, and cooperate with strategic partners in terms of R&D.

C. Product Development Strategy

With the foundation of our core technologies, extend the development of application fields in line with the development of technologies within the technology industry, emerging renewable energy industry, environmental protection and medical industries, and the market demand.

D. Quality Strategy

- a. Aligning with the business growth of the Company, we adhere to quality, expertise, and steadiness. Introduce the QA system step by step to improve the Company's competitive advantages, satisfy customers' demand, and allow the Company to connect to the international standards.
- b. Improve the overall customer-oriented services and create general values for customers.

II. Market, Production, and Marketing Overview

1. Market Analysis:

(1) Region of Sales: Taiwan, China, Japan, US, Korea, Singapore, Malaysia, Vietnam, Thailand, and India.

Distributors: Hong Kong (China), Japan, US, Korea, Singapore, Vietnam, Thailand, and India.

(2) Market Share

The Company focuses on applying the highly specialized advanced semiconductor packaging manufacturing process equipment to customer's manufacturing process for verification before application in mass production. Our product line includes a range of forward-looking and specialized equipment. Such equipment is designed to meet customer technical requirements, and can assist customers to achieve chip packaging manufacturing processes with smaller scale, higher performance and more efficiency. In this niche market, the Company's equipment is critical, unique, and even exclusive. This reflects our exclusive position in providing solutions to technological innovation and meeting customer needs.

Since we only focus on specific and highly specialized manufacturing process technologies, traditional calculation method of market share may not fully capture the market influence and value of our equipment. In this case, we pay more attention to deepen the technology leadership, expand technology reach, and establish and maintain long-term cooperation relationship with customers, rather than market share. This method allows us to provide customers with irreplaceable value in the niche market of advanced packaging technology, and drive us to move forward constantly.

Based on the initial statistic data prepared by the Company regarding the Greater China region market, the market share of the Company in the Greater China region market for PCB/touch screen and lithography laboratory equipment is approximately over 50%. Furthermore, regarding equipment for the FPD (glass) industry, C Sun is the largest domestic producer for the TFT-LCD/ touch panel baking/curing equipment, with its multilayer oven products accounting for over 50% of the market share.

(3) Future Supply and Demand in the Market and Growth

C Sun is the leading supplier in terms of equipment for the manufacturing process of the electronic industries in Taiwan. We apply our integrated five major core technologies in the seven major industries to provide relevant manufacturing process solutions for the primary electronic industries in the Greater China region. The capital expenditure plans of the primary electronic industries serve as the crucial indicator for the market of C Sun's industrial products. Therefore, the following explanation sets the capital expenditure plans of the primary electronic industries as the crucial indicator for the supply and demand of C Sun's products and their growth.

● Semiconductor Market:

The semiconductor industry covers a wide range of businesses, which could primarily be divided into the upstream IP design and IC design industries, midstream IC manufacturing, wafer manufacturing, relevant production process testing equipment, photomask, chemical industries, and downstream IC packaging and testing, relevant production process testing equipment, parts and components (such as substrate and lead frame), IC module, IC channel industries. Companies in the industries perform their own functions. From the completion of product design by IC design company, manufacturing of semi-finished wafer by commissioned professional wafer OEM suppliers or IDM suppliers (integrated semiconductor suppliers that provide one-stop services from IC design, manufacturing, packaging, testing, to the final sales), front-end testing, cutting and packaging subsequently made by professional packaging suppliers, to the back-end testing performed by professional testing suppliers in the end. After being tested, finished goods are sold to system suppliers via the sales channel for the suppliers to carry out assembly production to

transforms such finished goods into system products and sell to every corner of the world. The semiconductor industry in Taiwan develops early and possesses leading advantages in talents and technologies; therefore, Taiwan owns the most comprehensive semiconductor industry cluster and professional work division worldwide.

In the Semiconductor Market Forecast Report released by World Semiconductor Trade Statistics (WSTS) in the fall of 2023, the outlook for the global semiconductor market has been updated. According to the report released on 28 November 2023, the performance in Q2 and Q3 was slightly better than the spring forecast. As a result, WSTS revised its forecast, and proposed that the global semiconductor market will shrink by 9.4% in 2023, but it is expected to have a strong recovery in 2024, with a growth rate of 13.1%.

The market value in 2023 is estimated to be \$520 billion, down 9.4% from the previous year. Based on the stronger performance in the last two quarters, WSTS made a slight upward revision to its growth forecast, and highlighted improvements in certain end markets. The discrete semiconductors dominated by power semiconductors is expected to achieve an annual growth rate of 5.8% in 2023. However, the market value of all integrated circuit categories, including analog, microprocessor, logic, and memory, is expected to fall by 8.9% from the previous year. Though such drop is significant, the degree of drop is better than that in the first forecast in May 2023.

Only the Europe is expected to achieve growth in 2023, up by 5.9%. In other words, other regions are expected to face decline, down by 6.1% for Americas, 14.4% for Asia-Pacific region, and 2.0% for Japan.

Looking forward to 2024, the global semiconductor market is expected to witness a strong rebound. The market value in 2024 is expected to be \$588.3 billion, with a growth rate of 13.1%. According to the forecast, such growth is mainly driven by the logic chip and memory chip. The market value of logic chip and memory chip in 2024 is expected to soar to approximately \$130 billion, with an increase of over 40% from the previous year. Meanwhile, smartphones are expected to continue to hold a significant share of the semiconductor market, especially as these devices become more advanced and capable of supporting technologies such as AR, VR, 5G and AI. Semiconductors for servers and data centers will become an even more significant opportunity. With increasing demand on cloud data centers and edge computing, supports via semiconductor innovation are imperative. Most other major categories of these end applications, including discrete semiconductors, sensors, analog, logic, and microprocessors, are also expected to see a single-digit growth.

From the perspective of region, all markets are expected to continue to expand in 2024. In particular, Pacifics and Asia-Pacific region are expected to see an annual double-digit growth in a significant way.

Fall 2023	Amounts in US\$M			Year on Year Growth in %		
	2022	2023	2024	2022	2023	2024
Americas	141,136	132,536	162,154	16.2	-6.1	22.3
Europe	53,853	57,048	59,480	12.8	5.9	4.3
Japan	48,158	47,209	49,275	10.2	-2.0	4.4
Asia Pacific	330,937	283,333	317,455	-3.5	-14.4	12.0
Total World - \$M	574,084	520,126	588,364	3.3	-9.4	13.1
Discrete Semiconductors	33,993	35,951	37,459	12.0	5.8	4.2
Optoelectronics	43,908	42,583	43,324	1.2	-3.0	1.7
Sensors	21,782	19,417	20,127	13.7	-10.9	3.7
Integrated Circuits	474,402	422,174	487,454	2.5	-11.0	15.5
Analog	88,983	81,051	84,056	20.1	-8.9	3.7
Micro	79,073	76,579	81,937	-1.4	-3.2	7.0
Logic	176,578	174,944	191,693	14.0	-0.9	9.6
Memory	129,767	89,601	129,768	-15.6	-31.0	44.8
Total Products - \$M	574,084	520,126	588,364	3.3	-9.4	13.1

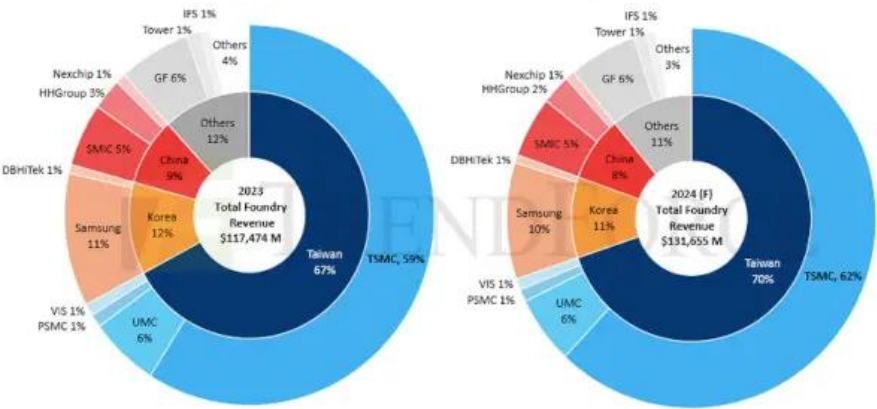
Data source: WSTS.org

When taking a good look at the size of semiconductor foundry market, the global wafer foundry market in 2024 is expected to grow in a steady way, and TSMC, the market leader and the whole Taiwan region will benefit from this trend, according to the report of Trend Force, a market analysis institute. The value of global foundry market in 2024 is expected to reach \$131.65 billion (\$ 111.74 billion in 2023), up by 12.1%. The market shares of TSMC in 2023 was 59%, and is expected to increase to 62%. In the second half of last year, the negative factor of the decline in wafer shipments in Q3 can be offset by TSMC’s benefits from PC, smartphone components such as iPhone and new Android phones, as well as shifting resources to meet rush orders for 5G, 4G low - and mid-tier mobile phone inventory replenishment, together with the official contribution of 3nm premium manufacturing process. Wherein, Q3 official revenue of 3nm manufacturing process accounted for 6% of total revenue, while TSMC's overall revenue of advanced manufacturing process (including 7nm) accounted for nearly 60%. While, United Microelectronics Corp. (UMC), TSMC’s competitor in Taiwan, is expected to maintain its market share at 6%. Therefore, the market share of Taiwan foundry will rise from 67% in 2023 to 70% in 2024.

Since TSMC has occupied the leadership position in the front-end manufacturing process, together with strong market demands for its back-end advanced packaging in both CoWoS and SoIC manufacturing process of 2.5D, 3D, it is expected that Samsung's share will drop from 11% in 2023 to 10% in 2024, and the same is true for smaller players. According to TrendForce, Globalfoundries and China's Semiconductor Manufacturing International Corporation (SMIC) should be able to maintain their respective market shares of 6% and 5%.

The market share of other geographic regions will be fully handed over to Taiwan. The market share of South Korea is expected to reduce from 12% to 11%, Chinese Mainland from 9% to 8%, and “other” regions including Americas, Europe, Japan, Singapore, and India from 12% to 11%. Noticeably, the market share of Intel Foundry Services in 2024 is expected to be only about 1%, approximately \$13 billion, which is same to foundries such as Tower Semiconductor、PSMC and DBHitek.

Due to the increases in various demands, the strong growth momentum for wafer foundries maintained, and the industry recorded a growing performance against the trend in the global semiconductor industry in 2024. In particular, TSMC became the primary leader for the increase in the industry’s momentum due to its leading global position against other competitors in terms of processing technologies.



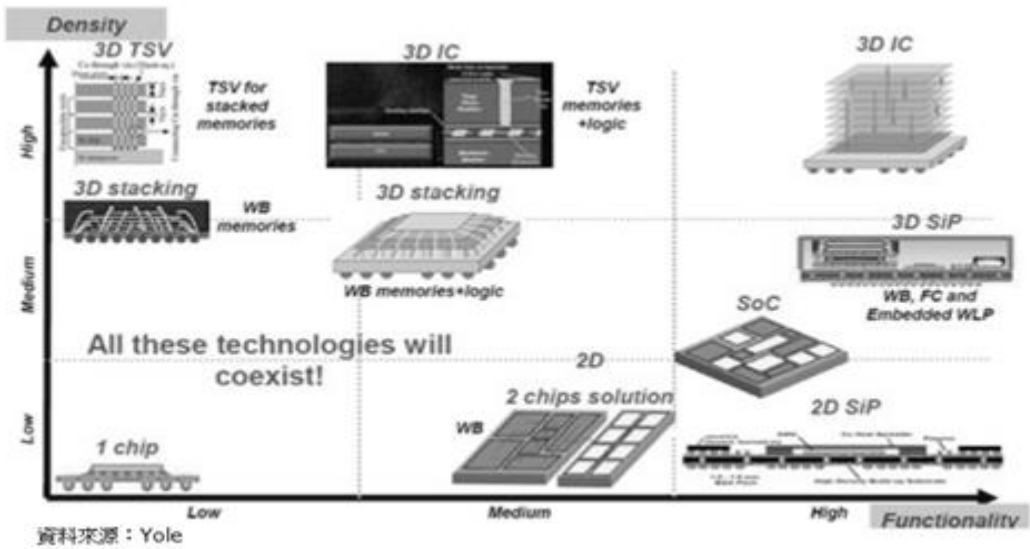
Data source: TrendForce.com

At present, the development for the wafer foundry industry still focuses on process scaling, as the fastest way to improve the efficiency of IC is micromation; better performance is achieved through allocating more circuits in a smaller space. The following figure is the estimation for the changes in the advanced manufacturing process and new manufacturing technologies for the semiconductor industry. In particular, TSMC commenced introducing the 5-nanometer manufacturing process in 2021, and it commence the mass production of 3-nanometer products in 2022; TSMC’s technologies continue to be ahead of other wafer foundries, and it is the major beneficiary for the new wave of technology evolution.



資料來源：工研院產科國際所

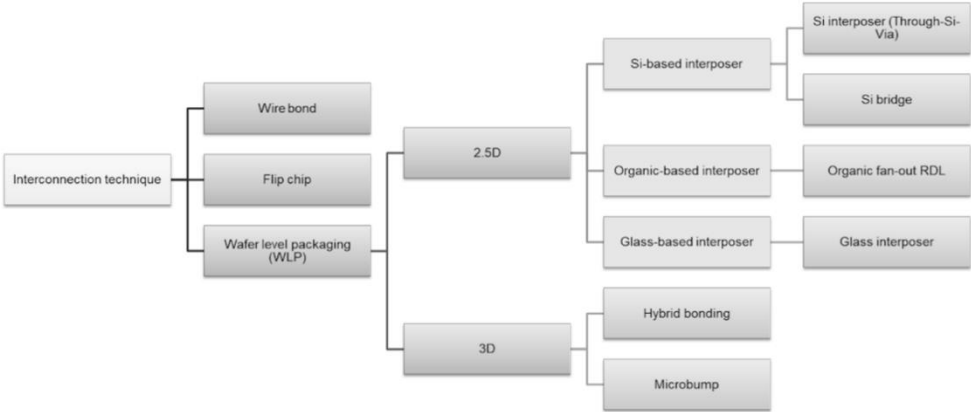
Among packaging technologies in different systems, 3D TSV (through-silicon via) packaging technology is the connection technology most likely to allow the advancement of packaging according to Moore's Law; its design concept derives from the multilayer design of PCB. TSV allows the stacking of multiple chips resembling sandwiches, and it is a 3D stack packaging method that allows the connection of electricity. TSV allows the 2D flat chip assembly technology to advance into the 3D stacking technology. Currently, wafer OEM and packaging suppliers have been actively introducing 3D IC packaging.



In the following years, the 3D IC chip-stacking technology would be applied in more and wider ranges of categories, in particular applications that require great calculation capacity and memory capacity (including applications related to multi-core servers and AI). Furthermore, due to the increasing heterogenization of the system’s internal composition, 3D IC stacking technology becomes the key. A heterogenized system would comprise various different parts and components

(such as memory, image sensor, III-V electronic equipment for analog functions, and RF, processor, and low-power consumption electronic equipment). Appropriate technology would be adopted for the design and process of parts and components, and the 3D IC stacking technology would be utilized to package them into a single unit, so as to improve the operating efficacy of electronic systems and reduce costs and power consumption.

2.5D and 3D packaging technology:



Source: Advanced Semiconductor Packaging 2024-2034

	3D-SIP			3D-SiC	3D-SOC			3D-IC
3D Technology	"PoP"	"Chip last"	"Chip first"	Die stacking	Parallel W2W		Sequential FEOL	
3D-Wiring level	Package I/O	Chip I/O Interposer I/O	Chip I/O	Global	Semi-global	Intermediate	Local	FEOL
Partitioning	Functional unit	subsystem	Embedded die	Die	Chip BEOL Wiring Hierarchy		Standard cells	Transistors
Technology	Package-to Package reflow	Multi-die SIP 3D/2.5D stack	FO-WLP Embedded die	3D D2D, D2W 2.5D Si-interposer	Wafer-to-Wafer bonding	Hybrid bonding	Via-last	Active layer transfer or deposition
2-tier stack Schematic								
Characteristic	Solder ball Stack	• C4, Cu-pillar Si-Organic • Through- Mold-vias	• Bumpless • Si-RDL • Through- Package-vias	• μbump • Si-to-Si • Through- Silicon-Via	BEOL between 2 FEOL layers		FEOL stack	
					Overlay 2 nd tier defined by W2W alignment/bonding		Overlay 2 nd tier defined by litho scanner alignment	
Contact Pitch	400⇒350⇒300μm	120⇒80⇒60μm	60 ⇒40 ⇒20μm	40⇒20 ⇒10⇒5μm	5μm ⇒ 1 μm	2 μm ⇒ 0.5 μm	200nm ⇒ 100nm	< 100 nm
Relative density:	1/100⇒1/77⇒1/55	1/9⇒1/4 ⇒1/2.3	1/2.3 ⇒ 1 ⇒ 4	1 ⇒ 4 ⇒ 16⇒ 64	64 ⇒ 1600	400 ⇒ 6400	4 10 ⁴ ⇒ 1.6 10 ⁵	> 1.6 10 ⁵

Data source: IMEC

With the continual expansion and increase in the equipment of global semiconductor wafer plants, the capital expenditure is on the path to marking a rare new-high record. SEMI published the latest quarterly report for the forecast of global wafer plants. The total annual sales of global semiconductor manufacturing equipment in 2023 is expected to reach \$100 billion, a decrease of 6.1% compared with the total of \$107.4 billion in 2022. Driven by front-end and back-end manufacturing processes, semiconductor manufacturing equipment sales are expected to rebound in 2024 and reach a new high of \$124 billion in 2025.

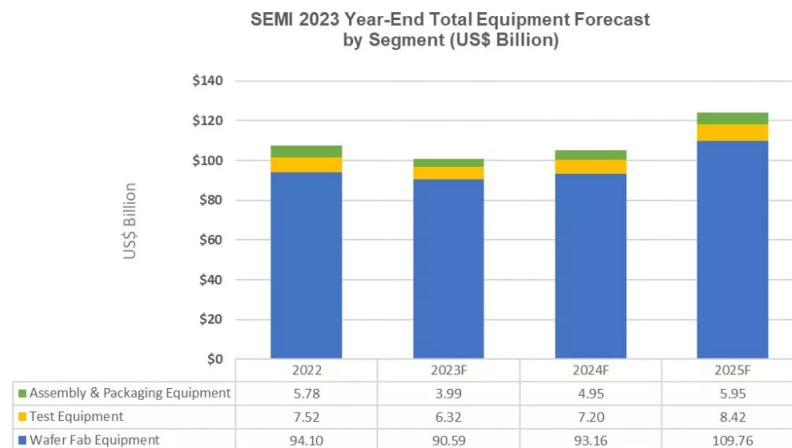
Among them, emerging technologies such as AI servers, data centers, and communications recorded the highest growth in demand also. with electronic devices as the core, the demand recorded an explosive growth, which is the major source of the equipment expenditures. Benefiting from the advantage of TSMC being one of the leading companies for wafer foundry worldwide, it leads other companies and logic chips manufacturers to invest in advanced manufacturing equipment in font-

end manufacturers, substituting South Korea and becoming the largest semiconductor equipment demand market worldwide.

Last year, the sales of semiconductor front-end equipment (including wafer manufacturing processes, fab facilities and mask equipment) reached a new high of \$94 billion, and 2023 full-year sales are expected to reach \$90.6 billion. The year-on-year decline is 3.7%, which is better than the annual decline of 18.8% earlier released in the Mid-Year Total Semiconductor Equipment Forecast – OEM Perspective. The increase is mainly because the equipment expenditure growth in the Chinese market is higher than the expected. Since the increase in memory capacity in 2024 is limited, and the expansion of mature capacity is put on hold, wafer fab equipment sales are expected to grow only a modest 3% based on the upward 2023 base. In 2025, driven by the completion and operation of new fabs, capacity expansion and technology upgrades, demand growth is accelerating, and the annual investment amount of semiconductor front-end equipment is expected to be nearly \$110 billion, an increase of 18%.

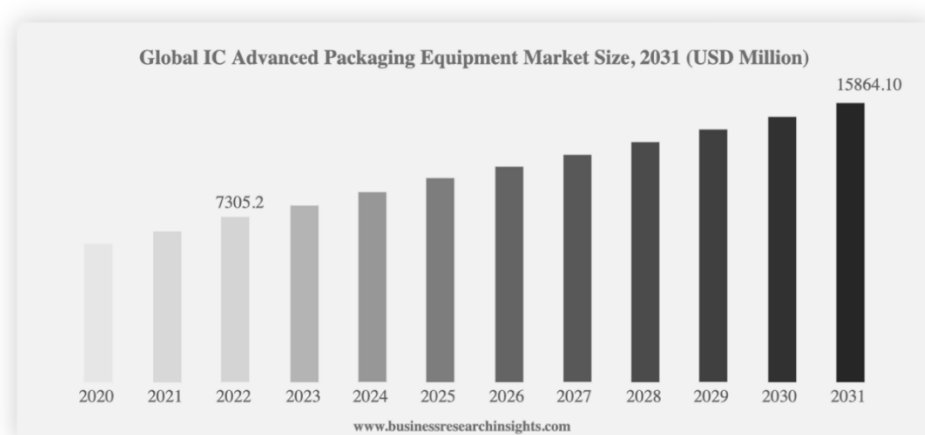
Semiconductor back-end manufacturing process equipment includes testing equipment, and assembly and packaging equipment. It has been adversely affected by slowing economic growth and weak semiconductor demand. The downward trend existed from 2022 up to the date. The test equipment sales in 2023 are expected to decline by 15.9% to \$6.3 billion. While no signs of improvement can be seen in assembly and packaging equipment, with estimated shipment amount shrinking by 31% to \$4 billion. However, sales of testing and assembly and advanced packaging equipment are expected to see new momentum in 2024, with growth of 13.9% and 24.3%, respectively. Demand is expected to increase further in 2025, with testing and assembly and packaging equipment expected to grow by 17% and 20%, respectively, reaching \$14.37 billion in total.

Although chip demand is affected by the weakening end market, sales of the two major divisions of foundry and logic manufacturing process, accounting for more than half of total sales of wafer manufacturing equipment, are still expected to grow slightly by 6% in 2023, reaching \$56.3 billion. However, with the slowdown of the expansion of mature technologies and the perfection of the cost structure of cutting-edge technologies, sales of wafer foundry and logic manufacturing processes in 2024 are expected to decline slightly by 2%. Spurred on by a new round of capacity expansion and the introduction of new manufacturing process technologies, investment amount in foundry and logic manufacturing process is expected to continue to grow in 2025, and the sales is expected to grow at the ratio of 15% , reaching \$63.3 billion. Since corporate and consumer demand for memory and storage devices gets weak, memory-related capital expenditures will see the largest decline in 2023. Among them, NAND equipment market sales are expected to collapse by 49%, reaching \$8.8 billion. It is expected to usher in rebound growth in 2024, with an estimated increase by 21%, reaching \$10.7 billion. Its growth momentum will extend to 2025, and the sales are expected to soar by 51%, reaching \$16.2 billion. In contrast to the decline in the NAND equipment market, DRAM equipment sales remain stable, and are expected to grow slightly by 1% in 2023 and 3% in 2024. Thanks to the increased demand for manufacturing process miniaturization and High Bandwidth Memory (HBM), DRAM equipment sales are expected to increase 20% to \$15.5 billion in 2025.



Data source: SEMI.Org

In terms of prospects of the segment market of advanced semiconductor packaging manufacturing process equipment, consumer preference for compact and portable electronic devices (such as smartphones, tablets, wearables, and IoT devices) is increasing according to the estimation of Business Research Insights, and such increase drives the boost of demand for advanced packaging technologies. Through IC advanced packaging, manufacturers are capable of designing devices with smaller size and more powerful functions to meet consumer expectations and drive market growth. High performance computing (HPC) applications, including AI, machine learning, data centers, and automotive electronics, require advanced packaging solutions to meet their specific requirements. Since advanced packaging technologies such as 2.5D and 3D packaging make possible higher memory bandwidth, lower power consumption, and improved thermal management, which are critical for HPC and AI applications, the demands for such advanced packaging technologies are surging. IC Advanced packaging devices provide a cost effective solution by integrating multiple chips and into a single package. Such integration reduces overall system costs, simplifies the manufacturing process, and increases yield rates. As a result, advanced packaging technologies are employed by industries such as consumer electronics, automotive and medical treatment to achieve cost effectiveness, which in return, drives the growth of the IC advanced packaging equipment market. According to the estimates of Business Research Insights, the market size of advanced packaging equipment will grow from \$7.3 billion in 2022 to \$15.8 billion in 2031, with a CAGR of 9%.



Data source: Business Research Insights

The relative proportion sorted by summing up the estimated amount (US\$B) in above production and research reports

Total semiconductor output value	588.00	100%		
Semiconductor foundry output value	131.65	22.4%	100%	
TSMC output value	77.67	13.2%	59.0%	
Semiconductor equipment capital expenditures	105.27	17.9%	80.0%	100%
Semiconductor packaging and testing equipment capital expenditures	12.15	2.1%	9.2%	11.5%
Advanced semiconductor packaging equipment scale	8.65	1.5%	6.6%	8.2%

Over the past year, the production capacity of CoWoS packaging technology has become a bottleneck in the output of AI chips. As the largest customer of TSMC's 2.5D CoWoS technology, NIDIA's high demand for its products has led to stressful CoWoS packaging capacity for TSMC. In order to deal with the imbalance between supply and demand, TSMC announced the plan to double the CoWoS capacity in 2023. It manifests TSMC's determination and ability to respond to market demand. The implementation of this plan is expected to ease the tight supply situation by the end of 2024. In addition, TSMC further announced to invest to build a wafer fab in Taiwan specializing in advanced packaging. This fab is expected to be completed by the end of 2026, with mass production scheduled in 2027 Q2/Q3. This investment plan is a proof of TSMC's optimism about the future development of advanced packaging technology and its determination to maintain the leadership in the global semiconductor industry. TSMC is not the only Taiwanese company that sees potential in the advanced packaging market. Other Taiwanese companies such as UMC, ASE Technology Holding and Powertech Technology are also actively planning in CoWoS and other advanced packaging markets. UMC has begun to accelerate the deployment of Si Interposer technology and capabilities to meet the market demand for 2.5D advanced packaging. ASE Technology Holding is advancing its VIPack advanced packaging platform designed to provide vertically interconnection and integration solutions, which represents an important development direction for the next generation of 3D heterogeneous integration architectures.

These efforts not only reflect the key role of Taiwan semiconductor companies in the global semiconductor industry chain, but also show their active role in meeting the global demand for advanced packaging technology. With the development of AI, HPC and other technologies, the demand for CoWoS and other advanced packaging technologies is expected to continue to grow, and Taiwan semiconductor companies are in a good position to seize market opportunities.

CoWoS and other advanced packaging technologies play an integral role in meeting current and future computing needs and advancing the semiconductor industry. With the continuous advancement of technology and the increasing market demand, the development and application of these technologies will bring new growth opportunities and challenges to the semiconductor industry. The strategic deployment and technological innovation of semiconductor-related equipment companies in Taiwan will continue to promote their leadership in the global semiconductor industry, and provide a solid foundation for future scientific and technological development.

● PCB

PCB is a necessary electronic part for electronic information products and has diversified downstream application fields, including network communication, automotive electronics, consumer electronics, computer and peripherals, healthcare, industries, military, and aerospace technology products. Given the rapid development of the electronic information industry and the automotive industry, the demand for electronic products has increase, which will further increase the business opportunities of PCB in the market. C Sun's customers primarily focus on terminal electronics such as information, communication, and consumer products.

Prismark has adjusted upward its market forecast for electronic systems in its 2023 report. The annual growth is expected to be 0.0%, reaching \$2.4 trillion. Such adjustment mainly lies in increase of AI and networking demand, despite the demand decline in the conventional server market. In 2023, the automotive industry showed a clear improvement, which is seen as a rebound from the downturn of the pandemic, and the growth rate is expected to return to the normal trend in 2024 (+6.0%). In addition, demand for smartphones, including Apple and Huawei, exceeded expectations. By the end of 2023, inventory issues in key market segments such as PCs and smartphones will be largely cleared.

十億美元		2021	'22/'21	2022	'23/'22	2023E	'24F/'23E	2024F		2028F	複合年 增長率 '23-'28*
電腦	個人電腦	342	-21.3%	269	-15.6%	227	4.8%	238		259	2.7%
	個人電腦	192	9.4%	210	-4.8%	200	25.5%	251		310	9.2%
	伺服器/資料存儲其他	166	-9.0%	151	-2.6%	147	4.8%	154		181	4.2%
通訊	智慧型手機	410	-4.3%	392	-0.7%	390	3.6%	404		470	3.8%
	有線基礎設施	141	6.4%	150	8.0%	162	3.7%	168		202	4.5%
	無線基礎設施	80	7.5%	86	-5.8%	81	0.0%	81		100	4.3%
消費性	電視	115	-18.0%	94	-7.9%	87	0.8%	87		84	-0.7%
	音訊視訊/個人 其他消	148	-4.1%	142	0.0%	142	5.8%	150		186	5.6%
	費者	103	-1.9%	101	-4.0%	97	3.4%	100		119	4.2%
汽車		240	5.0%	252	10.0%	277	5.3%	292		353	5.0%
工業		259	11.5%	289	7.0%	309	4.0%	322		386	4.5%
醫療		130	0.8%	131	5.2%	138	5.0%	145		168	4.0%
軍事/航空航天		154	4.5%	161	6.8%	172	5.8%	182		210	4.1%
總額		\$2,479	-2.1%	\$2,428	0.0%	\$2,428	6.0%	\$2,573		\$3,028	4.5%

										CAGR
Computer	PC									
	PC									
	Server and other data storage devices									
Communication	Smartphone									
	Wired infrastructure									
	Wireless infrastructure									
Consumption	TV									
	Audio/video/Personal									
	Other consumers									
Automotives										
Industry										
Medical										
Military/ Aerospace										
Total										

While in the PCB market, the global PCB market has experienced a significant plunge in 2023. The annual output is expected to decline by 15%, reaching \$69.5 billion. PCB market bottomed out in 2023 Q1, and it recovers in a slow, sluggish and uncertain way. Despite the overall market being weakening, the continued growth in demand for AI and related applications (such as high-speed networks and advanced semiconductor devices), robust automotive electronics market, and military/avionics are the bright spots in 2023.

Based on the material of substrates, PCB boards can be divided into rigid PCBs, flexible PCBs, and rigid-flex PCBs. There are three types of rigid PCBs: single/double-layer boards, multi-layer boards and HDI boards. Currently, rigid boards still prevail in the global PCB market. However, with the development of wearable devices and other intelligent electronic end products becoming lighter, thinner, smaller and more convenient, there is a foreseeable trend toward high precision, high integration, and thinner and lighter boards, which is expected to serve as an impetus to the furtherance of HDI boards and IC package substrates. In terms of product technology by category, the IC package substrate market in 2023 declined by 28.2%, reaching \$12.498 billion, a

manifestation of weak demand, high inventory and severe price declines. However, the SiP (system-in-package), module and advanced packaging substrate markets still remain robust momentum. The market shares of HDI (High Density Interconnect) declined by 10.4%, and the demand for HDI is driven by non-consumer applications such as automotive, AI OAM, optical modules and satellite communications. The market shares of multi-layer boards declined by about 11.1%, where the market share of high-speed and build-up multi-layer boards for AI servers and networks is growing. The automotive market proposes a higher requirement on reliability of the high-current, high-thermal PCBs. Finally, the market shares of FPC (flexible printed circuit) boards declined by 11.9% than that in 2022, still driven by smartphone and automotive applications. The shares of PCB products in the global market are shown in the chart below, multi-layer boards account for the largest proportion, followed by IC package substrates, FPC (flexible printed circuit) boards and HDI boards.

	2000	2020	2021	2022	2023E	2023/2022	2028F	2023-2028 CAAGR
Commodity	\$10,324	\$7,911	\$9,589	\$8,875	\$7,757	-12.6%	\$9,023	3.1%
Multilayer	\$22,217	\$24,763	\$31,053	\$29,846	\$26,534	-11.1%	\$32,984	4.4%
HDI	\$2,074	\$9,874	\$11,811	\$11,763	\$10,536	-10.4%	\$14,226	6.2%
Package Substrate	\$3,505	\$10,188	\$14,410	\$17,415	\$12,498	-28.2%	\$19,065	8.8%
Flex	\$3,450	\$12,483	\$14,058	\$13,842	\$12,191	-11.9%	\$15,117	4.4%
Total	\$41,570	\$65,219	\$80,920	\$81,740	\$69,517	-15.0%	\$90,413	5.4%

Source: Prismark

In recent years, regarding the product categories of PCB, the growth rate of FPC, HDI, and multilayer panels precedes the overall growth rate of the industry due to the innovative downstream application, development of 5G technology, increased complexity of automotive electronics, and the increase in the intensity of consumer electronics. According to Prismark, the CAGR of single-sided and double-sided PCBs, multilayer boards, HDIs, and IC package substrates, and flexible boards is estimated to reach 3.1%, 4.4%, 6.2%, 8.8%, and 4.4% respectively between 2023 and 2028, in which the output value of IC package substrate recorded a significant increase in its proportion within the industry.

\$M	2021	2022	2023E	2028F	2023E/2022	2023-2028 CAAGR
Computer: PC	\$14,542	\$12,745	\$9,359	\$10,841	-26.6%	3.0%
Server/Data Storage	\$7,804	\$9,894	\$8,201	\$13,804	-17.1%	11.0%
Other Computer	\$4,554	\$4,106	\$3,661	\$4,055	-10.8%	2.1%
Mobile Phones	\$16,117	\$15,968	\$13,085	\$16,821	-18.1%	5.2%
Wired Infrastructure	\$6,111	\$6,665	\$5,955	\$7,686	-10.6%	5.2%
Wireless Infrastructure	\$3,337	\$3,585	\$3,118	\$3,897	-13.0%	4.6%
Consumer	\$11,858	\$11,085	\$9,151	\$11,736	-17.4%	5.1%
Automotive	\$8,728	\$9,468	\$9,162	\$11,748	-3.2%	5.1%
Industrial	\$3,226	\$3,317	\$2,871	\$3,555	-13.5%	4.4%
Medical	\$1,531.62	\$1,553	\$1,440	\$1,723	-7.3%	3.7%
Military/Aerospace	\$3,113	\$3,356	\$3,515	\$4,547	4.7%	5.3%
Total	\$80,920	\$81,740	\$69,517	\$90,413	-15.0%	5.4%

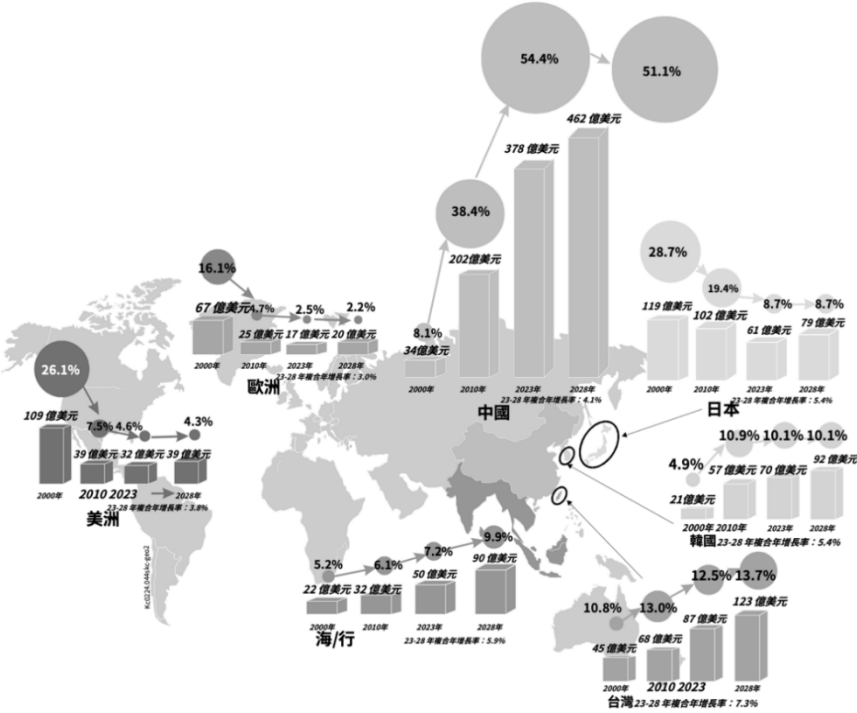
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From the perspective of production region, according to the estimates of Prismark, the output value of PCB in China in 2023 will account for 54.4% worldwide, maintaining its top position in the global PCB industry. By 2028, China is expected to continue to maintain its position as the primary PCB production base in the whole world, with the production quota accounting for over 50%. At the same time, Japan, Taiwan and South Korea will pay more attention to the production of substrates. Southeast Asia (SEA) region is expected to achieve a CAAGR of 10% from 2023-2028. Such robust growth can be mainly attributed to the transfer and pull of customer demands, increasing demand in the fields of servers, communications and automotive electronics, and heavy

investment of Taiwan and Chinese Mainland PCB companies in this region (more than \$ 10 billion during 2023-2028).

The robust growth of PCB production in SEA region is also visible in the production of multi-layer boards (ML), substrate and high density interconnect (HDI) products. In particular, Thailand, Vietnam and Malaysia have played a key role in this growth. These countries have become investment hotspots due to their cost-effectiveness and strategic geographic location, as well as great potential and capabilities in meeting the growing demands of the global electronics market. In addition, this growth is a demonstration of diversified trend of the global electronics manufacturing services (EMS) supply chain, as well as the growing concern on mitigating geopolitical risks and responding to potential supply chain disruptions.



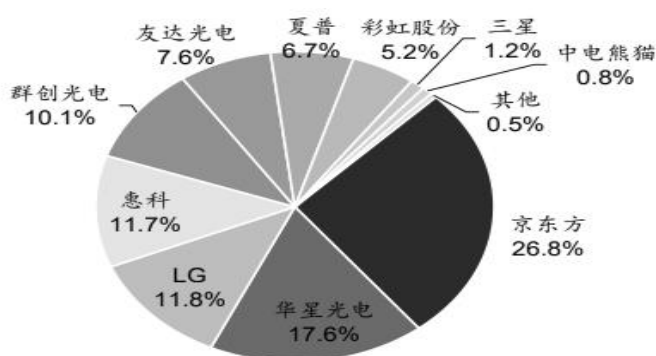
The year of 2024 will be a challenging year for the electronics and PCB market. Sluggish demand and failure to cut the excess inventory thoroughly are likely to weigh on market performance for at least 2024. In addition, the whole year is expected to be haunted by the environment of high inflation and interest rates, while macroeconomic challenges in China, Europe and elsewhere, coupled with geopolitical conflicts, including U.S. controls on semiconductor exports and supply chain restructuring, will further fuel uncertainty. Despite these challenges, the recovery of the electronics market is expected to be centered on AI, especially in the areas of servers, HPC, networking, advanced packaging, high-speed circuit boards, and materials. Growth in electric cars, auto pilot technology and military applications will also contribute to the recovery of the market. It is worth noting that the newly launched PCB and substrate business in SEA region, including Thailand, Malaysia and Vietnam, marks a key stage in the development of the electronics industry, and mirrors the trend of supply chain diversification and brand-new geographical layout.

The PCB market in 2024 is expected to grow at a rate of 5.0%. After slump in 2023, the package substrate is expected to recover at a rate of 8.6%, wherein, FCBGA substrates for advanced packaging will lead the recovery. Driven by AI, optical modules, satellite communications, automotive and other applications, HDI market is expected to grow at 5.3%. The markets of rigid and flexible PCBs are expected to grow at a rate of about 4%. In addition, supply chain de-risk (decoupling) will provide significant opportunities for suppliers outside of China, especially in SEA.

● FPD Market:

The 21st century is an era of the attention economy. Pictures and images are everywhere in our lives. Different information is transmitted visually. The intermediate media is FPD products. Visual products span from mobiles, GPS, and other hand-held devices to PC's monitor, laptop's monitor, flat-screen TV, outdoor billboard, and e-book. Relevant products have been constantly developed and improved, including technologies of AMOLED, TFT LCD, TN/STN/CSTN LCD, OLED, and PDP. In the future, with the continued rapid growth of the visual industry driven by demands, new technologies and products of 8K and 4K UHD display and VR will be introduced to people's lives one after another.

For large panels, BOE Technology is the top 1 company in terms of the shipping volume, with its market share reaching 27%; BOE Technology is the major company driving the ratio of shipping in the China region to the world, representing the rapid emergence of the Chinese influences, and that China is a market not negligible.



资料来源: IDC

夏普 SHARP	彩虹股份 Caihong Display Devices CO.,LTD.	三星 Samsung	中电熊猫 Nanjing CEC Panda Home Appliances Co., Ltd.
其他 Other	京东方 BOE Technology Group Co.,Ltd.	华星光电 China Star Optoelectronics Technology Co., Ltd	LG
惠科 HKC Corporation Limited	群创光电 Innolux Corporation	友達光电 AUO Corporation	

Source: IDC

Products in the display market include TV, CCTV, NB, and tablet and mobile screen, among which TV is the most influential due to the panel area consumed TV. The increase in the sales volume of TV panels and the advances of technologies give rise to the large TV screen. In recent years, TV above 50 inches and even reaching 60 inches has become the product that consumers select to purchase, the trend of demand for larger TV panels worldwide continues. According to WitsView, the share of sales of 50 inches TV and larger has increased from 18.30% in 1Q15 to 50.27% in 3Q22; the average size of LCD TV panels has also increased from 40.94 inches in January 2015 to 48.27 inches in November 2022. The increase in average size has resulted in continuous growth of the sales of larger LCD.

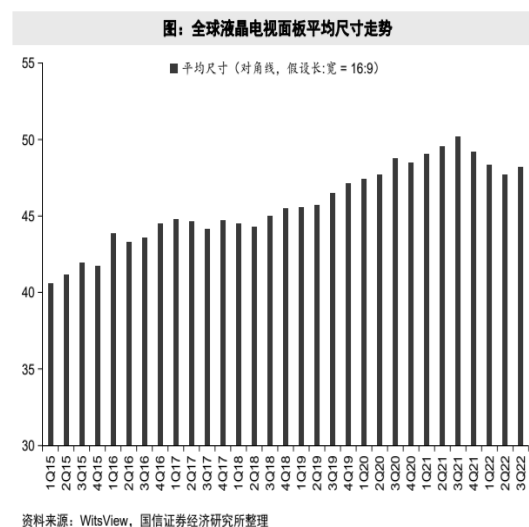
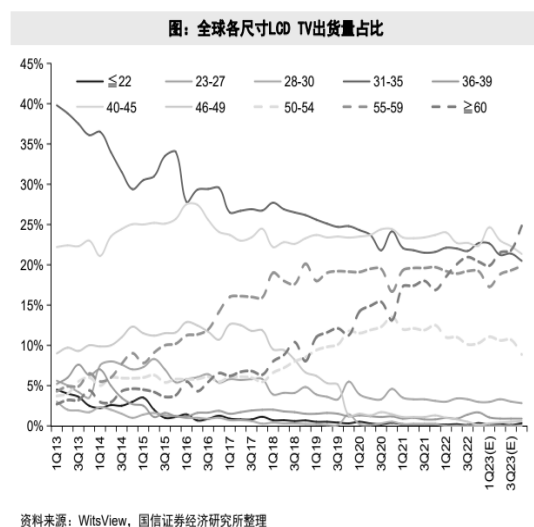


Figure: Global LCD TV sales percentage by Size	Figure: Global LCD TV panel average size trend
Source: Wits View, compiled by Guosen Securities Economic Research	Average size (diagonal, assuming length:width=16:9)

In response to the rapid growth in demands over the past few years, panel companies in China began actively expanding the production capacity of new era panels, including the establishment of the production lines for panels from the 8.6 gen to 10.5 gen bringing about a relatively significant increase in the production capacity of panels worldwide from 2016 to 2019. In 2022 to 2023, China continued establishing its panel production capacity. The production capacity and removal planning of G6 LCD and above between 2022 and 2024 are shown in the following table. Based on the statistics of removed production lines and new production lines, it is estimated that the global large-size LCD production capacity will increase by 3.08%/2.66% in 2023/2024.

2022-2024年减少的重要LCD产能						
厂商	产线	世代	关闭产能 (千片/季)	关闭产能面积 (万平米/季)	占4Q21全球G7及以上 LCD总产能面积的比例	启动关停产能时间
LG Display	P7	7.0	225	99	1.37%	1Q23
Samsung Display	SDC L8-2 Phase1b	8.5	60	33	0.46%	2Q22
	SDC L8-2 Phase2	8.5	180	99	1.37%	2Q22
	SDC L8-2 Phase3	8.5	18	10	0.14%	2Q22

2022-2024年开始投产（包含扩产）的LCD产能（G7代及以上）						
厂商	产线	世代	新增产能 (千片/季)	新增产能面积 (万平米/季)	占4Q21全球G7及以上 LCD总产能面积的比例	新增产能投产时间
京东方	B10	8.5	45	25	0.34%	3Q22
	B17	10.5	60	59	0.82%	1Q23
	B18	8.5	45	25	0.34%	3Q24
	B19	8.6	60	36	0.50%	4Q24
华星光电	T6	10.5	30	30	0.41%	3Q23
	T7	10.5	90	89	1.24%	2Q23
	T9	8.6	540	316	4.38%	4Q22(Phase1) 3Q24(Phase2)
惠科	H2	8.6	60	35	0.49%	1Q22
	H4	8.6	90	53	0.73%	1Q22
	H5	8.6	54	32	0.44%	1Q22
友达光电	L8B	8.5	60	33	0.46%	1Q23
群创光电	ILX Fab 7	7.0	15	7	0.09%	3Q22
夏普	SIO	10.5	150	149	2.06%	4Q22(Phase5) 2Q23(Phase6)
深天马	TM19	8.6	240	140	1.95%	4Q24

资料来源：Omdia

2022-2024 年减少的重要 LCD 产能 Significant LCD capacity reduction in 2022-2024	廠商 Manufacturer	產線 Production line	世代 Generation	關閉產能(千片/季) Removed production line capacity (thousand pieces/quarter)	關閉產能面積(萬平米/季) Area due to removed production line (10 thousand square meters/quarter)	占 4Q21 全球 G7 及以上 LCD 總產能面積的比例 Proportion of G7 and above LCD of the overall area of the production lines in 4Q21 worldwide	啟動關閉產能時間 Time of production line initiation and removal	2022-2024 年開始投產(包含擴產)的 LCD 產能(G7 代級以上) LCD production line capacity (including expansion) in 2022-2024 (G7 and above)
京東方 BOE Technology Group Co.,Ltd.	華星光電 China Star Optoelectronics Technology Co., Ltd	惠科 HKC Corporation Limited	友達光電 AUO Corporation	群創光電 Innolux Corporation	夏普 SHARP	身天馬 Tianma Microelectronics Co., Ltd.		

Source: Omdia

For small and medium-size panels, the sales of smartphones are shown in the figure below. Currently, there are more than 5 billion mobile phones in use around the world. Owing to global inflation, Russo-Ukrainian War, lockdowns in China, and other unfavorable factors, the sales of smartphones in 2022 are put at 1.205 billion, reflecting an 11.3% decline compared with the previous year. In 2023, it is expected that the global sales of smartphones will increase slightly with a single-digit overall growth rate. Most mobile phone brands also hold that the demand for mobile phones would not recover until the second half of 2023 and we may only see significant growth in 2024.

Top 5 Companies, Worldwide Smartphone Shipments, Market Share, and Year-Over-Year Growth, CY2022 (Preliminary results, shipments in millions of units)

Company	2022 Shipment Volumes*	2022 Market Share*	2021 Shipment Volumes	2021 Market Share	Year-Over-Year Change*
Samsung	260.9	21.6%	272.1	20.0%	-4.1%
Apple	226.4	18.8%	235.8	17.3%	-4.0%
Xiaomi	153.1	12.7%	191.0	14.0%	-19.8%
OPPO	103.3	8.6%	133.6	9.8%	-22.7%
vivo	99.0	8.2%	128.3	9.4%	-22.8%
Others	362.7	30.1%	399.1	29.3%	-9.1%
Total	1205.5	100.0%	1359.8	100.0%	-11.3%

Source: IDC Worldwide Quarterly Mobile Phone Tracker, January 25, 2023



Looking back on recent years, the depression of the panel industry is mainly due to the pandemic, the situation in Russia and Ukraine, and inflation. The decline of global consumer demand as well as commercial demand for mobile phones and TVs is quite obvious. The inventory of various brands maintains at a high level during the slump. Destocking thus became the top priority of major brands. The persistent low demand for display panels and unsatisfactory sales performance was accentuated by the increasing production capacity. To forestall a further decline in LCD panel prices, BOE Technology, China Star Optoelectronics, HKC, and other panel manufacturers in Taiwan even decreased their utilization rate to below 70% as one of the countermeasures against the downturn. Despite the herald of a recovery of the overall economy, there are still many factors that may affect the global demand for display panels. After the terminal inventory adjustment has come to an end in the second half of the year, a return to the growth track is quite expectable. At the same time, as the manufacturers actively engage in the development of value-added products, it is expected the display panel industry will weather the turndown at the end of the day.

(4) Competitive niche:

- A. Advantageous brand: A brand established for 58 years and received honors of 16th, 2019 Annual Taiwan Golden Root Awards, TSMC's 2023 Excellent Supplier Award, Zhen Ding's 2023 Excellent Supplier Award, and other awards.
- B. Core technology (five major core technologies).
- C. Careful services and sales channels (seven major application industries and over 3,000 customers).
- D. Premium equipment.
- E. Premium after-sales services and repair capacity.
- F. R&D design capacity with high efficiency.
- G. Highly flexible manufacturing capacity.

(5) Favorable and unfavorable factors for the prospect of development in the long run and countermeasures:

➤ **Favorable factors:**

- A. Continual import substitution: The sustainability of local semiconductor industry has become an important part of TSMC's corporate social responsibilities, active measures have been employed to guide the local key raw material suppliers to improve quality and technologies, and constantly promote the localization of the supply chain.
- B. Continual capital internalization of the Chinese market: C Sun has spent efforts in the Chinese market for years and achieved a comprehensive layout.
- C. C Sun is a renowned brand for UV, lamination, bonding, and thermal processing, and it continues to extend its core technologies to PCB wet process and plasma, building a solid business strategic foundation.
- D. Complete accumulation and inheritance of technical experiences and R&D results that are beneficial to the improvement in production efficiency and quality control.
- E. C Sun passed the ISO 9001 evaluation and developed most of its core technologies by itself; well recognition is received for its quality assurance and R&D capacity.
- F. C Sun is a listed company with a stable financial position. In 2019 the second half of the year, a team succession has taken place for a younger management team.
- G. Establishment of the G2C+ Alliance: The one-stop-shopping services could satisfy customers' demand.

➤ **Unfavorable factors and countermeasures:**

- A. The hi-tech production equipment manufacturing industry in Taiwan started late, and the talent attraction and retention are easily affected by the hi-tech industry.

Countermeasures:

The Company is committed to transforming its focus as a machine manufacturer to a solution supplier, integrate materials and manufacturing process on the product platform of the Company, and significantly improve the added value provided to customers; therefore, and the urgent demand for the integration of cross-field knowledge and technology was generated thereof. The Company focuses on the careful guidance and patience provided to employees for their growth; the Company would jointly create an environment of lifelong learning with our fellow colleagues based on such corporate culture and continue to improve the human resources quality, in the hope of achieving the level of first-class customers such as TSMC, so as to continue its cooperation with first-class customers on the world first-class stage.

- B. The mechanic equipment industry focuses on the extended demand of downstream industries and has longer product useful lives. In general, demand for relevant equipment only arises upon the establishment, plant expansion, process change, or the improvement in the product level of downstream customers; therefore, the changes in customers' demand are greater.

Countermeasures:

- a. In response to the changes in the market and the demands of individual customers, the Company continues to develop new technologies and new products to develop diverse products with high added value for improving our competitiveness of products, and in turn, triggering new demands of customers.
 - b. The Company requires the sales department to actively and regularly collect information related to the industry in which the downstream customers operate. The Company integrates with the G2C+ Alliance and actively participates in exhibitions and seminars in different regions to improve the professional image of its brands. In addition, it maintains favorable relationships with domestic and foreign companies and seeks appropriate counterparties for cooperation.
- C. Effects of materials and currency volatility on the equipment profitability of equipment with the long-term delivery term.

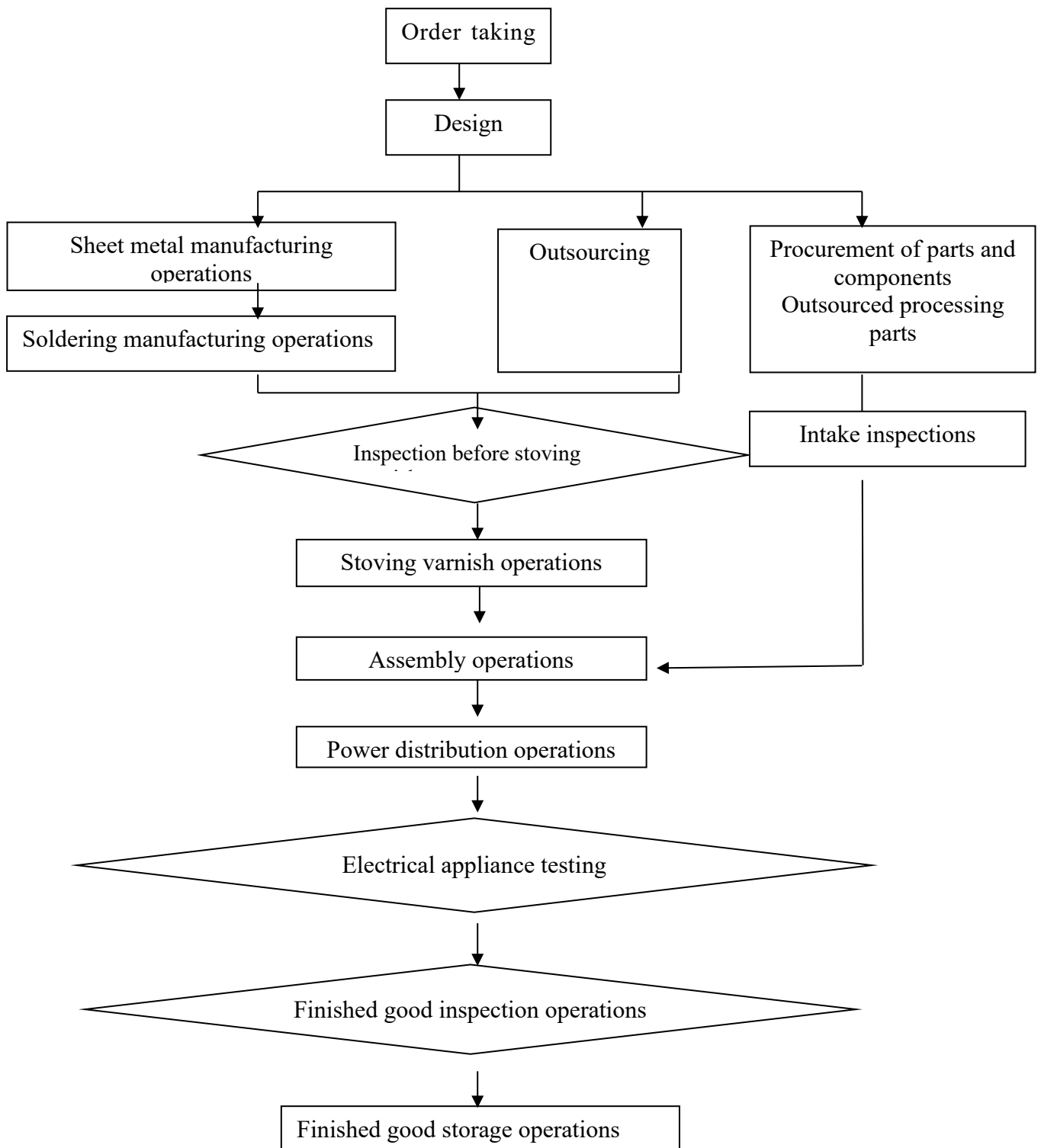
Countermeasures: For details on risk management, please refer to “(II) Effects of changes in interest rates and currency rates and inflation on the Company's profit or loss and future countermeasures, and VI. Risk Management and Evaluation of the Annual Report

2. Major Use and Production Process of Primary Products:

(1) Major use of primary products:

Product category	Major use of products
Thermal process equipment	Semiconductor/PCB/LCD/photovoltaic/LED/Lens/high-frequency elements for the electronic part industry and the baking, curing, drying, modification, purification and positioning of products for the sports shoe industry and the printing and coating industry
UV process equipment	The drying, curing, image transfer, cleaning, and positioning for products for the electronic part industry, sports shoe industry, and the printing, coating industry and semiconductor packaging
Vacuum pressure oven	Use in the underfill de void manufacturing process for semiconductor packaging, SMT de void applications.
Dry/wet film manufacturing process equipment	Light resistance and surface protection for electronic element products.
Panel laminator	Applicable to the automated vacuum lamination, leveling, and precision leveling requirements for ABF/RCC & Solder mask in the panel building-up manufacturing process to achieve the requirements of high filling and flatness.
Panel peeler	Applicable to the automated double-sided peeling for Mylar of ABF/RCC & Solder mask after lamination (exposure), replacing the human work and reducing contacts; automated anomaly detection with high stability.
Wafer bonder	Use in advanced packaging manufacturing process to carry out the thinning process after bonding of carrier and device wafer, or use as the working surface for transfer wafer due to the manufacturing process requirements.

(2) Production process of primary products:



3. Supply of Major Raw Materials:

The major raw materials and parts of the Company's products are heaters, edge finders, robots, pneumatic elements, HEPA, ball screws, server motors, and temperature controls secured from domestic and foreign major plants, such as Festo, Burgeon, Yimin, Coagent Technology, Kondo, Shibao, HIWIN, Mitsubishi, and RKC. Due to our long-term cooperation, we have established stable supply relations for stable and sufficient supplies; the quality and delivery terms are able to maintain at a certain standard.

4. Names of Customers and Suppliers Accounted for 10% of the Total Purchases (Sales) and Above in Any of the Latest Two Years:

(1) Information on major suppliers for the Latest two years:

Unit: NT\$000'; %

Item	2022				2023			
	Name	Amount	Ratio to the net purchases for the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net purchases for the year (%)	Relationship with the issuer
Suppliers accounting for 10% of the total purchase and below	Others	2,805,992	100%	-	Others	1,629,524	100%	-
Net purchases		2,805,992	100%	-		1,629,524	100%	-

Note 1: Set out the name of suppliers that accounted for 10% of the total purchases and above and the purchase amount and ratio. However, when the name of suppliers may not be disclosed based on the contractual agreements or when the business counterparties are individuals who are not related parties, the information may be disclosed by using code numbers.

Note 2: There is no supplier that accounted for 10% of the total purchases and above.

(2) Information on major customers of sales for the Latest two years:

Unit: NT\$000'; %

Item	2022				2023			
	Name	Amount	Ratio to the net sales for the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net sales for the year (%)	Relationship with the issuer
Suppliers accounted for less than 10% of the total sales	Others	5,366,976	100%	-	Others	3,625,801	100%	-
Net sales		5,366,976	100%	-		3,625,801	100%	-

Note 1: Set out the name of suppliers that accounted for 10% of the total sales and above and the sales amount and ratio. However, when the name of suppliers may not be disclosed based on the contractual agreements or when the business counterparties are individuals who are not related parties, the information may be disclosed by using code numbers.

5. Table of Production Volume and Value for the Latest Two Years

NT\$000'/machine

Production volume and value Major products (or department)	Year	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Equipment for semiconductor manufacturing process		589	589	559,139	227	227	615,034
Equipment for PCB manufacturing process		687	687	3,382,982	334	334	2,212,243
Equipment for forward-looking manufacturing process and other electronic applications		1,233	1,233	1,983,994	264	573	798,524
Total		1,920	1,920	5,366,976	1,134	1,134	3,625,801

Note: The production capacity refers to the quantity produced using existing production equipment under normal operations after the Company had measured factors of necessary shut down and weekends.

6. Table of Sales Volume and Value for the Latest Two Years

NT\$000'/machine

Sales volume and value Major products (or department)	Year	2022				2023			
		Domestic sales		Foreign sales		Domestic sales		Foreign sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Equipment for semiconductor manufacturing process		216	338,094	373	221,045	97	521,638	130	93,396
Equipment for PCB manufacturing process		42	838,260	645	2,544,721	92	363,922	242	1,848,321
Equipment for forward-looking manufacturing process and other electronic applications		377	330,920	267	1,093,934	222	525,548	351	272,976
Total		635	1,507,274	1,285	3,859,701	411	1,411,108	723	2,214,693

III. Information on Employees for the Latest Year and as of the Date of Publishing the Annual Report

(I) Structure of Employees:

		31 March 2024		
	Year	2022	2023	As of 31 March 2024
Number of employees	Office clerk	291	285	295
	Technicians	607	602	606
	Total	898	887	901
Average age		37.01	37.32	37.52
Average year of services		8.69	9.56	9.37
Distribution ratio of academic level	PhD	3	3	3
	Postgraduate	86	91	94
	University or college	593	578	588
	High school	180	173	174
	Below high school	36	42	42

(II) Employee's Code of Conducts or Code of Ethics

To improve the work environment and the measures to protect employees' physical safety, the Company has established its Employees' Working Rule Handbook (comprised a total of 14 sections) to set out the disciplines and codes, employment and training, work hours and breaktime, leave regulations, incentive, punishment, and audit, dismissal and audit, retirement, occupational disaster compensation and indemnity, safety and health, welfare measures, labor-capital communications. The Company also established its "Regulations for the Management of Incentives and Punishment" to serve as the basis for incentives to and punishments on employees.

(III) Protective Measures for the Work environment and Physical Safety:

Occupational Safety and Health Management System:

To prevent occupational accidents and safeguard the safety and health of employees, the Company has formulated the "Safety and Health Work Regulations" in accordance with Article 25 of the Labor Safety and Health Act, specifying the organization of labor safety and various levels of responsibilities. Continuously promoting the 5S movement (Arrange, Straighten, Sweep, Clean, and Safe) to prevent occupational accidents and create a good working environment. The Company obtained the ISO 45001 certificate in 2023, which is valid from December 23, 2023, to December 22, 2026.

Occupational Safety Performance:

The Company has a labor safety office, and various audits are conducted by the administrative units of each factory on a regular basis at the monthly company-wide online meetings to promote factory safety. Based on the inspection conditions of each factory each month, improvement suggestions are proposed, discussed, and presented at the monthly administrative meetings. There were no significant occupational safety accidents in the current year.

IV. Information on Environmental Expenses:

1. Explain losses (including compensation) incurred to the Company due to environmental pollution and the total fines for the Latest two years and as of the date of publishing the annual report and disclose the future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses, fines, and compensation that may occur when no countermeasure is adopted; for those that cannot be reasonably estimated, explain the fact related to the inability to reasonably estimate): None.

2. Countermeasures: The manufacturing process of the Company does not cause pollution to the environment; it is estimated that there will be no environmental pollution in the future.

V. Labor-capital Relationship:

1. The Company's employee welfare measures, continuing education, training, and retirement systems and implementation, and labor-capital agreement, and measures to protect employees' interests:

(1) Employee welfare measures

- A. The Company has established its Employee Welfare Committee according to the Enforcement Rules of the Employee Welfare Fund Act to provide employee welfare fund, organize welfare matters (such as subsidies for marriage, funeral, gifts for Chinese New Year and festivals, fertility, hospitalization, significant disasters), and organize company trips.
- B. The Company appropriated labor retirement reserve fund according to the requirements and established its Labor Retirement Reserve Fund Supervisory Committee to facilitate the management of matters related to the labor retirement reserve fund.
- C. The Company also provides labor and the National Health Insurance according to relevant laws and regulations promulgated by the government. In favor of employees' safety, the Company has purchased group insurance for employees to protect employees and provides better employee welfare.
- D. Capital increase in cash by employees and employee bonus system:
- a. Becoming shareholders: When performing capital increase in cash, the Company reserves 10% to 15% of shares for employees to subscribe.
- b. Bonuses: Perform according to the requirements under Article 33 of the Articles of Association.

(2) Continuing education and educational training:

- A. In 2023, the Company's actual number of training hours of all employees was 15,689 hours, and the training expenses were NT\$3,496thousand.
- B. The Company organizes training for new employees, professional technical training, quality control training, training related to employee development, and education training of labor safety and health based on our fellow colleagues' requirements and in accordance with the requirements of government laws and regulations.
- C. To improve the quality of human resources and reinforce employees' work knowledge and skills, the Company may implement relevant training set out below based on the employees' conditions and work requirements:
- I. Safety and health education and training for disaster prevention.
- II. Orientation training: New employees shall receive "general orientation training" and "professional training" for their positions when joining the Company.
- III On-the-job training: A series of training programs are organized based on the professional functions required by employees in executing their duties.
- IV Training for other expertise.

The implementation methods for the Company's employee training are as follows:

- I. Internal training: Employees are gathered at the Company or other venues for training. Lectures

are provided by internal lecturers or domestic and foreign professional lecturers appointed by the Company.

- II. External training: The Company sends employees to domestic and foreign professional training institutions for training.

(3) Retirement system and its implementation

The Company follows the Labor Retirement Pension Regulations. Under this system, employees contribute 6% of their total monthly salary to their retirement pension, which is deposited into individual accounts set up by the Bureau of Labor Insurance.

Employees are eligible for voluntary retirement under the following conditions:

1. Those who have worked for the Company for fifteen years or more and are over fifty-five years old.
2. Those who have worked for the Company for ten years or more and are over sixty years old.
3. Those who have worked for the Company for twenty-five years or more.
4. Those who have worked for the Company for fifteen years or more, with mutual agreement between labor and management.
5. Those whose years of service include service with the affiliated company "C-SUN Instrument Co., Ltd."

Pension system	Old System	New System
Applicable law	Labor Standards Act	Labor Pension Act
Contribution Method	Current Status: The Company has already made sufficient contributions, and currently, it applies for suspension on an annual basis. Normal Contribution: 2% of each employee's monthly salary is contributed, deposited in the name of the Company into the account at the Bank of Taiwan (formerly Central Trust of China).	Contribute 6% to the individual account at the Bureau of Labor Insurance according to the employee's insured level.
Contribution Amount	The accumulated contribution amount up to the current year is NT\$156,436,000.	The contribution for the current year is NT\$19,131,000.

(4) Labor-capital agreement: None.

2. Losses incurred to the Company due to labor-capital disputes for the Latest three years and as of the date of publishing the Annual Report; disclose the current and future estimated amount that may incur and countermeasures:

The Company has a harmonious labor-capital relationship and has no labor-capital dispute. The Company values employee welfare and keep abreast of changes in subjective and objective environments at all times to establish welfare measures, satisfying employees' requirements.

VI. Cyber Security Management

1. Objectives and policies for information security

The Company has set an information security policy to protect the security of the Company's information assets and ensure the smooth operation of information. This policy is designed to protect the Company's critical information assets such as data, information, equipment, people and networks, and ensure their confidentiality, integrity and availability, thereby reducing operational risks and maintaining the Company's good business reputation. Over the years, we have continuously improved the internal information security management mechanism, and conducted information security propaganda, staff education and training on a regular basis to strengthen employees' awareness and sense of responsibility for information security.

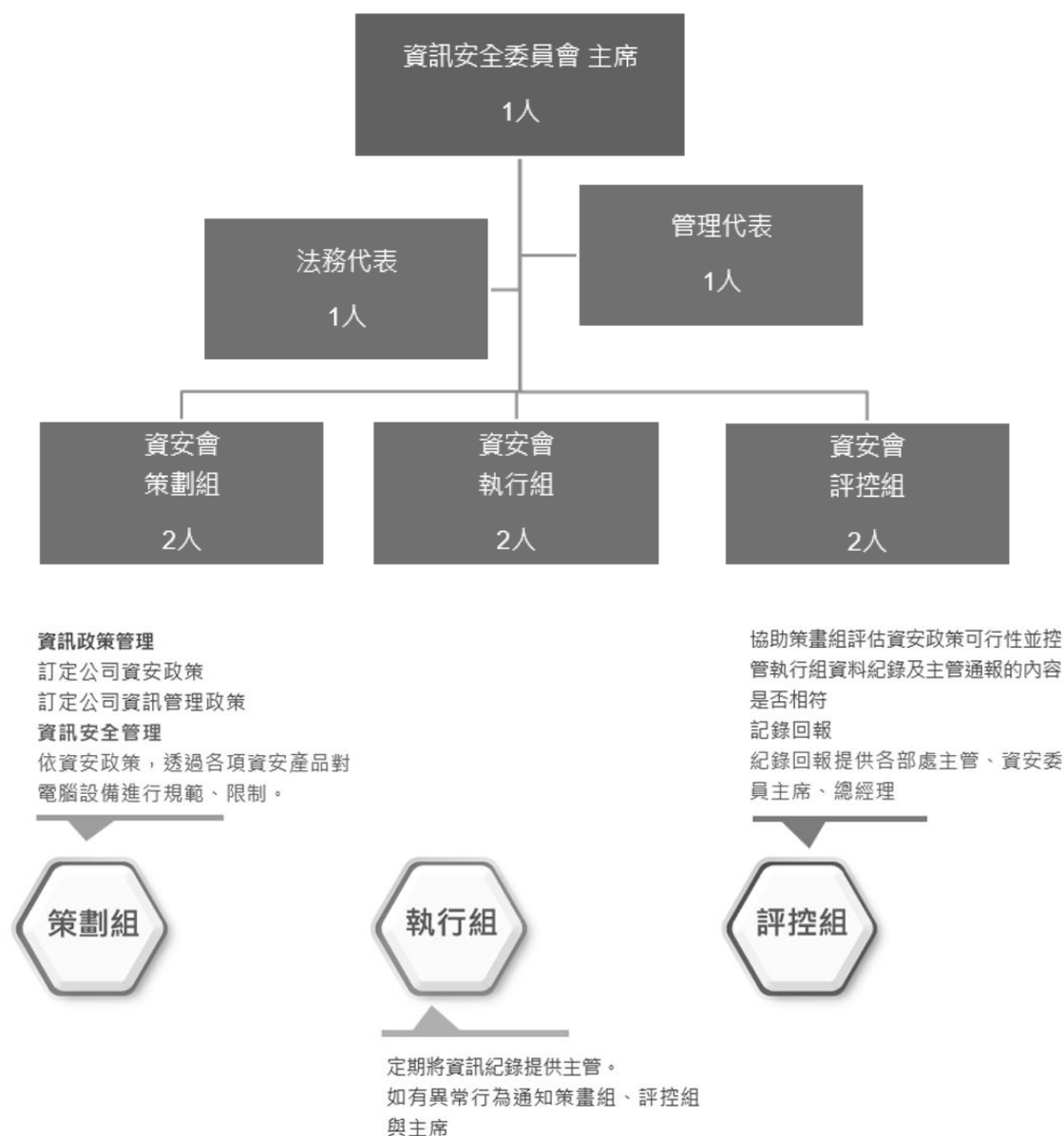
2. Execution of information security and risk management

The Company manages and executes information security by way of control and minimizing the information risk to a controllable level. Therefore, to prevent the leakage of significant confidential data, C Sun adopted measures as follows: Execute inventory inspections and risk evaluations on the information assets of all departments and adopt hierarchical authorization and management for information security authorizations; monitor internal information circulation by using the internal server built by the information department (including e-mails, departments' confidential data, and personal information of customers) and regular anti-virus software checks; ensure the data safety of external information circulation by using encryption software to prevent any leakage of information.

3. Information security examination and educational training

Our IT Department is dedicated to executing the report and assistance in emergency management for information security events and the organization of our fellow colleagues in different departments to participate in information security training. Apart from training related to basic information security for new employees upon joining the Company, the Company also has programs related to information security issues (such as the notice for e-mail sending and receipt, use procedures for encryption software, and management of departmental confidential data) and employee training provided by the cooperating external professional lecturers, so as to improve the response abilities of information security management of all departments. The Information Department possess a relevant auxiliary control platform for relevant systems to make instant reports and facilitate the processing of emergencies via systematic tools, ensuring the realization of information security and its introduction into the daily operations.

4. Structure of Information Security Committee



	Chairman of Information Security Committee, 1 person	
Legal Representative, 1 person		Administration Representative, 1 person
Planning Division of Information Security Committee, 2 person	Implementation Division of Information Security Committee, 2 person	Evaluation Control Division of Information Security Committee, 2 person
Management of information policies Formulate the Company's information security policies Formulate the Company's information management policies Management of information security Regulate and restrict computer devices through various information security products according to information security policies		Assist the Planning Division to assess the feasibility of information security policies, control the conformity of the data records of Implementation Division with the content reported by supervisors. Record feedback. Record feedback is provided to supervisors of departments, chairman of Information Security Committee, General Manager
Planning Division	Implementation Division	Evaluation Control Division
	Provide the information records to the supervisors on a regular basis In case of any abnormalities, inform the Planning Division, Evaluation Control Division and Chairman	

5. Information security statement

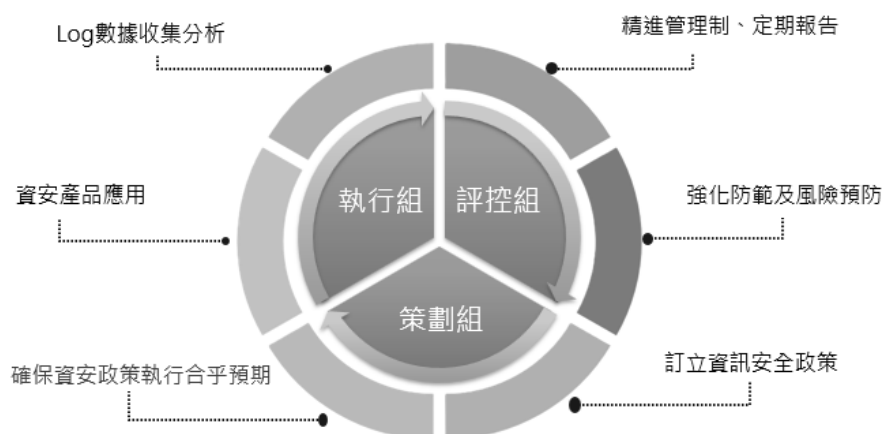
- The Company has been committed to strengthening information security management, and promoting the concept of "everyone is responsible for information security".
- By safeguarding the confidentiality, integrity and availability of customer data and colleague data, we can ensure the total security of the data processing process.
- Secure, stable and efficient information services shall be provided to maintain the market competitiveness of C Sun, and safeguard the interests of customers and partners.

6. Information security governance process



Information Unit	Planning Division of Information Security Committee	Countersign by departments	Administration Representative	Chairman of Information Security Committee	General Manager	Document Control Center

7. Information security strategies



執行組 Implementation Division	Log 資料收集分析 Log information collection and analysis 資安產品應用 Applications of information security products
策劃組 Planning Division	確保資安政策執行合乎預期 Ensure that the implementation of information security policies meets the expectation 訂立資訊安全政策 Formulate the information security policies
評控組 Evaluation Control Division	精進管理制定期報告 Perfect the management system, report regularly 強化防範及風險預防 Enhance preventions and risk preventions

8. Educational training on information security

- Every year, the Company will carry out company-wide information security social engineering drills and information security educational training.

- Every month, the Company will report and provide recent information security news and information security events on the Company's internal web portal at the Company's monthly internal meeting, with all these measures aiming to increase employees' awareness of information security and strengthening their attention to information security. A total of 12 monthly information security briefings were held in 2023.
- The one-month information security month will be held every year, and November 2023 will be C Sun Information Security Month. During this month, there will be internal phishing email campaigns, information security propaganda and related drills in the form of test questions; under the effects of drills and propaganda, relevant risks can be cut down, and the Company's rights and interests can be safeguarded anywhere at any time.

9. Information security maintenance

- Company's computers are equipped with information security protection software.
- Company's computers are equipped with Anti-virus software.
- Inflow and outflow traffic monitoring software.
- External email screening mechanism.
- Network firewall mechanism.
- Conduct drills on information system emergency plans on an irregular basis.

Unit: NT\$

Information security maintenance	Invested items	Amount
Information security protection software	TrustView	\$4,750,000
	Sentinel	
Anti-virus software	TrendMirco Apex One	
Inflow and outflow traffic monitoring software	L7 Traffice Controller	
Establishment of headquarters computer room and related mechanisms	Including firewall and email screening mechanism	

VI. Social Responsibilities:

Since its establishment in 1966, C Sun has been dedicated to becoming the world-class leading equipment supplier for PCB, FDP, touch screen, semiconductor, and printing and coating industries. With the assistance of the “Corporate Sustainable Development Committee,” the Company aims to pursue the maximum interest for employees, shareholders, customers, suppliers, and other stakeholders, fulfill its responsibilities as a corporate citizen, and attain sustainable corporate development.

Execution and Management Policies

C Sun upholds the spirit of “Back to Basic” and duly implements four major aspects:

1. **Corporate governance:** The Company adheres to transparent operations, clearly discloses significant internal rules, regulations, and significant information of the Company on the corporate website and MOPS. Internally, we promote group decisions and invite Board members with extensive experience in the industrial and academic sectors to form our Board with a robust foundation. We established our Audit Committee and Remuneration Committee to duly supervise the Company’s legal operations, incorruptible financial information, correct strategical operating policies, and in turn, implement internal rules. We regularly maintain our policies for the management of intellectual properties and information safety risks, setting a favorable foundation for our corporate governance.
2. **Care for and development of employees:** Using the labor-management conference as the bridge, the Company regularly communicates and makes exchanges with employees on a quarterly basis; the Company makes use of the Welfare Development Committee’s functions and arranges diverse employee activities each year to improve cultural literacy and improve relationships between employees. We set up diverse recruitment channels and promote the e-learning training management system in accordance with the digital transformation; we provide training and carry out rotations for employees at different levels and ranks to cultivate skilled and qualified personnel fit for multiple functions.
3. **Safety and health:** Caring for employees’ personal health and creating a safe and comfortable working environment is one of our missions. During the past three years, we reorganized and purchased new office space to provide room for maximizing the production capacity and enlarge the average activity area per capital and establish the position of medical staff for the physical and mental health of our employees; we view employees as our family members, that we recruit chefs for cooking and work with food ingredient suppliers certified as a restaurant using traceable ingredients to comprehensively control the quality of food and drinks.
4. **Social participation:** The Company proactively works with schools for industry-academic cooperation by funding research projects initiated by professors in conjunction with local universities to create an inducement for young talents to stay in Taiwan, focuses on its core technologies, and cultivates industrial talents for the future. We keep promoting academic, cultural, and art activities, help vulnerable groups, and promote the corporate volunteer culture. Also, we actively exchange thoughts with industry associations to enhance the competitiveness of industries and technologies in Taiwan. We, in response to the call of the industry association, jointly donated to the non-contact COVID-19 testing stations at the peak of the pandemic to make contributions to society.

Employee Care and Development

Establish a solid, practical, honest, and conscientious corporate culture, focus on character education, strive for a harmonious team, and create the motive force for the sustainable corporate operations through training and succession in different forms. Build a platform for employee development and comprehensively care for employees' development, strive for the balance between employees' work and living quality, and provide employees a worry-free environment for them to become long-term partners of the Company.

- Implement training and succession; superiors would establish our fellow colleagues' personal development plans. Strengthen the working intention and abilities of employees and improve employees' personal performance through new employee training, training under the monthly management program, and professional OJT training, and the supplementing system of adjustment and agency system to achieve the Company's objectives.
- Realize the concept of dedicated personnel for specific duties, cultivate talents with certificates required by the government in different functional departments, and arrange external training programs to improve employees' work value.
- The Employee Remuneration Committee organizes events such as company trips, family days, festivals, and year-end parties to allow employees to enjoy soft group recreative activities apart from work and improve the parent-children interaction and relationships between our fellow colleagues. Also, the Company has established regulations for club subsidies and encourages employees to set up clubs of health, music, and dance, improving our fellow colleagues' cultural literacy.
- To safeguard our fellow colleagues' food safety and health, the Company provides lunch cooked by using the Miele steam oven from Germany, allowing our fellow colleagues to dine with safety and health.
- The Company's pregnancy project with high fertility subsidies and allowances could help all our fellow colleagues to form their families and pass down the fire of life.
- Optimize the bonus and remuneration system that is integrated with performance evaluation, define the range of salaries and the concept of reasonable annual salaries, allowing our fellow colleagues to receive corresponding bonuses and remuneration regarding the growth of C Sun and their contributions to C Sun.
- Launched the e-learning online training platform, organized general knowledge courses and professional courses, and arranged resources from multiple parties to assist employees' on-the-job growth.
- Worked with DIT Robotics Team from NTHU Power Mechanical Engineering to hold the three-day G2C+ x NTHU Robot Dream Camp, and children of all colleagues can register for it. This campaign is held to promote science popularization education and enhance employees' well-being.
- Promoted and spread English Club, with professional lecturers to the US employed for pronunciation and listening teaching, thus improving the international competitiveness of colleagues.

Safety and Health

The Company is committed to create a safe and comfortable work environment and comprehensively care for employees' health.

- Organize health inspections for all employees at least once a year and provide additional subsidies regarding the health inspection items for employees.
- Strictly observe domestic regulations of occupational safety and health and firefighting and establish emergency management measures for disasters and diseases to protect the work safety of all employees. The Company arranges disaster prevention lectures and monthly occupational disaster communications to allow the concept of occupational disaster prevention to be deeply rooted in all our employees' minds. The Company adopts the highest criterion of nip in the bud and considers employees' safety as the primary task of our corporate operations.
- The Company engaged Lee Way Electronics subordinated to SECOM to provide AEDs, portable first-aid equipment for cardiac attacks that could be used by general non-medical personnel.
- Adopt case-control for injury cases due to operations, prepare statistics on types and number of occurrences, and convene inter-plant superintendent-level quarterly meetings and quarterly administrative meetings to review and provide improvement and preventive guidelines, building a safe and worry-free work environment.
- Constantly donated NTD 200,000 to Taiwan Clinical Oncology Research Foundation during 2018-2023 to build the national cancer-free hope project.
- Called for developing good sports atmosphere in the Company, and provide subsidies to colleagues for participating in local sports events, such as Linkou Zhulinshan Temple Prayer Road Run, Taichung Supau Cup.
- "Healthy Life Activity" recommended by Sports Enterprise Certification was held to maintain the health of our colleagues, and this activity includes three stages: "Lose fat", "Healthy Walk Forward" and "Healthy Run", aiming to developing the exercise habit of our colleagues.

Social Participation

For many years, C Sun has been adhering to the gratitude concept of "Take from Society and Give Back to Society." We regularly contribute to social groups and the academic sector, groups sponsored by the Company include Taiwan Foundation for Rare Disorders, Taiwan Fund for Children and Families, Hsiang Shang Social Welfare Foundation, Zenan Homeless Social Welfare Foundation, Happy Mount Colony, and Bail Ai-Hsin Home For Persons With Disabilities. We also participate in support groups for charitable institutions. Except for donations to the vulnerable, even in the year of 2021 when the epidemic was raging, we still joined the epidemic prevention team, and, together with Honour Glow Trading Co., Ltd., jointly donated 30,000 sets of protective hats and shoe covers, 6,000 sets of goggles, and 5,000 pieces of eye masks to the Taipei City Police Department, and provided assistance to the police firefighting department; provided 200 pieces of protective isolation suits to Formosa Cancer Foundation, subscribed a testing station set up in the Taipei Medical University Hospital, and collaborated with SEMI, and TSMC Charity Foundation to participate in the zero-contact sampling station fundraising plan, and did our best in all sectors of industry, government and academia.

We spare no effort in industrial talent cultivation. We have cooperated with Ming Chi University of Technology, Feng Chia University, and Chung Hsing University for years; the cooperation focuses on the four major aspects of "cooperative education," "academic research cooperation,"

“scholarships and grants,” and “campus tour lectures” to cultivate industrial talents in favor of our operations. Meanwhile, senior executives of the Company concurrently act as lecturers at universities to exert their spirits as industry teachers, pass down industrial experiences, and minimize the gap between education and actual practices.

We focus on character education. We sponsored the baseball team of Chung-Ping Elementary School to ensure the learning environment and resources of youth athletes, encourage youth in Taiwan to step onto the international stage, and nurture the future star in the international arenas. Furthermore, the Company also adopts internal actions to support cultural and art activities, promote the volunteer culture, and provide information and channels for all our fellow colleagues to participate in social welfare activities, so as to cultivate its premium corporate culture with our fellow colleagues showing gratitude and providing mutual help.

- Participated in the House of Dreams. Participated in activities such as “Open in house,” “year-end thanksgiving dinner,” and “Christmas charitable events for poverty.” The Company also actively contacts its employment service department and increases industry-academic cooperation or opportunities for internship and part-time jobs.
- Each December, our colleagues took the initiative to promote charitable fund-raising activity and invited all volunteers to support the activity. The volunteer club was responsible for the execution and donated the amount raised in Taipei and Taichung, respectively, to the Bail Ai-Hsin Home For Persons With Disabilities in New Taipei City, Happy Mount Colony in New Taipei City, and Taichung Nursery of XS Foundation nearby, and New Taipei City Purple Lotus Charitable Foundation continues the share the love and contributes to society.
- Joined TSIA. Sponsored the promotional fund and the “Biography of Sun Yun-Suan.” Since 2019, we have been organizing enterprise lectures at Tsing Hua University, Feng Chia University, and Taiwan University of Science and Technology to contribute to society and pass down our industrial experiences, and so far, ten lecture tours have been held.
- The Company sponsored the charitable event and provided 220 red envelopes at the year-end party of Zenan Homeless Social Welfare Foundation in 2020 to help those who are in need in our society.
- In 2020, we cooperated with partners in our alliance, GPM and GMM, to make a joint donation of NT\$1.5 million to the “Shu Ren Fund” of Tsing Hua University, totaling NT\$4.5 million. By doing so, we hope to retain talents in Taiwan and reinforce our local teacher resources and portfolio. In 2020 and 2023, we co-organized a summer robot camp with the DIT club of Tsing Hua University to implement the science popularization education.
- Continue its five-year plan to sponsor the baseball team of Chung-Ping Elementary School to promote quality baseball to help athletes in the next generation in terms of reinforcement in physics and skills and the virtue of character education and steadiness.
- We cooperated with GOLF to provide free online programs and diverse offline internship opportunities.
- Organized the cooperation ignition contract-signing ceremony with Ming Chi University of Technology to work together in releasing industry internship opportunities for joint research projects.
- Entered i-Hub of Feng Chia University and actively commenced industry-academic R&D projects for the purpose of establishing a semiconductor R&D center.
- Make contributions of NT\$1 million/year for a total of five years to the Department of Chemical Engineering of NTU for the renovation of old and obsolete department halls, to allow

the rebirth of old houses, and to continue to serve students on the campus.

- Joined hands with iCare to adopt six students at Lien Elementary School in West Africa and donated a relief of NT\$18,000 each year.
- Made a donation of NT\$0.7 million to the ESG World Citizens & Digital Governance Foundation to assist enterprises in Taiwan in connecting to the international ESG standards, improving the international awareness of ESG in Taiwan, and in turn, achieving the national and global harmony.
- C Sun Volunteer Club initiated a donation activity to deliver oxygen generators to the Taoyuan Branch and Wenshan Branch of Genesis Social Welfare Foundation, helping persons with PVS who need breathing apparatus.
- On Arbor Day in 2023, C Sun Volunteer Club organized the activity, “Donate Paper and Plant Trees to Care for the Environment,” to collect notebooks and logbooks that are not in use and provide them to students who need them as notebooks and calculation paper, or for other recycled use, through the matching service provided by the Center for Teacher Education, National Changhua University of Education.
- C Sun and Feng Chia University executed a team innovation incentive program, in which a development fund of NT\$5 million, for a term of five years, is provided to Feng Chia for research related to carbon-neutral investigations and energy-saving device development. By commencing building a team on campus, we hope to achieve the effect of net-zero emission by cultivating industrial talents through diverse, innovative activities.

VII. Significant Contracts: None.

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Consolidated Income Statements for the Latest Five Years:

(I) Condensed Balance Sheet – IFRSs - Consolidated

Unit: NT\$000'

Item \ Year		2019	2020	2021	2022	2023
Current assets		4,393,003	4,783,202	4,803,614	5,433,411	4,746,933
Property, plant and equipment		755,251	709,219	778,211	808,393	776,634
Intangible assets		54,474	51,373	46,376	51,599	47,144
Other assets		1,207,883	1,207,007	1,710,543	1,893,940	2,433,517
Total assets		6,410,611	6,750,801	7,338,744	8,187,343	8,004,228
Current liabilities	Before distribution	2,845,111	3,278,958	3,142,424	3,503,226	2,950,489
	After distribution	3,218,124	3,651,972	3,598,993	4,067,545	3,398,216
Non-current liabilities		915,180	789,351	1,146,558	1,206,303	1,639,160
Total liabilities	Before distribution	3,760,291	4,068,309	4,288,982	4,709,529	4,589,649
	After distribution	4,133,304	4,441,323	4,745,551	5,273,848	5,037,376
Interests attributable to the owner of the parent company		2,512,560	2,509,665	2,828,297	3,190,538	3,089,202
Share capital		1,492,055	1,492,055	1,521,897	1,567,553	1,567,553
Capital reserve		232,800	232,800	243,751	273,693	274,026
Retained earnings	Before distribution	798,152	890,688	1,134,149	1,378,781	1,312,925
	After distribution	425,139	487,832	691,923	814,462	865,198
Other interests		(10,447)	(105,878)	(29,523)	(29,489)	360,209
Treasury shares		--	--	(41,977)	--	(425,511)
Non-controlling interests		137,760	172,827	221,465	287,276	325,377
Total equity	Before distribution	2,650,320	2,682,492	3,049,762	3,477,814	3,414,579
	After distribution	2,277,307	2,309,478	2,593,193	2,913,495	2,966,852

Note 1: The above financial information was audited by CPAs.

Note 2: As of 31 March 2023, the Company had not conducted any asset re-valuation.

Note 3: Figures for the items of “After distribution” above were set out based on the resolution made at the shareholders’ meeting in the following year.

Condensed Balance Sheet – IFRSs - Individual

Unit: NT\$000'

Item \ Year		2023				
		2019	2020	2021	2022	2023
Current assets		2,372,453	2,210,805	2,120,046	2,559,332	2,151,999
Property, plant and equipment		486,108	467,424	558,486	579,343	569,866
Intangible assets		7,109	6,024	3,378	6644	3,754
Other assets		2,856,914	2,919,212	3,421,426	3,840,786	4,189,668
Total assets		5,722,584	5,603,465	6,103,336	6,986,105	6,915,287
Current liabilities	Before distribution	2,308,261	2,308,132	2,131,099	2,592,489	2,190,578
	After distribution	2,681,274	2,681,146	2,587,668	3,156,808	2,638,305
Non-current liabilities		901,763	785,668	1,143,940	1,203,078	1,635,507
Total liabilities	Before distribution	3,210,024	3,093,800	3,275,039	3,795,567	3,826,085
	After distribution	3,583,037	3,466,814	3,731,608	4,359,886	4,273,812
Interests attributable to the owner of the parent company		2,512,560	2,509,665	2,828,297	3,190,538	3,089,202
Share capital		1,492,055	1,492,055	1,521,897	1,567,553	1,567,553
Capital reserve		232,800	232,800	243,751	273,693	274,026
Retained earnings	Before distribution	798,152	890,688	1,134,149	1,378,781	1,312,925
	After distribution	425,139	487,832	631,923	814,462	865,198
Other interests		(10,447)	(105,878)	(29,523)	(29,489)	360,209
Treasury shares		--	--	(41,977)		(425,511)
Non-controlling interests		--	--	--	--	--
Total equity	Before distribution	2,512,560	2,509,665	2,828,297	3,190,838	3,089,202
	After distribution	2,139,547	2,136,651	2,371,728	2,626,519	2,641,475

Note 1: The above financial information was audited by CPAs.

Note 2: As of 31 March 2023, the Company had not conducted any asset re-valuation.

Note 3: Figures for the items of “After distribution” above were set out based on the resolution made at the shareholders’ meeting in the following year.

(II) Condensed Statement of Comprehensive Income – Adoption of IFRS - Consolidated

Unit: NT\$000'

(NT\$ for earnings per share)

Item \ Year	2019	2020	2021	2022	2023
Operating income	4,438,288	4,085,806	5,723,265	5,366,976	3,625,801
Operating gross profit	1,268,300	1,547,314	1,941,841	1,908,005	1,506,158
Operating profit or loss	314,114	530,508	740,116	729,833	402,656
Non-operating income and expenses	104,020	75,343	134,856	230,932	181,376
Net profit before tax	418,134	605,851	874,972	960,765	584,032
Net profit from continuing operations for the period	338,413	475,245	716,406	782,622	530,121
Losses from discontinued operations	-	-	-	-	-
Net profit for the period	338,413	475,245	716,406	782,622	530,121
Other comprehensive income for the period (net after tax)	(27,650)	(65,896)	87,852	29,228	396,705
Total comprehensive income for the period	310,763	409,349	804,258	811,850	926,826
Net profit attributable to the owner of the parent company	312,390	438,766	660,294	718,965	486,324
Net profit attributable to non-controlling interests	26,023	36,479	56,112	63,657	43,797
Total comprehensive income attributable to the owner of the parent company	290,089	370,118	748,656	746,039	888,725
Total comprehensive income attributable to non-controlling interests	20,674	39,231	55,602	65,811	38,101
Earnings per share	2.09	2.94	4.35	4.59	3.12

Note 1: The above financial information was audited by CPAs.

Condensed Statement of Comprehensive Income – Adoption of IFRS – Parent Company Only

Unit: NT\$000'

(NT\$ for earnings per share)

Item \ Year	2019	2020	2021	2022	2023
Operating income	2,945,096	2,497,069	3,381,533	3,017,502	1,892,397
Operating gross profit	713,184	895,597	1,049,661	981,133	765,164
Operating profit or loss	153,076	247,787	304,287	271,052	163,870
Non-operating income and expenses	219,474	268,993	445,909	571,530	338,379
Net profit before tax	372,550	516,780	750,196	542,582	502,249
Net profit from continuing operations for the period	312,390	438,766	660,294	718,965	486,324
Losses from discontinued operations	-	-	--		--
Net profit for the period	312,390	438,766	660,294	718,965	486,324
Other comprehensive income for the period (net after tax)	(22,301)	(68,648)	88,362	27,074	402,401
Total comprehensive income for the period	290,089	370,118	748,656	746,039	888,725
Net profit attributable to the owner of the parent company	312,390	438,766	660,294	718,965	486,324
Net profit attributable to non-controlling interests	-	-	-		--
Total comprehensive income attributable to the owner of the parent company	290,089	370,118	748,656	746,039	888,725
Total comprehensive income attributable to non-controlling interests	-	-	-		--
Earnings per share	2.09	2.94	4.35	4.59	3.12

Note 1: The above financial information was audited by CPAs.

(IV) Names and Audit Opinions of CPAs for the Latest Five Years

Year	CPAs	Audit opinion	CPAs' firm
2019	Li, Dian-Yi and Tseng, Guo-Hwa	Unqualified opinion	PwC (Taiwan)
2020	Li, Dian-Yi and Tseng, Guo-Hwa	Unqualified opinion	PwC (Taiwan)
2021	Li, Dian-Yi and Chiang, Tsai-Yen	Unqualified opinion	PwC (Taiwan)
2022	Li, Dian-Yi and Chiang, Tsai-Yen	Unqualified opinion	PwC (Taiwan)
2023	Li, Dian-Yi and Wu, Wei-Hao	Unqualified opinion	PwC (Taiwan)

II. Financial Analysis for the Latest Five Years

Financial Analysis – IFRSs (Consolidated)

Analysis item (Note 3)		Year (Note 1)	Financial analysis for the latest five years				
			2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio		58.66	60.26	58.44	57.52	57.34
	Ratio of long-term capital to property, plant and equipment		423.74	439.14	486.95	523.73	589.41
Solvency (%)	Current ratio		154.41	145.88	152.86	155.10	160.89
	Quick ratio		131.73	114.09	113.60	126.12	134.07
	Interest coverage ratio		1,227	3,561	5,390.36	3,184.91	1,832.47
Operating capacity	Turnover rate for receivables (time)		1.69	1.69	2.54	2.14	1.54
	Average number of days for cash collection		216	215.97	143.70	170.56	237.01
	Turnover rate for inventories (time)		2.62	2.12	2.78	2.53	1.85
	Turnover rate for payable (time)		3.25	2.57	3.70	3.93	2.61
	Average number of days for sales		139	172.16	131.29	144.26	197.29
	Turnover rate for property, plant and equipment (times)		5.88	5.76	7.35	6.64	4.67
	Turnover rate for total assets (times)		0.69	0.61	0.78	0.66	0.45
Profitability	Return on assets (%)		5.41	6.93	9.61	9.66	6.42
	Return on equity (%)		11.64	16.46	23.04	22.03	14.11
	Ratio of net profit before tax to paid-up capital (%)		28.02	40.61	57.49	61.29	37.26
	Profit margin (%)		7.04	10.74	11.54	13.40	13.41
	Earnings per share (NT\$)		2.09	2.94	4.35	4.59	3.12
Cash flows	Cash flow ratio (%)		14.25	44.33	12.36	17.47	33.49
	Cash flow adequacy ratio (%)		154.77	184.92	117.44	122.55	125.95
	Cash reinvestment ratio (%)		0.82	27.00	0.34	3.09	7.94
Leverage	Operating leverage		1.33	1.19	1.11	1.11	1.20
	Financial leverage		1.13	1.03	1.02	1.04	1.09

Please explain the reasons for variations in financial ratios for the latest two years. (analysis may be exempted for items with variation less than 20%)

1. Solvency:

— Decrease in interest coverage ratio: Primarily due to the decrease in the operating profits in 2023.

2. Operation capacity:

—Decrease in turnover rate: due to the decrease in both operating revenue and operating costs in 2023.

3.Profitability:

—Decrease in all ratios: due to decrease in both operating profit, pre-tax income and net income caused by decreasing operating revenue in 2023.

4.Cash flow:

—Increase in the ratios: Due to the increase in net cash inflow from operating activities in 2023.

Note 1: The above financial information was audited by CPAs.

Financial Analysis – IFRSs (Individual)

Analysis item (Note 3) \ Year (Note 1)		Financial analysis for the latest five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	56.09	55.21	53.66	54.33	55.33
	Ratio of long-term capital to property, plant and equipment	630.02	629.34	638.88	681.21	746.18
Solvency (%)	Current ratio	102.78	95.78	99.48	98.72	98.24
	Quick ratio	86.77	69.96	73.56	79.19	75.36
	Interest coverage ratio	1,158	3,193	4,652.71	2824.33	1595.90
Operating capacity	Turnover rate for receivables (time)	1.61	1.65	2.87	2.31	1.54
	Average number of days for cash collection	227	221.21	127.17	158.00	237.01
	Turnover rate for inventories (time)	2.85	2.07	3.17	2.88	1.63
	Turnover rate for payable (time)	3.10	2.46	3.46	3.49	2.22
	Average number of days for sales	128	176.32	115.14	126.73	223.92
	Turnover rate for property, plant and equipment (times)	6.06	5.34	6.05	5.21	3.32
	Turnover rate for total assets (times)	0.51	0.45	0.55	0.43	0.27
Profitability	Return on assets (%)	6.02	8.04	11.56	11.46	7.48
	Return on equity (%)	12.23	17.47	24.74	23.89	15.49
	Ratio of net profit before tax to paid-up capital (%)	24.97	34.64	49.29	53.75	32.04
	Profit margin (%)	10.61	17.57	19.53	23.83	25.70
	Earnings per share (NT\$)	2.09	2.94	4.35	4.59	3.12
Cash flows	Cash flow ratio (%)	6.69	44.86	15.64	2.39	21.87
	Cash flow adequacy ratio (%)	123.12	155.53	125.63	80.02	79.85
	Cash reinvestment ratio (%)	-6.28	19.14	-0.98	-8.91	-1.80
Leverage	Operating leverage	1.25	1.16	1.21	1.07	1.35
	Financial leverage	1.3	1.07	1.06	1.13	1.26

Please explain the reasons for variations in financial ratios for the latest two years. (analysis may be exempted for items with variation less than 20%)

1. Solvency:

— Decrease in interest coverage ratio: Primarily due to the increase in the operating profits for 2022.

2. Operating capacity:

— Operation capacity:

— Decrease in turnover rate: due to the decrease in both operating revenue and operating costs in 2023.

3. Profitability:

— Decrease in all ratios: due to decrease in both operating profit, pre-tax income and net income caused by decreasing operating revenue in 2023.

4. Cash flows:

— Increase in the ratios: Primarily due to the increase in net cash inflows from operating activities in 2023.

5. Leverage:

— Increase in operating leverage: due to decrease of net operating profit in 2023.

Note 1: The above financial information was audited by CPAs.

The calculation formulas are as follows:

1 Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to fixed assets = (Net shareholders' equity + Long-term liabilities)/Net fixed assets.

2. Solvency

(1) Current ratio = Current assets/Current Liabilities.

(2) Quick ratio = (Current assets - Inventories - Prepayment)/Current liabilities.

(3) Interest coverage ratio = Earnings before income tax and interest/Interest expenses for the period.

3. Operating capacity

(1) Turnover rate for receivables (including account receivable and notes receivable arising from operations) = Net sales/Average balance of receivables (including account receivable and notes receivable arising from operations) for each period.

(2) Average number of days for cash collection = 365/Turnover rate for receivables.

(3) Turnover rate for inventories = Cost of sales/Average Inventories.

(4) Turnover rate for payable (including account payable and notes payable arising from operations) = Cost of sales/Average balance of payables (including account payable and notes payable arising from operations) for each period.

(5) Average number of days for sales = 365/Turnover rate for inventories.

(6) Turnover rate for fixed assets = Net sales/Average net fixed assets.

(7) Turnover rate for total assets = Net sales/Average total assets.

4. Profitability

(1) Return on assets = [Gains or losses after tax + Interest expenses x (1 - Tax rate)]/Average total assets.

(2) Return on shareholders' equity = Gains or losses after tax/Average net shareholders' equity.

(3) Profit margin = Gains or losses after tax/Net sales.

(4) Earnings per share = (Net profit after tax - Preferential share dividends)/Weighted average number of shares issued.

5. Cash flows

(1) Cash flow ratio = Cash flow from operating activities/Current liabilities.

(2) Net cash flow adequacy ratio = Cash generated from operating activities for the latest five years/(Capital expenditure + Increase in inventories + cash dividends) for the latest five years.

(3) Cash reinvestment ratio = (Net cash flows from operating activities - Cash dividends)/(Gross amount of fixed assets + Long-term investment + Other assets + Working capital).

6. Leverage:

(1) Operating leverage = (Net operating income - Variable operating costs and expenses)/Operating gains.

(2) Financial leverage = Operating gains/(Operating gains - interest expenses).

III.Evaluation Basis and Foundation for the Provision Method for the Items of Assets and Liabilities Evaluation

1. The allowance for bad debt is provided based on the evaluation of the recovery possibility of receivables. The Company regularly evaluates the recovery possibility of account receivables based on factors such as the aging analysis of account receivables, credit ratings, and the economic environment of customers.

The Company evaluates the indication of impairment for account receivables on each balance sheet date. Where there is objective evidence indicating that the estimated future cash flows of account receivables may be affected by single or multiple events that occurred after the initial recognition of account receivables, such account receivables are deemed as impaired. Objective impairment evident may include:

- (1) Debtors have significant financial difficulties; or
- (2) Overdue account receivables; or
- (3) Debtors are likely to close down or carry out other financial restructure.

For certain receivables with no impairment after individual evaluation, the Company evaluates impairment on a mixed basis. The objective impairment evidence of the receivable mix may include the past collection experiences of the Company and the increase in the delay in payment for the mix, and other observable changes in the national or regional economic development related to the default of the account receivable.

The amount of impairment loss recognized shall be the present value of the differences between the asset's carrying amount and the expected future cash flows (reflected the effects of collateral or guarantee) realized by using the initial effective interest rate of the account receivables. The carrying amount of account receivables is a downward adjustment based on the allowance evaluation items. When receivables are deemed as not recoverable, write off the allowance evaluation items. Amounts initially written off and subsequently be recovered shall be the credit allowance evaluation item. The changes in the carrying amount of allowance evaluation items are recognized as bad debt losses.

2. Inventories shall be the lower of costs or net realizable value. Individual items shall be the basis for comparing costs and net realizable value, except for inventories of the same category.

IV. Audit Committee's Review Report

Audit Committee's Review Report

The Board has prepared and submitted the business report, financial statements (including individual and consolidated financial statements), and the proposal of earning distribution for 2023. The financial statements (including individual and consolidated financial statements) had been duly audited by CPAs LI, DIAN-YI and WU, WEI-HAO from PwC (Taiwan) appointed by the Board of Directors, and they have issued an audit report with an unqualified opinion. The said business report, financial statements, and the proposal of earning distribution had been reviewed by the Audit Committee and we considered that they are in compliance with the Company Act and relevant laws and regulations. Therefore, the Audit Committee's report is hereby prepared in accordance with Article 14-4 and Article 219 of the Company Act. Submitted for your review.

To

2024 shareholders' meeting of the Company

C Sun MFG. Ltd.

Convener of the Audit Committee Chu, Zhi-Yuan

5 March 2024

V. Consolidated Statements and Independent Auditor's Report for the Latest Year:

Pages 139 to 218

VI. Parent Company Only Financial Statements and the Auditor's Report for the Latest Year:

Pages 219 to 289

VII. Financial Difficulty Incurred to the Company and Its Affiliates for the Latest Year and as of the Date of Publishing the Annual Report, and Their Effects on the Financial Condition of the Company: None.

Chapter 7. Review and Analysis on the Financial Position and Operating Results and Risk Management

I. Financial Position Analysis

Unit: NT\$000'

Item \ Year	2023	2022	Differences	
			Amount	%
Current assts	4,746,933	5,433,411	(686,478)	(13)
Property, plant and equipment	776,634	808,393	(31,759)	(4)
Other assets	2,480,661	1,945,539	535,122	28
Total assets	8,004,228	8,187,343	(183,115)	(2)
Current liabilities	2,950,489	3,503,226	(552,737)	(16)
Long-term liabilities	1,639,160	1,206,303	432,857	36
Total liabilities	4,589,649	4,709,529	(119,880)	(3)
Share capital	1,567,553	1,567,553	-	-
Capital reserve	274,026	273,693	333	-
Retained earnings	1,312,925	1,378,781	(65,856)	(5)
Other interests	360,209	(29,489)	389,698	1,322
Treasury shares	(425,511)	-	(425,511)	100
Total shareholders' equity	3,414,579	3,477,814	(63,235)	(2)
Analysis and explanations on the variation ratios for the latest two years:				
1.Increase in other assets: due to increase in financial assets measured at amortized cost - non-current and investments using the equity method.				
2.Increase in long-term liability: due to increase of long-term borrowings.				
3.Increase in other equities: due to increase in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income.				
4.Increase in treasury shares: due to new repurchased company shares in this period.				

II. Operating Result Analysis

(I) Table of Operating Result Comparison and Analysis

Unit: NT\$000'

Item \ Year	2023	2022	Increase (decrease)	Variation ratio
			in amount	(%)
Net operating income	3,625,801	5,366,976	(1,741,175)	(32)
Operating costs	(2,119,643)	(3,458,971)	1,339,328	(39)
Operating expenses	(1,103,502)	(1,178,172)	74,670	(6)
Operating gains	402,656	729,833	(327,177)	(45)
Non-operating gains or losses	181,376	230,932	(49,556)	(21)
Net profit before tax	584,032	960,765	(376,733)	(39)
Income tax expenses	(53,911)	(178,143)	124,232	(70)
Net profit for the period	530,121	782,622	(252,501)	(32)
Analysis and explanations of the variation in ratios for the latest two years:				
1.Increase in non-operating gains or losses: due to decrease in gain on currency exchange, gain on financial assets at fair value through profit or loss, and share of profit (loss) of associates and joint ventures accounted for using equity method.				
2.Decrease in other items: due to decrease in both operating profit, pre-tax income and net income caused by decreasing operating revenue in 2023; decrease in income tax expense is due to the Wat Sun's liquidated and recognized investment losses are realized				

(II) Expected Sales Volume and Its Basis

With crucial core technologies, the Company expands its product portfolio, and establishes the annual sales target with considerations given to the planning for each business segment based on its past operating performance.

(III) Potential Effects on the Company's Financial Operations in the Future and Countermeasures

The Company will reinforce its product portfolio, expands its market share, and improve Company's profitability according to the future changes in the industry. Our business is likely to record a continual grow in the future, and our financial position is healthy.

III. Cash Flows

Table of Review and Analysis on Cash Flows

Analysis on Cash Flows

Unit: NT\$000'

Cash balances at the beginning of the year ①	Net cash flows from operating activities throughout the year ②	Net cash flows from investing and financing activities throughout the year ③	Remaining amount in cash ①+②+③	Remedial measures for the estimated cash insufficiency	
				Investment plan	Financing plan
1,371,810	988,088	(927,349)	1,432,549	-	-

(I) Analysis on the variation of cash flows for 2023:

The Company recorded a net cash increase of NT\$60,739thousand in 2023 as compared with 2022; the variation of cash flows from operating activities is as follows:

- (1) Increase in net inflow from operating activities of NT\$376,117thousand.
- (2) Increase in net outflow from investing activities of NT\$149,396thousand.
- (3) Increase in net outflow from financing activities of NT\$433,340thousand.

(II) Analysis of the liquidity of cash flows for the latest two years

Year Item	2023	2022	Increase (decrease) ratio
Cash flow ratio	33.49%	17.47%	92%
Cash flow adequacy ratio	125.95%	122.55%	3%
Cash reinvestment ratio	7.94%	3.09%	157%
Analysis and explanations of the variation in ratios:			
1. Analysis and explanations of the variation in ratios: Primarily due to the increase in net cash inflows from operating activities in 2023.			
2. Improvement plan for insufficient liquidity: Not applicable.			

(III) Analysis of the liquidity of cash flows for the following year

Unit: NT\$

Cash balances at the beginning of the year ①	Estimated net cash flows from operating activities throughout the year ②	Net cash flows from investing and financing activities throughout the year ③	Estimated remaining amount in cash ①+②+③	Remedial measures for the estimated cash insufficiency	
				Investment plan	Investment plan
1,432,549	484,220	(677,474)	1,239,295	-	-

IV. Effects of Significant Capital Expenditures on the Financial Operations for the Latest Year: Not applicable.

V. Investment Policy, Its Major Reasons of Profit or Loss, Improvement Plan for the Latest Year, and the Investment Plan for the Following Year

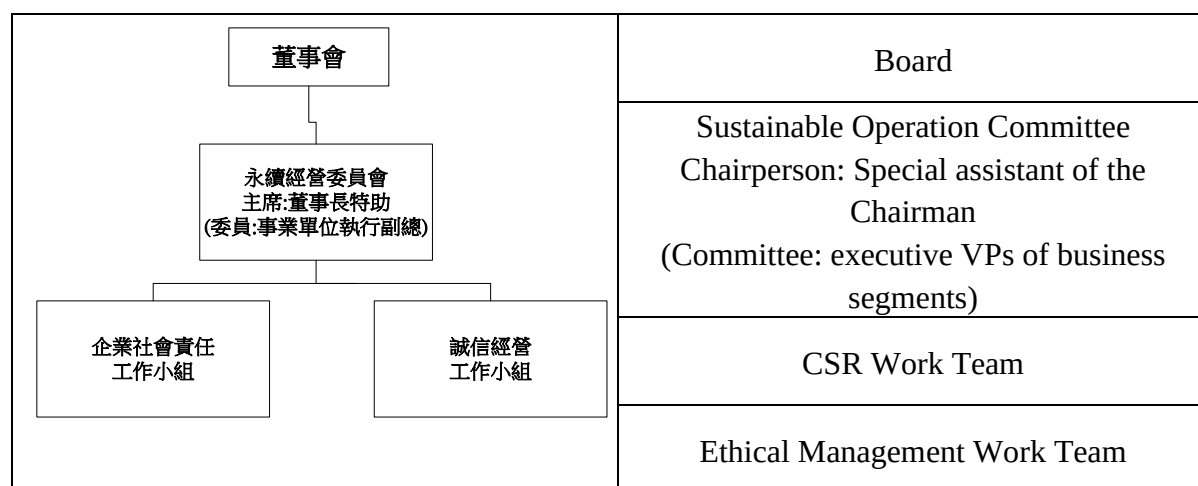
Item Explanation	Amount (Note)	Policy	Major reasons for profit or loss	Improvement Plan	Other future investment plans
C SUN(B.V.I.)	NT\$226,960thousand	Focus on the Chinese market and establish strategic alliance relations.	Primarily derived from C Sun's subsidiaries - C-sun Technology (Guangzhou) Co., Ltd. - Suzhou Top Creation Machines Co., Ltd.	None	Subject to the capital requirements of the target company of the investment

Note: The above investment is an investment with an amount exceeding 5% of the Company's paid-up capital for the year.

VI. Risk Management and Evaluation

(I) Organizational structure of risk management:

To improve CSR and allow the Company's sustainable operations and development, the Company established its Corporate Sustainability Committee in 2017 to be responsible for matters related to CSR, corporate governance, and ethical management. The Committee reports to the Board regarding the execution status and results annually. The organizational chart of the Company's Sustainability Committee is as follows:



(II) Effects of changes in interest rates and currency rates and inflation on the Company's profit or loss and future countermeasures:

1. Changes in interest rates:

The Company regularly evaluates borrowing interest rates of banks and frequently contacts banks to acquire preferential borrowing interest rates.

Item	Amount for 2023 (NT\$000')	Ratio to the operating income for 2023 (%)
Interest expenses	33,711	0.93%

2. Changes in currency rates:

Regarding the countermeasures, the Company estimates its future cash flows and pre-sale/purchase forward currencies or directly sells/purchases foreign currencies in the spot market for the net positions for hedging.

3. Inflation:

Inflation has no significant effect on the Company. Furthermore, the quotation provided by the Company to customers and suppliers is mostly subject to flexible adjustments due to the market; therefore, it imposes limited effects on the Company's profit or loss. The Company keeps abreast of the volatility of market prices. At present, there is no immediate significant effect arising from inflation.

(III) Policies for engaging in high-risk or high-leverage investments, loans to others, endorsement and guarantee, and derivative transactions, primary reasons for gains or losses, and future countermeasures:

1. The Company made investments after due evaluations. Furthermore, the investments are subject to the approval authorization set out in the "Procedures for the Acquisition and Disposal of Assets." The Company has not engaged in matters of high-risk or high-leverage investments. For 2022, the company had not engaged in any high-risk or high-leverage investment, and the investment projects were duly evaluated and submitted to the Board for passing.
2. Targets for loans and endorsement and guarantee are primarily subsidiaries and sub-subsidiaries of the Company, and such matters shall be subject to the requirements under the Company's "Procedures for Loans to Others" and "Procedures for Endorsement and Guarantee."
3. The engagement in derivative transactions shall be subject to the requirements under the Company's "Procedures for Engaging in Derivative Transactions." The Company purchase and sells forward currency contracts to avoid the risk of currency changes for liabilities denominated in foreign currencies and had not engaged in derivatives for investment purposes.

(IV) Future R&D plans and R&D expenses estimated to be invested:

For details on R&D status, please refer to "3. Technology and R&D Overview, I. Scope of Business, Chapter 5. Business Overview", It is estimated that the R&D expenses of the Company for 2024 shall be NT\$347,645 thousand. The primary factors affecting the success of R&D in the future are the capacity of our R&D team and our understanding of market information. As the Company has established its Technology Committee to be responsible for

coordinating the R&D strategies of the Company's future products and the constant improvements of R&D staff's quality in recent years, new product development associated with the future industrial changes would continue to be developed.

- (V) Effects of changes in domestic and foreign significant policies and laws on the Company's financial operations and countermeasures:

The Company complies with the amendments to significant policies and laws related to corporate governance, the Company Act, the Securities Exchange Act made by competent authorities. Furthermore, the Company's management observes and attaches attention to changes in domestic and foreign significant policies and laws at all times and actively proposes countermeasures in due course; therefore, there is no significant effect on the Company's financial operations.

- (VI) Effects of changes in technologies and industries on the Company's financial operations and countermeasures:

In recent years, the Company has been actively participated in the Science and Technology R&D Project by the Ministry of Economic Affairs, committed to the R&D and innovation of high-end technologies, and kept abreast the industry development at all times; therefore, there is no significant effect on the Company's financial operations.

- (VII) Effects of changes in the corporate image on the Company's crisis management and countermeasures:

The Company has adhered to the ethical operating principles and its participation in social responsibilities. It has maintained a healthy corporate image and risk control for years; currently, there is no foreseeable possibility of crisis.

At present, C Sun MFG. is listed on TWSE that is supervised by the competent authority, and the Company strictly adheres to laws and regulations; therefore, the Company possesses a healthy corporate image.

- (VIII) Expected benefits and possible risks arising from mergers and acquisitions and countermeasures: As of the date of publishing the Annual Report, the Company had no merger plan.

- (IX) Expected benefits and possible risks associated with plant expansions and countermeasures:

In response to the future development of the industry, the Company had purchased a piece of land in East China and set up a plant to replace the plant that we rented for a long time. The Company had made plans and control on capital requirements and utilization; upon evaluation, there shall be insignificant risks.

- (X) Risks arising from concentrate sales or purchases and countermeasures:

The scope of industries that the Company makes sales include electronics, semiconductor, LCD, PCB, and printing and coating industries. Except for continuing to focus on our existing customers, the Company also actively explores new customers.

- (XI) Effects of significant transfers of or changes in equity by Directors or top ten major shareholders with over 10% shareholding on the Company, risks, and countermeasures: :

As of the date of publishing the Annual Report, there are no such circumstances.

- (XII) Effects of changes in the ownership on the Company, risks, and countermeasures:

So far, there is no significant change in the ownership of the Company.

- (XIII) Processing status of litigation or non-litigation: As of the date of publishing the Annual Report, there are no such circumstances.
- (XIV) Evaluation and analysis on information security risk and countermeasures and matters of significant risk evaluations: Please refer to “VI. Cyber Security Management, Chapter 5. Business Overview” in this Annual Report.
- (XV) Other significant risks and countermeasures: As of the date of publishing the Annual Report, there are no such circumstances.

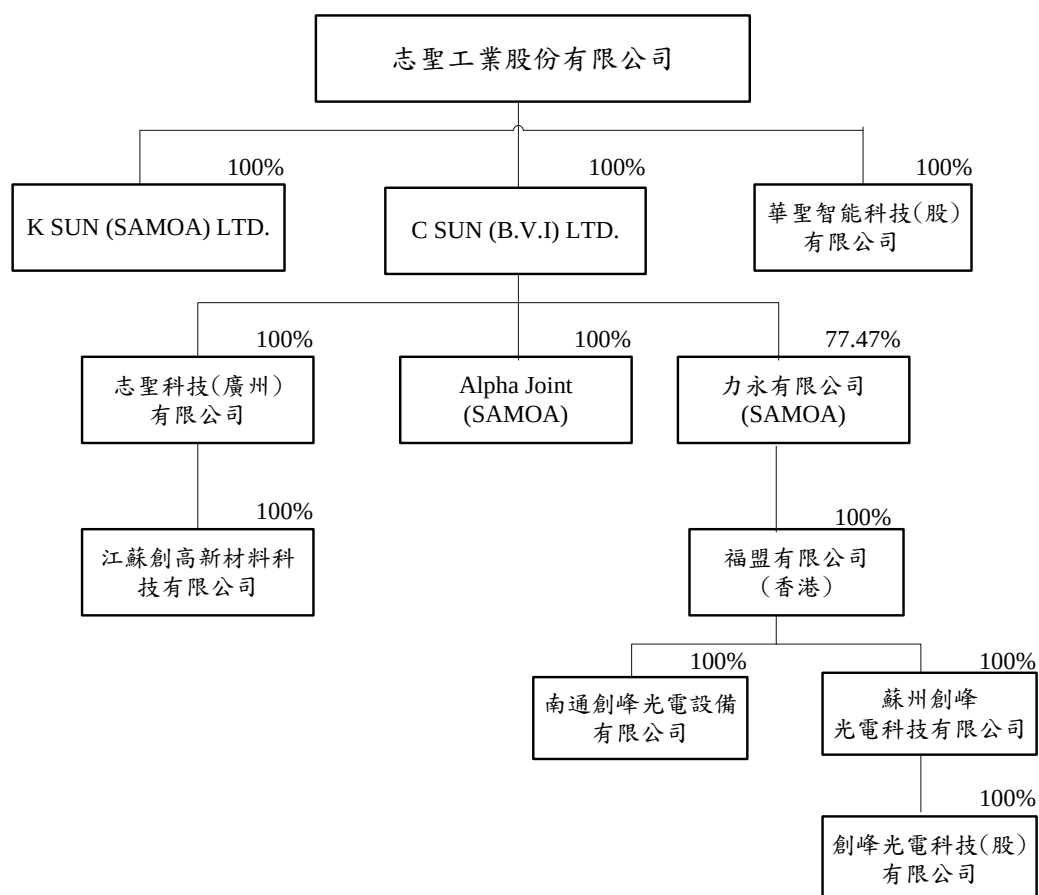
VII. Other significant risks and countermeasures: As of the date of publishing the Annual Report, there are no such circumstances.

Chapter 8. Additional Information

I. Information Related to Affiliates

(I) Consolidated Business Report of Affiliates

1. Organizational Chart of Affiliates:



C Sun MFG. Ltd.			
		Wat Sun. Intelligent Technology Co., Ltd	
Csun Technology (Guangzhou) Co., Ltd.		Power Ever Enterprises Limited	
Jiangsu Hi-tech Material Co., Ltd.		Good Team International Enterprise Limited (Hong Kong)	
		Nantong Top Creation Machines Co., Ltd.	Suzhou Top Creation Machines Co., Ltd.
			Top Creation Machines Co., Ltd.

2. Basic Information of Affiliates:

31 December 2023

Unit: NT\$

Name of enterprises	Date of establishment (Note)	Address	Paid-up capital	Primary scope of business or products
CSUN(B.V.I.) LTD.	November 1996 (the Company invested in September 1997)	British Virgin Islands	USD18,081,762	Holding company
K SUN (SAMOA) LTD.	June 2000	SAMOA	USD2,312,160	Investment company
Csun Technology (Guangzhou) Co., Ltd.	April 1994 (the Company invested in October 1997)	Huadu City Shiling Town Industrial Zone II (花都市獅嶺鎮第二工業區)	USD19,210,000	Production, assembly, sales, and processing of drying and exposure equipment.
Alpha Joint (SAMOA)	June 2005	SAMOA	USD580,000	Holding company
Power Ever Enterprises Limited	February 2007	SAMOA	USD5,910,000	Holding company
Good Team International Enterprise Limited (Hong Kong)	February 2007	Hong Kong	USD6,000,000	Holding company
Suzhou Top Creation Machines Co., Ltd.	16 August 2007	Suzhou	USD5,500,000	Design, production, and sales of PCB, FPD, semiconductors, PV industry equipment, and relevant parts and components
Nantong Top Creation Machines Co., Ltd.	19 January 2022	Nantong High Technology Zone	USD 10,000,000	Design and production of printed circuit boards, flat panel displays, and semiconductors and sales of dedicated equipment in the field solar industry and related spare parts
Top Creation Machines Co., Ltd.	26 July 2013	No.3, Aly. 51, Ln. 118, Shuanglian Sec. 2, Minzu Rd., Pingzhen Dist., Taoyuan City, Taiwan (R.O.C.)	NTD7,500,000	Installation and wholesale of machines, retail sales of electric supplies, and wholesale of electronic materials.
Wat Sun. Intelligent Technology Co., Ltd.	26 July 2002	No.4, Gong 5th Rd., Gong 2nd Industrial Park, Linkou Dist., New Taipei City, Taiwan (R.O.C.)	NTD700,000,000	Machinery and equipment manufacturing
Jiangsu Hi-tech Material Co., Ltd.	20 June 2014	Kunshan City	RMB41,000,000	R&D and production of high-tech materials, intelligence toys, and toy balloons, development and application of computer software, and manufacturing of molds and precision machines.

Note:

1. Date.

2. Industries covered by the overall scope of business of affiliates: Please see the above.

3. Information on Directors, Supervisors, and General Managers of Affiliates:

31 December 2023

Name of enterprises	Title	Name or representative	Shares held	
			Number of shares	Shareholding
C SUN (B.V.I.) LTD	Director	Morrison Liang	C Sun Company holds 11,593,750 shares	100%
K SUN(SAMOA) LTD	Director	Liang, You-Wen	C Sun Company holds 2,312,160 shares	100%
Csun Technology (Guangzhou) Co., Ltd.	Director Director Director Director Supervisor	Morrison Liang Liang, Mao-Chung Liang, You-Wen Wang, Jian-Hong Chen, Ching-Hsiung Liang, You-Feng	—	100%
Alpha Joint (SAMOA)	Director	Morrison Liang	C Sun Group holds 580,000 shares	100%
Power Ever Enterprises Limited	Director	Liang, You-Wen	C Sun Group holds 4,770,261 shares	77.47%
Good Team International Enterprise Limited (Hong Kong)	Director	Liang, You-Wen	Power Ever holds 6,000,000 shares	100%
Suzhou Top Creation Machines Co., Ltd.	Director	Liang, You-Wen	—	100%
Nantong Top Creation Machines Co., Ltd.	Director Director Director Director	Lin, Tsung-Yen Liang, You-Wen Hsu, Yung-Tao Liang, Ming-Kai	—	100%
Top Creation Machines Co., Ltd.	Director Director Director Supervisor	Liang, You-Wen Morrison Liang Liang, Ming-Kai Chang, Chiung-Yao	C Sun Group holds 750,000 shares	100%
Jiangsu Hi-tech Material Co., Ltd.	Director	Liang, Mao-Chung	—	100%
Wat Sun. Intelligent Technology Co., Ltd.	Director	Liang, You-Wen	C Sun Company holds 70,000,000 shares	100%

4.Business Overview for Affiliates:

31 December 2023

Unit: NT\$000'

Name of enterprises	Capital	Total assets	Total liabilities	Net value	Operating income	Operating gains	Profit or loss for the period (after tax)	Earnings per share (NT\$) (after tax)
C SUN (B.V.I.) LTD	555,201	2,430,874	9,976	2,420,898	-	(101)	226,960	-
K SUN (SAMOA) LTD	70,995	22,566	-	22,566	-	(287)	385	-
C-sun Technology (Guangzhou) Co., Ltd.	589,843	1,441,194	298,764	1,142,431	839,500	33,687	68,663	-
Alpha Joint Ltd.	17,809	89,215	-	89,215	-	(42)	5,909	-
Power Ever Enterprises Limited	181,467	1,493,735	49,290	1,444,445	23,347	(31,329)	194,426	-
Good Team International Enterprise Limited (Hong Kong)	184,230	1,475,154	-	1,475,154	-	(115)	228,648	-
Suzhou Top Creation Machines Co., Ltd.	168,878	1,669,616	536,255	1,133,361	1,141,319	212,421	216,578	-
Nantong Top Creation Machines Co., Ltd.	307,050	342,140	535	341,605	107,782	17,465	12,184	-
Top Creation Machines Co., Ltd.	7,500	1,469	1,287	182	-	(2,845)	-2,523	-
Jiangsu Hi-tech Material Co., Ltd.	177,407	184,370	829	183,541	15,604	4,001	4,018	-

Note:

Currency rate for the translation of USD to NTD: 1: 30.705 on 29 December 2023; the average currency rate for 2023 was 1:31.155.

Currency rate for the translation of RMB to NTD: 1: 4.327 on 29 December 2023; the average currency rate for 2023 was 1:4.395.

Currency rate for the translation of RMB to USD: 1: 7.0827 on 29 December 2023; the average currency rate for 2022 was 1:7.0422.

(II) Consolidated Financial Statements of Affiliates:

Statement

Companies to be included in the preparation of the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and companies to be included in the consolidated financial statements of the parent company and its subsidiaries under IFRS 10 of the Company for 2023 (from 1 January 2023 to the year ended 31 December 2023) are identical; relevant information to be disclosed in the consolidated financial statements of affiliates is disclosed in the above consolidated financial statements of the parent company and its subsidiaries; therefore, no consolidated financial statements of affiliates is otherwise prepared.

The statement is hereby provided.

Name of the Company: C Sun MFG. Ltd.

Representative: Morrison Liang

5 March 2024

(III) Relationship Report: Not applicable.

II. Private Offering for the Latest Year and as of the Date of Publishing the Annual Report: None.

III. Shares of the Company Held by or Disposed of by Subsidiaries for the Latest Year and as of the Date of Publishing the Annual Report: None.

IV. Other Matters of Supplements and Explanations Required: None.

Chapter 9. Matters Having Significant Effects on Shareholder's Interests or Securities' Price Stated in Subparagraph 2, Paragraph 2 under Article 36 of the Securities Exchange Act for the Latest Year and as of the Date of Publishing the Annual Report: None.

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022
(Stock Code : 2467)

C SUN MFG. LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standards 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

C SUN MFG. LTD.

March 5, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23000337

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Opinion

We have audited the accompanying consolidated balance sheets of C SUN MFG. LTD. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for opinion

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

appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Revenue recognition

Description

Refer to Notes 4(30) and 6(21) of the Group's 2023 consolidated financial statements for accounting policies on revenue recognition and the description of operating revenue, respectively.

The Group is primarily engaged in the manufacture and sale of related manufacturing equipment of printed circuit board and flat panel display. Main revenue recognition is based on customers' confirmation for acceptance. Since the timing of the transfer of risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the consolidated financial statements. Thus, revenue recognition has been identified as a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions including checking customer purchase orders and evidences of sales transactions.
4. Performed cut-off test on sales transactions for a specific period of time prior to and after the balance sheet date.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of C SUN MFG. LTD. as at and for the year ended December 31, 2023.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Li, Tien-Yi

Wu, Wei-Hao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

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

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,432,549	18	\$	1,371,810	17
1110	Financial assets at fair value through profit or loss - current	6(2)		5,310	-		206,181	2
1120	Current financial assets at fair value through other comprehensive income	6(3)		719,827	9		396,931	5
1150	Notes receivable, net	6(5)		78,841	1		113,124	1
1170	Accounts receivable, net	6(5)		1,667,438	21		2,314,127	28
1180	Accounts receivable - related parties	6(5) and 7		123	-		-	-
1200	Other receivables			51,578	-		15,960	-
130X	Inventories	6(6)		718,450	9		950,833	12
1410	Prepayments	7		64,347	1		58,554	1
1470	Other current assets			8,470	-		5,891	-
11XX	Current Assets			4,746,933	59		5,433,411	66
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		89,395	1		76,031	1
1535	Non-current financial assets at amortised cost, net	6(4)		692,055	9		388,555	5
1550	Investments accounted for under equity method	6(7)		1,377,818	17		1,198,348	15
1600	Property, plant and equipment	6(8) and 8		776,634	10		808,393	10
1755	Right-of-use assets	6(9)		68,301	1		73,010	1
1780	Intangible assets			47,144	1		51,599	1
1840	Deferred income tax assets	6(28)		162,291	2		124,493	1
1900	Other non-current assets	6(5)(15)		43,657	-		33,503	-
15XX	Non-current assets			3,257,295	41		2,753,932	34
1XXX	Total assets		\$	8,004,228	100	\$	8,187,343	100

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 730,000	9	\$ 695,000	9
2120	Current financial liabilities at fair value through profit or loss	6(12)	16,474	-	329	-
2130	Current contract liabilities	6(21)	352,454	5	669,327	8
2150	Notes payable		4,489	-	18,689	
2170	Accounts payable		771,216	10	803,317	10
2180	Accounts payable - related parties	7	7,433	-	21,755	1
2200	Other payables	6(13)	724,489	9	822,193	10
2230	Current income tax liabilities	6(28)	22,644	-	98,917	1
2280	Current lease liabilities	6(9)	13,694	-	14,032	-
2320	Long-term liabilities, current portion	6(14)	300,000	4	344,000	4
2399	Other current liabilities, others		7,596	-	15,667	-
21XX	Current Liabilities		2,950,489	37	3,503,226	43
Non-current liabilities						
2540	Long-term borrowings	6(14)	1,163,000	14	756,000	9
2570	Deferred income tax liabilities	6(28)	464,625	6	436,519	6
2580	Non-current lease liabilities	6(9)	9,412	-	11,624	-
2600	Other non-current liabilities		2,123	-	2,160	-
25XX	Non-current liabilities		1,639,160	20	1,206,303	15
2XXX	Total Liabilities		4,589,649	57	4,709,529	58
Equity attributable to owners of parent						
	Share capital	6(17)				
3110	Share capital - common stock		1,567,553	20	1,567,553	19
	Capital surplus	6(18)				
3200	Capital surplus		274,026	3	273,693	3
	Retained earnings	6(19)				
3310	Legal reserve		413,304	5	338,618	4
3320	Special reserve		51,901	1	51,901	1
3350	Unappropriated retained earnings		847,720	11	988,262	12
	Other equity interest	6(20)				
3400	Other equity interest		360,209	4	(29,489)	-
3500	Treasury shares	6(17)	(425,511)	(5)	-	-
31XX	Equity attributable to owners of the parent		3,089,202	39	3,190,538	39
36XX	Non-controlling interest		325,377	4	287,276	3
3XXX	Total equity		3,414,579	43	3,477,814	42
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 8,004,228	100	\$ 8,187,343	100

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7		\$ 3,625,801	100	\$ 5,366,976	100
5000 Operating costs	6(6)(26)(27) and 7		(2,119,643)	(59)	(3,458,971)	(64)
5900 Net operating margin			<u>1,506,158</u>	<u>41</u>	<u>1,908,005</u>	<u>36</u>
Operating expenses	6(26)(27)					
6100 Selling expenses			(423,666)	(12)	(484,725)	(9)
6200 General and administrative expenses			(338,124)	(9)	(356,432)	(7)
6300 Research and development expenses			(337,892)	(9)	(323,506)	(6)
6450 Expected credit losses	12(2)		(3,820)	-	(13,509)	-
6000 Total operating expenses			(1,103,502)	(30)	(1,178,172)	(22)
6900 Operating profit			<u>402,656</u>	<u>11</u>	<u>729,833</u>	<u>14</u>
Non-operating income and expenses						
7100 Interest income	6(22)		52,619	1	21,321	-
7010 Other income	6(23)		92,396	3	55,590	1
7020 Other gains and losses	6(24)		2,769	-	55,695	1
7050 Finance costs	6(25)		(33,711)	(1)	(31,144)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)		<u>67,303</u>	<u>2</u>	<u>129,470</u>	<u>2</u>
7000 Total non-operating income and expenses			<u>181,376</u>	<u>5</u>	<u>230,932</u>	<u>4</u>
7900 Profit before income tax			584,032	16	960,765	18
7950 Income tax expense	6(28)		(53,911)	(1)	(178,143)	(3)
8200 Profit for the year			<u>\$ 530,121</u>	<u>15</u>	<u>\$ 782,622</u>	<u>15</u>
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss	6(20)					
8311 Gains (losses) on remeasurements of defined benefit plans	6(15)		(\$ 138)	-	\$ 25,212	-
8316 Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	6(3)		256,449	7	(7,654)	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss			<u>182,913</u>	<u>5</u>	(21,638)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss			<u>439,224</u>	<u>12</u>	(4,080)	-
Components of other comprehensive income that will be reclassified to profit or loss	6(20)					
8361 Financial statements translation differences of foreign operations			(49,701)	(1)	36,116	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss			(1,641)	-	2,218	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)		<u>8,823</u>	<u>-</u>	(5,026)	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss			(42,519)	(1)	33,308	-
8300 Other comprehensive income for the year			<u>\$ 396,705</u>	<u>11</u>	<u>\$ 29,228</u>	-
8500 Total comprehensive income for the year			<u>\$ 926,826</u>	<u>26</u>	<u>\$ 811,850</u>	<u>15</u>
Profit attributable to:						
8610 Owners of the parent			\$ 486,324	14	\$ 718,965	14
8620 Non-controlling interest			43,797	1	63,657	1
Profit for the period			<u>\$ 530,121</u>	<u>15</u>	<u>\$ 782,622</u>	<u>15</u>
Comprehensive income attributable to:						
8710 Owners of the parent			\$ 888,725	25	\$ 746,039	14
8720 Non-controlling interest			38,101	1	65,811	1
Total comprehensive income for the period			<u>\$ 926,826</u>	<u>26</u>	<u>\$ 811,850</u>	<u>15</u>
Basic earnings per share	6(29)					
9750 Total basic earnings per share			<u>\$ 3.12</u>		<u>\$ 4.59</u>	
Diluted earnings per share	6(29)					
9850 Total diluted earnings per share			<u>\$ 3.12</u>		<u>\$ 4.58</u>	

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													
Retained earnings						Other equity interest							
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on remeasurements of defined benefit plan	Treasury shares	Total	Non-controlling interest	Total equity
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings								
<u>2022</u>													
Balance at January 1, 2022	\$ 1,521,897	\$ 243,751	\$ 273,986	\$ 105,878	\$ 754,285	(\$ 132,689)	\$ 102,636	\$ 530	(\$ 41,977)	\$ 2,828,297	\$ 221,465	\$ 3,049,762	
Profit for the year	-	-	-	-	718,965	-	-	-	-	718,965	63,657	782,622	
Other comprehensive income (loss) for the year	6(20) -	-	-	-	25,212	31,154	(29,292)	-	-	27,074	2,154	29,228	
Total comprehensive income (loss)	-	-	-	-	744,177	31,154	(29,292)	-	-	746,039	65,811	811,850	
Appropriation of 2021 earnings:	6(19)												
Legal reserve	-	-	64,632	-	(64,632)	-	-	-	-	-	-	-	
Special reserve	-	-	-	(53,977)	53,977	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(456,569)	-	-	-	-	(456,569)	-	(456,569)	
Stock dividends	45,656	-	-	-	(45,656)	-	-	-	-	-	-	-	
Disposal of equity instruments at fair value through other comprehensive income	6(20) -	-	-	-	1,828	-	(1,828)	-	-	-	-	-	
Changes in equity of associates accounted for using equity method	6(18) -	29,942	-	-	1,359	-	-	-	-	31,301	-	31,301	
Treasury stock transferred to employees	6(17) -	-	-	-	(507)	-	-	-	41,977	41,470	-	41,470	
Balance at December 31, 2022	<u>\$ 1,567,553</u>	<u>\$ 273,693</u>	<u>\$ 338,618</u>	<u>\$ 51,901</u>	<u>\$ 988,262</u>	<u>(\$ 101,535)</u>	<u>\$ 71,516</u>	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ 3,190,538</u>	<u>\$ 287,276</u>	<u>\$ 3,477,814</u>	
<u>2023</u>													
Balance at January 1, 2023	\$ 1,567,553	\$ 273,693	\$ 338,618	\$ 51,901	\$ 988,262	(\$ 101,535)	\$ 71,516	\$ 530	\$ -	\$ 3,190,538	\$ 287,276	\$ 3,477,814	
Profit for the year	-	-	-	-	486,324	-	-	-	-	486,324	43,797	530,121	
Other comprehensive income (loss) for the year	6(20) -	-	-	-	(138)	(36,823)	439,362	-	-	402,401	(5,696)	396,705	
Total comprehensive income (loss)	-	-	-	-	486,186	(36,823)	439,362	-	-	888,725	38,101	926,826	
Appropriation of 2022 earnings:	6(19)												
Legal reserve	-	-	74,686	-	(74,686)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(564,319)	-	-	-	-	(564,319)	-	(564,319)	
Disposal of equity instruments at fair value through other comprehensive income	6(20) -	-	-	-	12,841	-	(12,841)	-	-	-	-	-	
Changes in equity of associates accounted for using equity method	6(18) -	333	-	-	(564)	-	-	-	-	(231)	-	(231)	
Stock repurchase	6(17) -	-	-	-	-	-	-	-	(425,511)	(425,511)	-	(425,511)	
Balance at December 31, 2023	<u>\$ 1,567,553</u>	<u>\$ 274,026</u>	<u>\$ 413,304</u>	<u>\$ 51,901</u>	<u>\$ 847,720</u>	<u>(\$ 138,358)</u>	<u>\$ 498,037</u>	<u>\$ 530</u>	<u>(\$ 425,511)</u>	<u>\$ 3,089,202</u>	<u>\$ 325,377</u>	<u>\$ 3,414,579</u>	

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 584,032	\$ 960,765
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	73,272	74,192
Amortization	6(26)	5,419	6,242
Expected credit impairment loss	12(2)	3,820	13,509
Net gain on financial assets or liabilities at fair value through profit or loss	6(24)	12,884 (	24,625)
Interest expense	6(25)	33,711	31,144
Interest income	6(22)	(52,619) (	21,321)
Dividend income	6(23)	(44,860) (	32,830)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(67,303) (	129,470)
(Gain) loss on disposal of property, plant and equipment, net	6(24)	(38) (	395)
Loss on disposal of intangible assets	6(24)	617	-
Gains on disposals of investments	6(24)	(1,832) (	815)
Impairment loss from non – financial assets		1,327	1,330
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		206,467 (	93,871)
Notes receivable		33,295	14,097
Accounts receivable		627,528 (	391,871)
Accounts receivable-related parties	(	123)	436
Other receivables	(	5,172)	2,228
Inventories		227,613	212,345
Prepayments	(	2,129)	16,569
Other current assets	(	2,579)	1,961
Other non-current assets		1,227	42,530
Accrued pension assets	(	5,335)	-
Changes in operating liabilities			
Contract liabilities	(	315,025)	142,135
Notes payable	(	14,200) (	21,815)
Accounts payable	(	33,574) (	86,426)
Accounts payable-related parties	(	13,327) (	9,230)
Other payables	(	91,235)	28,249
Other current liabilities	(	7,982)	861
Accrued pension liabilities		-	(8,826)
Cash inflow generated from operations		1,153,879	727,098
Interest paid	(	35,746) (	20,925)
Income tax paid	(	130,045) (	94,202)
Net cash flows from operating activities		988,088	611,971

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 152,125)	(\$ 62,110)
Proceeds from disposal of financial assets at fair value through other comprehensive income		70,214	16,621
Capital reduction of financial assets at fair value through other comprehensive income		2,100	2,124
Acquisition of financial assets at amortised cost		(313,121)	(114,556)
Dividend received from investment accounted for under the equity method	6(7)	101,303	88,161
Increase in investment accounted for under the equity method		(32,800)	(37,709)
Acquisition of property, plant and equipment	6(30)	(27,343)	(89,989)
Proceeds from disposal of property, plant and equipment		524	1,887
Acquisition of intangible assets		(2,024)	(5,543)
Refundable deposits refunded (paid)		(5,879)	2,505
Increase in other non-current assets		-	1,165
Interest received		21,125	20,844
Dividend received		44,860	32,830
Net cash flows used in investing activities		(293,166)	(143,770)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(31)	1,700,000	2,052,462
Repayment of short-term borrowings	6(31)	(1,665,000)	(2,052,443)
Proceeds from long-term borrowings	6(31)	766,000	345,000
Repayment of long-term borrowings	6(31)	(403,000)	(90,000)
Increase in guarantee deposits received		-	13
Repayment of principal portion of lease liabilities	6(31)	(16,718)	(15,141)
Cost of repurchase of treasury shares	6(17)	(425,511)	-
Treasury stock transferred to employees		-	41,470
Payment of cash dividends	6(19)	(564,319)	(456,569)
Net cash flows used in financing activities		(608,548)	(175,208)
Effect of exchange rate		(25,635)	17,969
Net increase in cash and cash equivalents		60,739	310,962
Cash and cash equivalents at beginning of year	6(1)	1,371,810	1,060,848
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,432,549</u>	<u>\$ 1,371,810</u>

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

C SUN MFG. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

C SUN MFG. LTD. (the “Company”) was incorporated in April, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in electronics, semiconductors, liquid crystal displays (LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the previous products.

In September, 2001, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 5, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

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

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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

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

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

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

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

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

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

4. SUMMARY OF MATERIAL 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.

(4) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(5) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(6) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture.

Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Note
			December 31, 2023	December 31, 2022	
C SUN MFG. LTD.	C Sun (B.V.I.) Ltd.	Holding company	100%	100%	
C SUN MFG. LTD.	K Sun (Samoa) Ltd.	Holding company	100%	100%	
C SUN MFG. LTD.	Wat Sun. Intelligent Technology Co., Ltd.	Manufacturing and Selling	-	-	Note 3
C Sun (B.V.I.) Ltd.	Csun Technology (Guangzhou) Co., Ltd.	Manufacturing and Selling	100%	100%	
C Sun (B.V.I.) Ltd.	Alpha Joint Ltd.	Holding company	100%	100%	
C Sun (B.V.I.) Ltd.	Power Ever Enterprises Limited	Holding company	77.47%	77.47%	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Holding company	100%	100%	
Good Team International Enterprises Limited	Suzhou Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	
Good Team International Enterprises Limited	Nantong Chuangfeng Photoelectric Equipment Co.,Ltd.	Manufacturing and Selling	100%	100%	Note 2
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines CO., Ltd.	Manufacturing and Selling	100%	100%	
Csun Technology (Guangzhou) Co., Ltd.	Guangzhou Y SUN Machinery Tech. Co., Ltd.	Manufacturing and Selling	-	-	Note 1
Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chunag Gao Xin Materials Technology Co., Ltd.	Manufacturing and Selling	100%	100%	

Note 1: Guangzhou Y Sun Machinery Tech. Co., Ltd. completed the cancellation of registration on January, 2022.

Note 2: Nantong Chuangfeng Photoelectric Equipment Co., Ltd. was established in June 2022.

Note 3: Wat Sun. Intelligent Technology Co., Ltd. completed the liquidation on October 13, 2023.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(7) 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 Dollar, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements 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; and
- (c). All resulting exchange differences are recognised in other comprehensive income.

(8) Classification of current and non-current items

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

(9) 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.

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(13) Accounts and notes receivable

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

(14) Impairment of financial assets

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

(15) Derecognition of financial assets

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

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

(16) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(17) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(18) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(19) Property, plant and equipment

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

Buildings and structures	2 ~ 56 years
Machinery and equipment	2 ~ 11 years
Other equipment	2 ~ 8 years
Transportation equipment	4 ~ 11 years
Other equipment	2 ~ 16 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

(21) Intangible assets

- A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

- B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

- C. Other intangible assets

Other intangible assets mainly patent, are amortised on a straight-line basis over their estimated useful lives of 3 ~ 10 years.

(22) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(23) Borrowings

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

(24) Notes and accounts payable

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

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(26) Derecognition of financial liabilities

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

(27) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(28) Provisions

Provisions (including warranties and after sale service) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the

deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(31) Share capital

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

(32) Dividends

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

(33) Revenue recognition

A. Sales revenue

Sales revenue from manufacturing electronics and semiconductor equipment and selling automation system integration technology. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

When the Group provides maintenance services, the customer obtains and consumes the performance benefits at the same time, and the relevant revenue is recognised when the service is provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(34) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(3) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 2,121	\$ 2,572
Checking accounts and demand deposits	1,408,934	1,287,663
Time deposits	21,494	81,575
Total	<u>\$ 1,432,549</u>	<u>\$ 1,371,810</u>

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ -	\$ 174,745
Hybrid instruments	3,030	3,030
Derivatives	-	-
	<u>3,030</u>	<u>177,775</u>
Valuation adjustment	<u>2,280</u>	<u>28,406</u>
	<u>\$ 5,310</u>	<u>\$ 206,181</u>

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

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 2,482	\$ 20,185
Derivative instruments	-	5,151
Hybrid instruments	<u>2,010</u>	<u>270</u>
	<u>\$ 4,492</u>	<u>\$ 25,606</u>

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

	<u>December 31, 2022</u>	
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Foreign exchange swap contracts	USD 9,600	2022/12-2023/4
"	JPY 50,000	2022/10-2023/1

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

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

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

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

Items	December 31, 2023	December 31, 2022
Current items:		
Equity instruments		
Listed stocks	\$ 433,869	\$ 349,116
Valuation adjustment	285,958	47,815
	<u>\$ 719,827</u>	<u>\$ 396,931</u>
Non-current items:		
Equity instruments		
Emerging stocks	\$ 25,634	\$ 25,634
Unlisted stocks	53,279	45,380
	78,913	71,014
Valuation adjustment	10,482	5,017
	<u>\$ 89,395</u>	<u>\$ 76,031</u>

- A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$809,222 and \$472,962 as at December 31, 2023 and 2022, respectively.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2023	Year ended December 31, 2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 256,449	(\$ 7,654)
Cumulative losses reclassified to retained earnings due to derecognition	\$ 12,841	\$ 1,828
Dividend income recognised in profit or loss		
Held at end of period	\$ 44,860	\$ 32,830

- C. As at December 31, 2023 and 2022, without taking into account any collateral held, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$809,222 and \$472,962, respectively.
- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(6) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Non-current items :		
Time deposits over twelve months	\$ 511,555	\$ 388,555
Corporate bonds	180,500	-
	<u>\$ 692,055</u>	<u>\$ 388,555</u>

- A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$692,055 and \$388,555, respectively.
- B. The Group has no financial assets at amortised cost pledged to others as collateral.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(7) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 78,869	\$ 113,270
Less: Allowance for uncollectible accounts	(28)	(146)
	<u>\$ 78,841</u>	<u>\$ 113,124</u>
Accounts receivable	\$ 1,943,436	\$ 2,584,888
Accounts receivable-related parties	123	-
	<u>1,943,559</u>	<u>2,584,888</u>
Less: Allowance for uncollectible accounts	(275,998)	(270,761)
	<u>\$ 1,667,561</u>	<u>\$ 2,314,127</u>
Overdue receivable (shown as other non-current assets)	\$ 9,231	\$ 14,579
Less: Allowance for uncollectible accounts	(9,231)	(14,579)
	<u>\$ -</u>	<u>\$ -</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due to 60 days	\$ 1,567,104	\$ 78,869	\$ 2,327,016	\$ 113,270
61 to 120 days	157,231	-	127,932	-
121 to 180 days	53,482	-	59,516	-
Over 180 days	165,742	-	70,424	-
	<u>\$ 1,943,559</u>	<u>\$ 78,869</u>	<u>\$ 2,584,888</u>	<u>\$ 113,270</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022 the balance of receivables from contracts with customers amounted to \$2,307,837.
- C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$78,841 and \$113,124; \$1,667,561 and \$2,314,127, respectively.

E. The Group entered into a factoring agreement with bank to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, as of December 31, 2023, the Group derecognised the transferred accounts receivable was \$22,890.

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

(8) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 159,040	(\$ 90,003)	\$ 69,037
Work in progress	550,690	(126,488)	424,202
Finished goods	297,791	(72,580)	225,211
Total	<u>\$ 1,007,521</u>	<u>(\$ 289,071)</u>	<u>\$ 718,450</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 267,025	(\$ 94,481)	\$ 172,544
Work in progress	617,305	(135,538)	481,767
Finished goods	400,825	(104,303)	296,522
Total	<u>\$ 1,285,155</u>	<u>(\$ 334,322)</u>	<u>\$ 950,833</u>

The cost of inventories recognised as expense for the period:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold and others	\$ 2,151,779	\$ 3,327,592
Loss on decline in market value	(43,853)	87,700
Loss on physical inventory	11,717	43,679
Total	<u>\$ 2,119,643</u>	<u>\$ 3,458,971</u>

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of sold inventory for the year ended December 31, 2023.

(9) Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates:		
Gallant Precision Machining Co., Ltd.	\$ 1,131,004	\$ 987,324
Gallant Micro. Machining Co., Ltd.	143,343	105,046
Alpha-Cure Asia Co., Ltd.	66,758	67,052
Viewmove Technologies, Inc.	36,713	38,926
	<u>\$ 1,377,818</u>	<u>\$ 1,198,348</u>

Associates

A. The basic information of the associates that are material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2023</u>	<u>December 31, 2022</u>		
Gallant Precision Machining Co., Ltd.	Taiwan	27.38%	27.38%	Business strategy	Equity method
Gallant Micro. Machining Co., Ltd.	Taiwan	23.49% (Note)	22.23% (Note)	Business strategy	Equity method
Alpha-Cure Asia Co., Ltd.	China	25.00%	25.00%	Business strategy	Equity method
Viewmove Technologies, Inc.	Taiwan	20.70%	20.70%	Business strategy	Equity method

Note : It refers to the comprehensive shareholding ratio including shares of investees directly held by the Group and indirectly held through the associate.

B. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	<u>Gallant Precision Machining Co., Ltd.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 4,819,299	\$ 5,631,173
Non-current assets	3,870,771	2,265,188
Current liabilities	(4,196,122)	(3,902,059)
Non-current liabilities	(739,056)	(752,533)
Total net assets	<u>\$ 3,754,892</u>	<u>\$ 3,241,769</u>
Share in associate's net assets	\$ 866,870	\$ 723,190
Goodwill	264,134	264,134
Carrying amount of the associate	<u>\$ 1,131,004</u>	<u>\$ 987,324</u>

	Gallant Micro. Machining Co., Ltd.	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 2,398,530	\$ 1,973,083
Non-current assets	958,896	644,883
Current liabilities	(1,794,399)	(1,153,863)
Non-current liabilities	(262,472)	(262,121)
Total net assets	<u>\$ 1,300,555</u>	<u>\$ 1,201,982</u>
Share in associate's net assets	\$ 97,456	\$ 76,976
Goodwill	45,887	28,070
Carrying amount of the associate	<u>\$ 143,343</u>	<u>\$ 105,046</u>
Statement of comprehensive income		

	Gallant Precision Machining Co., Ltd.	
	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue	\$ 3,089,360	\$ 4,733,976
Profit for the year from continuing operations	\$ 242,616	\$ 492,215
Other comprehensive income (loss), net of tax	690,672	(65,308)
Total comprehensive income	<u>\$ 933,288</u>	<u>\$ 426,907</u>
Dividends received from associates	<u>\$ 80,566</u>	<u>\$ 66,658</u>

	Gallant Micro. Machining Co., Ltd.	
	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue	\$ 1,187,852	\$ 1,482,663
Profit for the year from continuing operations	\$ 101,173	\$ 229,693
Other comprehensive income (loss), net of tax	164,726	(28,326)
Total comprehensive income	<u>\$ 265,899</u>	<u>\$ 201,367</u>
Dividends received from associates	<u>\$ 13,284</u>	<u>\$ 9,060</u>

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

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$103,471 and \$105,978, respectively.

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Profit for the year from continuing operations	\$ 6,237	\$ 14,038
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 6,237</u>	<u>\$ 14,038</u>
Dividends received from associates	<u>\$ 7,453</u>	<u>\$ 12,443</u>

- D. The Group's material associate Gallant Precision Machining Co., Ltd. has quoted market prices. As of December 31, 2023 and 2022, the fair values were \$1,360,668 and \$1,235,344, respectively.
- E. The Group's material associate Gallant Micro. Machining Co., Ltd. has quoted market prices. As of December 31, 2023 and 2022, the fair values were \$318,816 and \$163,406, respectively.
- F. The Group is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 27.38% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same, which indicates that the Group has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Group has no control, but only has significant influence, over the investee.
- G. The gain on investments accounted for under equity method amounted to \$67,303 and \$129,470 for the years ended December 31, 2023 and 2022, respectively.

(10) Property, plant and equipment

2023

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 270,031	\$ 686,028	\$ 112,200	\$ 108,589	\$ 26,324	\$ 191,971	\$ 2,585	\$ 1,397,728
Accumulated depreciation	-	(261,096)	(94,550)	(72,295)	(16,168)	(145,226)	-	(589,335)
	<u>\$ 270,031</u>	<u>\$ 424,932</u>	<u>\$ 17,650</u>	<u>\$ 36,294</u>	<u>\$ 10,156</u>	<u>\$ 46,745</u>	<u>\$ 2,585</u>	<u>\$ 808,393</u>
Opening net book amount as at January 1	\$ 270,031	\$ 424,932	\$ 17,650	\$ 36,294	\$ 10,156	\$ 46,745	\$ 2,585	\$ 808,393
Additions	-	4,260	1,431	10,458	2,848	7,778	764	27,539
Disposals	-	(4)	(93)	(77)	(219)	(93)	-	(486)
Reclassifications	-	2,513	-	-	-	72	(2,585)	-
Depreciation charge	-	(19,290)	(3,815)	(14,812)	(3,066)	(14,309)	-	(55,292)
Net exchange differences	-	(2,413)	(238)	(225)	(121)	(523)	-	(3,520)
Closing net book amount as at December 31	<u>\$ 270,031</u>	<u>\$ 409,998</u>	<u>\$ 14,935</u>	<u>\$ 31,638</u>	<u>\$ 9,598</u>	<u>\$ 39,670</u>	<u>\$ 764</u>	<u>\$ 776,634</u>
At December 31								
Cost	\$ 270,031	\$ 688,348	\$ 104,564	\$ 102,843	\$ 25,875	\$ 143,315	\$ 764	\$ 1,335,740
Accumulated depreciation	-	(278,350)	(89,629)	(71,205)	(16,277)	(103,645)	-	(559,106)
	<u>\$ 270,031</u>	<u>\$ 409,998</u>	<u>\$ 14,935</u>	<u>\$ 31,638</u>	<u>\$ 9,598</u>	<u>\$ 39,670</u>	<u>\$ 764</u>	<u>\$ 776,634</u>

2022

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 247,088	\$ 668,290	\$ 118,550	\$ 114,370	\$ 34,042	\$ 179,104	\$ 12,616	\$ 1,374,060
Accumulated depreciation	-	(238,227)	(101,153)	(87,556)	(23,115)	(145,798)	-	(595,849)
	<u>\$ 247,088</u>	<u>\$ 430,063</u>	<u>\$ 17,397</u>	<u>\$ 26,814</u>	<u>\$ 10,927</u>	<u>\$ 33,306</u>	<u>\$ 12,616</u>	<u>\$ 778,211</u>
Opening net book amount as at January 1	\$ 247,088	\$ 430,063	\$ 17,397	\$ 26,814	\$ 10,927	\$ 33,306	\$ 12,616	\$ 778,211
Additions	22,943	13,270	5,067	16,512	3,768	25,788	2,585	89,933
Disposals	-	-	(136)	(40)	(1,185)	(145)	-	(1,506)
Reclassifications (Note)	-	816	22	8,114	-	624	(12,616)	(3,040)
Depreciation charge	-	(21,471)	(4,965)	(15,230)	(3,483)	(13,230)	-	(58,379)
Net exchange differences	-	2,254	265	124	129	402	-	3,174
Closing net book amount as at December 31	<u>\$ 270,031</u>	<u>\$ 424,932</u>	<u>\$ 17,650</u>	<u>\$ 36,294</u>	<u>\$ 10,156</u>	<u>\$ 46,745</u>	<u>\$ 2,585</u>	<u>\$ 808,393</u>
At December 31								
Cost	\$ 270,031	\$ 686,028	\$ 112,200	\$ 108,589	\$ 26,324	\$ 191,971	\$ 2,585	\$ 1,397,728
Accumulated depreciation	-	(261,096)	(94,550)	(72,295)	(16,168)	(145,226)	-	(589,335)
	<u>\$ 270,031</u>	<u>\$ 424,932</u>	<u>\$ 17,650</u>	<u>\$ 36,294</u>	<u>\$ 10,156</u>	<u>\$ 46,745</u>	<u>\$ 2,585</u>	<u>\$ 808,393</u>

Note : It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to \$816, machinery and equipment amounting to \$22, office equipment amounting to \$8,114, other equipment amounting to \$624 and intangible assets amounting to \$3,040.

- A. There were no borrowing costs capitalized as part of property, plant and equipment for the years ended December 31, 2023 and 2022, respectively.
- B. The Group's buildings and structures include buildings and improvements, decoration works and hydroelectric engineering which are depreciated over 56 years, 2 to 51 years and 5 to 8 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(11) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, photocopiers, business vehicles. Land contract is typically made for periods of 26 to 50 years and other rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise photocopiers and business vehicles, which were excluded from the right-of-use assets.
- C. The carrying amount of the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 45,224	\$ 47,508
Buildings	2,056	821
Transportation equipment (Business vehicles)	20,222	23,326
Office equipment (Photocopiers)	799	1,355
	<u>\$ 68,301</u>	<u>\$ 73,010</u>

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,515	\$ 1,518
Buildings	1,230	1,549
Transportation equipment (Business vehicles)	14,691	12,355
Office equipment (Photocopiers)	544	391
	<u>\$ 17,980</u>	<u>\$ 15,813</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$14,578 and \$19,856, respectively.

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

	Year ended December 31, 2023	Year ended December 31, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 461	\$ 508
Expense on short-term lease contracts	22,208	13,577
Expense on leases of low-value assets	6,200	370

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$45,587 and \$29,596, respectively.

(12) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 6 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the years ended December 31, 2023 and 2022, the Group recognised rent income in the amounts of \$8,775 and \$12,672, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2023		December 31, 2022
2024	\$ 8,171	2023	\$ 8,541
2025	8,171	2024	8,190
2026	8,171	2025	8,190
2027	8,171	2026	8,190
After 2028	17,464	After 2027	25,695
Total	<u>\$ 50,148</u>	Total	<u>\$ 58,806</u>

(13) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 730,000</u>	1.72%~1.83%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 695,000</u>	1.55%~2.11%	None

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities held for trading		
Derivative instruments	\$ -	\$ 203
Valuation adjustment	16,474	126
	<u>\$ 16,474</u>	<u>\$ 329</u>

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Net gains (losses) recognised in profit		
Financial liabilities held for trading		
Derivative instruments	(\$ 15,545)	(\$ 166)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

	December 31, 2023		
Derivative financial liabilities	Contract amount (Notional principal) (in thousands)		Contract period
Current items:			
Foreign exchange swap contracts	USD	17,200	2023/9-2024/5
"	JPY	299,998	2023/12-2024/1
	December 31, 2022		
Derivative financial liabilities	Contract amount (Notional principal) (in thousands)		Contract period
Current items:			
Option	USD	3,000	2022/12-2023/3

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(15) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 344,303	\$ 371,017
Employees' compensation and directors' remuneration payable	16,871	28,304
Pension payable	26,286	25,917
Accrued annual leave	26,046	25,555
Payable on machinery and equipment	237	41
Others	310,746	371,359
	<u>\$ 724,489</u>	<u>\$ 822,193</u>

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 30, 2023 to September 30, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 200,000
Unsecured borrowings	Borrowing period is from October 24, 2022 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	150,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	143,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	70,000
Secured borrowings	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	284, 000
Secured borrowings	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	92, 000
Secured borrowings	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	124, 000
Unsecured borrowings	Borrowing period is from August 8, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	90, 000
Unsecured borrowings	Borrowing period is from December 4, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	50,000
Unsecured borrowings	Borrowing period is from December 5, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	60,000
Secured borrowings	Borrowing period is from August 18, 2022 to August 18, 2027; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	100,000
Secured borrowings	Borrowing period is from December 11, 2023 to October 12, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Notes 1	100,000
				1,463,000
Less: Long-term liabilities, current portion				(300,000)
				<u>\$ 1,163,000</u>

Interest rate range: 1.61%~1.89%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 27, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from August 20, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Unsecured borrowings	Borrowing period is from October 24, 2022 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	150,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	180,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	33,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Notes 1 & 2	225,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Notes 1 & 2	18,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Notes 1 & 2	99,000
Secured borrowings	Borrowing period is from August 18, 2022 to August 18, 2027; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	100,000
Unsecured borrowings	Borrowing period is from October 12, 2022 to October 12, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	95,000
				1,100,000
Less: Long-term liabilities, current portion				(344,000)
				<u>\$ 756,000</u>

Interest rate range: 1.42%~1.80%

Note 1: In order to repay the existing bank loans and replenish the medium-term working capital, the Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

- A. Current ratio: Current assets against current liabilities shall be at least 120%.
- B. Debt ratio: Debt against net tangible assets shall be no more than 200%.
- C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.

D. Net tangible assets: the net asset value less intangible shall be no less than \$2 billion.

As of December 31, 2023 and 2022, the consolidated financial statements of the Group met the requirements of the financial ratio limits.

Note 2: The borrowings was repaid before December 31, 2023.

(17) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the 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 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 139,818)	(\$ 139,710)
Fair value of plan assets	156,436	151,131
Net defined benefit liability	<u>\$ 16,618</u>	<u>\$ 11,421</u>

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 139,710)	\$ 151,131	\$ 11,421
Current service cost	(471)	-	(471)
Interest (expense) income	(2,096)	2,339	243
	(142,277)	153,470	11,193
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	902	902
Change in financial assumptions	(3,518)	-	(3,518)
Experience adjustments	2,478	-	2,478
	(1,040)	902	(138)
Pension fund contribution	-	5,563	5,563
Paid pension	3,499	(3,499)	-
At December 31	<u>(\$ 139,818)</u>	<u>\$ 156,436</u>	<u>\$ 16,618</u>
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 164,272)	\$ 141,673	(\$ 22,599)
Current service cost	(634)	-	(634)
Interest (expense) income	(821)	726	(95)
	(165,727)	142,399	(23,328)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	10,917	10,917
Change in demographic assumptions	(558)	-	(558)
Change in financial assumptions	7,928	-	7,928
Experience adjustments	6,925	-	6,925
	14,295	10,917	25,212
Pension fund contribution	-	9,537	9,537
Paid pension	11,722	(11,722)	-
At December 31	<u>(\$ 139,710)</u>	<u>\$ 151,131</u>	<u>\$ 11,421</u>

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

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

	Year ended December 31, 2023	Year ended December 31, 2022
Discount rate	1.25%	1.5%
Future salary increases	3.5%	3.5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	\$ 3,518	(\$ 3,647)	(\$ 3,508)	\$ 3,402
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	\$ 3,623	(\$ 3,760)	(\$ 3,626)	\$ 3,514

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$0.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	3,443
1-2 year(s)		11,266
2-5 years		19,749
Over 5 years		35,264
	\$	<u>69,722</u>

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

(b) The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 10%~20%, respectively. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$17,900 and \$14,841, respectively.

(18) Share-based payment (December 31, 2023 : None.)

A. For the year ended December 31, 2022, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	March 11, 2022	715 thousand shares	-	Vested immediately

- B. The weighted-average stock price of stock options at exercise dates as of March 11, 2022 was \$49.3 per share. The exercise prices of stock options was \$58 per share. There were no expenses incurred on share-based payment transactions for the year ended December 31, 2023.

(19) Share capital

- A. As of December 31, 2023, the Company's authorised capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,567,553 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares (thousand shares) outstanding are as follows:

	2023	2022
At January 1	156,755	151,475
Stock dividends	-	4,565
Repurchase treasury shares	(7,492)	-
Treasury stock sold to employees	-	715
At December 31	<u>149,263</u>	<u>156,755</u>

- B. On May 25, 2021, the Board of Directors has resolved for the Company to repurchase treasury shares amounting to 1,000 thousand shares. Aforementioned shares will be reissued to employees. As of December 31, 2022, the accumulated number of shares which are repurchased by the Company is 715 thousand shares. The treasury shares were reissued to employees for the year ended December 31, 2023.
- C. The stockholders at their meeting on June 9, 2022 resolved to increase capital by 4,566 thousand shares with a par value of \$10 per share through capitalization of unappropriated retained earnings of \$45,656. Pursuant to the approval by the Financial Supervisory Commission, Securities and Futures Bureau, the capital increase was effective on July 15, 2022.
- D. On November 9, 2023, the Board of Directors has resolved for the Company to repurchase treasury shares amounting to 10,000 thousand shares. Aforementioned shares will be reissued to employees. As of December 31, 2022, the accumulated number of shares which are repurchased by the Company is 7,492 thousand shares.
- E. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (December 31, 2022 : None.)

Name of company holding the shares	Reason for reacquisition	December 31, 2023	
		Number of shares	Carrying amount
The Company	To be reissued to employees	7,492	\$ 425,511

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(20) Capital surplus

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

The details of capital surplus are as follows:

	2023						
	Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interest in subsidiaries	Capital surplus, changes in equity of investment	Employee restricted shares	Net change in equity of associates
At January 1	\$ 85,584	\$ 133,672	\$ 11,761	\$ 1,776	\$ 40,893	\$ 7	\$ 273,693
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	-	333	-	333
December 31	<u>\$ 85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 41,226</u>	<u>\$ 7</u>	<u>\$ 274,026</u>

	2022						
	Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interest in subsidiaries	Capital surplus, changes in equity of investment	Employee restricted shares	Net change in equity of associates
At January 1	\$ 85,584	\$ 133,672	\$ 11,761	\$ 1,776	\$ 10,951	\$ 7	\$ 243,751
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	-	29,942	-	29,942
December 31	<u>\$ 85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 40,893</u>	<u>\$ 7</u>	<u>\$ 273,693</u>

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 20% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. In accordance with the law, the Company authorised the distributable dividends and bonuses in whole or in part may be paid in cash after a special resolution has been adopted by the Board of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The aforesaid requirement that resolution shall be resolved at the shareholders' meeting is not applicable.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) 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.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The appropriation of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 23, 2023 and June 9, 2022, respectively. Details are summarized below:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ 74,686		\$ 64,632	
Special reserve	-		(53,977)	
Cash dividends	564,319	\$ 3.6	456,569	\$ 3.0
Stock dividends	-	-	45,656	0.3
	<u>\$ 639,005</u>		<u>\$ 512,880</u>	

E. On March 5, 2024, the Board of Directors proposed for the distribution of cash dividends from the 2023 earnings in the amount of \$447,727 at \$3.0 (in dollars) per share.

(22) Other equity items

	2023			
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Other	Total
At January 1	\$ 71,516	(\$ 101,535)	\$ 530	(\$ 29,489)
Valuation adjustment	439,362	-	-	439,362
Disposal transferred out from retained earnings	(12,841)	-	-	(12,841)
Currency translation differences:				
-Group	- (35,182)	-	-	(35,182)
-Associate	- (1,641)	-	-	(1,641)
At December 31	<u>\$ 498,037</u>	<u>(\$ 138,358)</u>	<u>\$ 530</u>	<u>\$ 360,209</u>

	2022			
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Other	Total
At January 1	\$ 102,636	(\$ 132,689)	\$ 530	(\$ 29,523)
Valuation adjustment	(29,292)	-	-	(29,292)
Disposal transferred out from retained earnings	(1,828)	-	-	(1,828)
Currency translation differences:				
-Group	-	28,936	-	28,936
-Associate	-	2,218	-	2,218
At December 31	<u>\$ 71,516</u>	<u>(\$ 101,535)</u>	<u>\$ 530</u>	<u>(\$ 29,489)</u>

(23) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the year ended December 31, 2023	C SUN MFG. LTD.			Csun Technology (Guangzhou) Co., Ltd.		Suzhou Top Creation Machines Co., Ltd.		Other			Total
	Taiwan	China	Other	China	Other	China	Other	Taiwan	China	Other	
Timing of revenue recognition											
At a point in time	\$ 1,276,658	\$ 238,395	\$ 91,925	\$ 624,810	\$ 3,668	\$ 914,213	\$ 221,100	\$ 22,923	\$ 97,896	\$ -	\$ 3,491,588
Over time	134,213	-	-	-	-	-	-	-	-	-	134,213
Total	<u>\$ 1,410,871</u>	<u>\$ 238,395</u>	<u>\$ 91,925</u>	<u>\$ 624,810</u>	<u>\$ 3,668</u>	<u>\$ 914,213</u>	<u>\$ 221,100</u>	<u>\$ 22,923</u>	<u>\$ 97,896</u>	<u>\$ -</u>	<u>\$ 3,625,801</u>

For the year ended December 31, 2022	C SUN MFG. LTD.			Csun Technology (Guangzhou) Co., Ltd.		Suzhou Top Creation Machines Co., Ltd.		Other			Total	
	Taiwan	China	Other	China	Other	Taiwan	China	Other	Taiwan	China		Other
Timing of revenue recognition												
At a point in time	\$ 1,432,434	\$ 1,132,782	\$ 80,601	\$ 909,214	\$ 6,923	\$ 58,202	\$ 1,487,490	\$ 95,859	\$ 58,794	\$ 2,349	\$ 208	\$ 5,264,856
Over time	102,120	-	-	-	-	-	-	-	-	-	-	102,120
Total	<u>\$ 1,534,554</u>	<u>\$ 1,132,782</u>	<u>\$ 80,601</u>	<u>\$ 909,214</u>	<u>\$ 6,923</u>	<u>\$ 58,202</u>	<u>\$ 1,487,490</u>	<u>\$ 95,859</u>	<u>\$ 58,794</u>	<u>\$ 2,349</u>	<u>\$ 208</u>	<u>\$ 5,366,976</u>

B. Contract liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities	\$ 352,454	\$ 669,327	\$ 520,329

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

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 435,381	\$ 517,855

(24) Interest income

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Interest income from bank deposits	\$ 52,619	\$ 21,321

(25) Other income

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Rent income	\$ 8,775	\$ 12,672
Dividend income	44,860	32,830
Indemnities revenues	7,118	-
Other income	31,643	10,088
	<u>\$ 92,396</u>	<u>\$ 55,590</u>

(26) Other gains and losses

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Gains on disposal of property, plant and equipment	\$ 38	\$ 395
Loss on disposal of intangible assets	(617)	-
Gains on disposal of investments	1,831	815
Net currency exchange gains	23,257	33,451
Net gains on financial assets (liabilities) at fair value through (loss) profit	(12,884)	24,625
Other losses	(8,856)	(3,591)
	<u>\$ 2,769</u>	<u>\$ 55,695</u>

(27) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Bank loan	\$ 33,250	\$ 30,636
Lease liabilities	461	508
	<u>\$ 33,711</u>	<u>\$ 31,144</u>

(28) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expenses	<u>\$ 823,133</u>	<u>\$ 898,616</u>
Depreciation charges on property, plant and equipment, and right-of-use assets	<u>\$ 73,272</u>	<u>\$ 74,192</u>
Amortisation charges	<u>\$ 5,419</u>	<u>\$ 6,242</u>

(29) Employee benefit expenses

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	\$ 705,425	\$ 779,060
Labour and health insurance fees	62,228	61,722
Pension costs	15,927	15,570
Other personnel expenses	39,553	42,264
	<u>\$ 823,133</u>	<u>\$ 898,616</u>

A. The current year's earnings, if any, shall be distributed a ratio of 1%~9% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors' remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.

If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$5,191 and \$8,709, respectively; while directors' remuneration was accrued at \$11,680 and \$19,595, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2.25% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$5,191 and \$11,680, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

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

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the period	\$ 52,988	\$ 128,911
Tax on undistributed earnings	5,393	6,672
Prior year income tax overestimation	(3,601)	(9,560)
Total current tax	<u>54,780</u>	<u>126,023</u>
Deferred tax:		
Origination and reversal of temporary differences	(869)	52,120
Income tax expense	<u>\$ 53,911</u>	<u>\$ 178,143</u>

(b) The income tax credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Currency translation differences	<u>(\$ 8,823)</u>	<u>\$ 5,026</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 152,295	\$ 263,802
Tax exempt income by tax regulation	(19,811)	(32,197)
Effect from investment tax credits	(16,617)	(31,922)
Change in assessment of realisation of deferred tax assets	(81,508)	(18,652)
Prior year income tax estimation	(3,601)	(9,560)
Income tax paid in and for income derived from Mainland China	17,760	-
Tax on undistributed earnings	5,393	6,672
Income tax expense	<u>\$ 53,911</u>	<u>\$ 178,143</u>

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

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised exchange loss	\$ 154	(\$ 42)	\$ -	\$ 112
Unrealised inventory valuation loss	46,231	(5,379)	-	40,852
Allowance for uncollectible accounts in excess of tax limits	36,337	(4,735)	-	31,602
Defined benefit plan	10,058	-	-	10,058
Currency translation differences	1,354	-	8,823	10,177
Other	30,359	10,367	-	40,726
Tax losses	-	28,764	-	28,764
	<u>\$ 124,493</u>	<u>\$ 28,975</u>	<u>\$ 8,823</u>	<u>\$ 162,291</u>
— Deferred tax liabilities:				
Investment income recognised under equity method	(\$ 388,519)	(\$ 24,693)	\$ -	(\$ 413,212)
Defined benefit plan	(16,074)	(1,067)	-	(17,141)
Land Value Increment Tax	(22,843)	-	-	(22,843)
Other	(9,083)	(2,346)	-	(11,429)
	<u>(\$ 436,519)</u>	<u>(\$ 28,106)</u>	<u>\$ -</u>	<u>(\$ 464,625)</u>
	<u>(\$ 312,026)</u>	<u>\$ 869</u>	<u>\$ 8,823</u>	<u>(\$ 302,334)</u>

2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised exchange loss	\$ 9,638	(\$ 9,484)	\$ -	\$ 154
Unrealised inventory valuation loss	36,908	9,323	-	46,231
Allowance for uncollectible accounts in excess of tax limits	25,156	11,181	-	36,337
Defined benefit plan	10,058	-	-	10,058
Currency translation differences	6,380	-	(5,026)	1,354
Other	28,069	2,290	-	30,359
	<u>\$ 116,209</u>	<u>\$ 13,310</u>	<u>(\$ 5,026)</u>	<u>\$ 124,493</u>
— Deferred tax liabilities:				
Investment income recognised under equity method	(\$ 333,173)	(\$ 55,346)	\$ -	(\$ 388,519)
Defined benefit plan	(14,275)	(1,799)	-	(16,074)
Land Value Increment Tax	(22,843)	-	\$ -	(\$ 22,843)
Other	(798)	(8,285)	-	(9,083)
	<u>(\$ 371,089)</u>	<u>(\$ 65,430)</u>	<u>\$ -</u>	<u>(\$ 436,519)</u>
	<u>(\$ 254,880)</u>	<u>(\$ 52,120)</u>	<u>(\$ 5,026)</u>	<u>(\$ 312,026)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
C SUN MFG.					
2023	\$ 143,818	\$ 143,818	\$ -	2033	
Top Creation:					
2018	1,587	562	562	2028	
2019	2,324	2,324	2,324	2029	
2020	5,256	5,256	5,256	2030	

December 31, 2022					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
Wat Sun(Note):					
2012	\$ 55,080	\$ 53,295	\$ 53,295	2022	
2013	78,864	78,864	78,864	2023	
2014	66,493	66,493	66,493	2024	
2015	209,106	209,106	209,106	2025	
2016	414,805	414,805	414,805	2026	
2017	252,378	252,378	252,378	2027	
Top Creation:					
2018	1,587	562	562	2028	
2019	2,324	2,324	2,324	2029	
2020	5,256	5,256	5,256	2030	

Note: Wat Sun. Intelligent Technology Co., Ltd. completed the liquidation on October 13, 2023.

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 59,611</u>	<u>\$ 103,788</u>

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

(31) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 486,324</u>	155,785	<u>\$ 3.12</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>112</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 486,324</u>	<u>155,897</u>	<u>\$ 3.12</u>
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 718,965</u>	156,616	<u>\$ 4.59</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>229</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 718,965</u>	<u>156,845</u>	<u>\$ 4.58</u>

Note: For the year ended December 31, 2022, the outstanding weighted average shares was retrospectively adjusted based on the capitalised amount of unappropriated earnings at the ratio of 103%.

(32) Supplemental cash flow information

Investing activities with partial cash payments :

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 27,539	\$ 89,933
Add: Opening balance of payable on equipment	41	97
Less: Ending balance of payable on equipment	(237)	(41)
Cash paid during the period	<u>\$ 27,343</u>	<u>\$ 89,989</u>

(33) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Dividends payable	Total
January 1, 2023	\$ 695,000	\$ 1,100,000	\$ 2,160	\$ 25,656	\$ -	\$ 1,822,816
Changes in cash flow from financing activities	35,000	363,000	-	(16,718)	(564,319)	(183,037)
Interest expense	-	-	-	461	-	461
Paid interest	-	-	-	(461)	-	(461)
Impact of changes in foreign exchange rate	-	-	(37)	(410)	-	(447)
Changes in other non-cash items	-	-	-	14,578	564,319	578,897
December 31, 2023	<u>\$ 730,000</u>	<u>\$ 1,463,000</u>	<u>\$ 2,123</u>	<u>\$ 23,106</u>	<u>\$ -</u>	<u>\$ 2,218,229</u>

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Dividends payable	Total
January 1, 2022	\$ 694,981	\$ 845,000	\$ 2,142	\$ 20,970	\$ -	\$ 1,563,093
Changes in cash flow from financing activities	19	255,000	13	(15,141)	(456,569)	(216,678)
Interest expense	-	-	-	508	-	508
Paid interest	-	-	-	(508)	-	(508)
Impact of changes in foreign exchange rate	-	-	-	(29)	-	(29)
Changes in other non-cash items	-	-	5	19,856	456,569	476,430
December 31, 2022	<u>\$ 695,000</u>	<u>\$ 1,100,000</u>	<u>\$ 2,160</u>	<u>\$ 25,656</u>	<u>\$ -</u>	<u>\$ 1,822,816</u>

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. RELATED PARTY TRANSACTIONS

(34) Names of related parties and relationship

Names of related parties	Relationship with the Company
Alpha-Cure Asia Co.,Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate
Viewmove Technologies,Inc.	Associate

(35) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
Associates	\$ 117	\$ -

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases:

	Year ended December 31, 2023	Year ended December 31, 2022
Purchases of goods:		
Associates	\$ 21,900	\$ 67,888

The prices and conditions for the purchase of goods is based on agreement and there is no other comparable counterparty. The credit terms would be available to third parties.

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Associates	\$ 123	\$ -

D. Payables to related parties:

	December 31, 2023	December 31, 2022
Accounts payable:		
Associates	\$ 7,433	\$ 21,755

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

E. Prepayments:

	December 31, 2023	December 31, 2022
Gallant Precision Machining Co., Ltd.	\$ 10,118	\$ 193

(36) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits	\$ 46,368	\$ 60,925
Post-employment benefits	397	380
	<u>\$ 46,765</u>	<u>\$ 61,305</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment	\$ 502,899	\$ 509,014	Long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

Except for the descriptions in other notes to the consolidated financial statements, the Group's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales as of December 31, 2023 and 2022, were \$97,921 and \$317,122, respectively.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to table 6(19).

12. OTHERS

(1) Capital management

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

During the year ended December 31, 2023, the Group's strategy was to maintain the gearing ratio within reasonable risk level. The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total borrowings	\$ 2,193,000	\$ 1,795,000
Less: Cash and cash equivalents	(1,432,549)	(1,371,810)
Net debt	760,451	423,190
Total equity	3,414,579	3,477,814
Total capital	\$ 4,175,030	\$ 3,901,004
Gearing ratio	18.21%	10.85%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>5,310</u>	\$ <u>206,181</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ <u>809,222</u>	\$ <u>472,962</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,432,549	\$ 1,371,810
Financial assets at amortised cost	692,055	388,555
Notes receivable	78,841	113,124
Accounts receivable (including related party)	1,667,561	2,314,127
Other receivables (including related party)	51,578	15,960
Guarantee deposits paid	17,834	12,069
	\$ <u>3,940,418</u>	\$ <u>4,215,645</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ <u>16,474</u>	\$ <u>329</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 730,000	\$ 695,000
Notes payable	4,489	18,689
Accounts payable (including related party)	778,649	825,072
Other accounts payable	724,489	822,193
Long-term borrowings (including current portion)	1,463,000	1,100,000
Guarantee deposits received	2,123	2,160
	\$ <u>3,702,750</u>	\$ <u>3,463,114</u>
Lease liability (including current portion)	\$ <u>23,106</u>	\$ <u>25,656</u>

B. Financial risk management policies

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

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD/RMB)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 15,452	30.705	\$ 474,454
JPY:NTD	197,227	0.2172	42,837
RMB:NTD	22,018	4.327	95,272
USD:RMB	5,034	7.0827	35,654
<u>Non-monetary items</u>			
USD:NTD	\$ 2,174	30.705	\$ 66,758
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 22	30.705	\$ 676
JPY:NTD	1,833	0.2172	398
<u>Non-monetary items: None</u>			

	December 31, 2022		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD/RMB)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 18,655	30.71	\$ 572,895
JPY:NTD	245,178	0.2324	56,979
RMB:NTD	90,007	4.408	396,751
USD:RMB	2,906	6.9646	20,239
<u>Non-monetary items</u>			
USD:NTD	\$ 2,187	30.71	\$ 67,052
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 51	30.71	\$ 1,566
JPY:NTD	4,432	0.2324	1,030

Non-monetary items: None

- ii. Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$23,257 and \$33,451, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation

	Year ended December 31, 2023			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss (NTD/RMB)	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 4,745	\$	-
JPY:NTD	1%	428		-
RMB:NTD	1%	953		-
USD:RMB	1%	357		-
<u>Non-monetary items</u>				
USD:NTD	1%	\$ -	\$	668
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 7)	\$	-
JPY:NTD	1%	(4)		-

	Year ended December 31, 2022			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss (NTD/RMB)	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 5,729	\$	-
JPY:NTD	1%	570		-
RMB:NTD	1%	3,968		-
USD:RMB	1%	202		-
<u>Non-monetary items</u>				
USD:NTD	1%	\$ -	\$	671
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 16)	\$	-
JPY:NTD	1%	(10)		-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$89 and \$1,615, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$6,474 and \$3,784, respectively.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from short-term and certain long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2023 and 2022, the Group's borrowings at variable rate were denominated in New Taiwan dollars, if the market interest rate had increased by 0.25%, the Company's cash outflow would have increased by \$1,825 and \$1,738, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of December 31, 2023 and 2022, respectively, the provision matrix is as follows:

	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At December 31, 2023</u>					
Expected loss rate	0%~30%	2%~42%	4%~55%	10%~100%	
Total book value	\$ 1,645,973	\$ 157,231	\$ 53,482	\$ 165,742	\$ 2,022,428
Loss allowance	(\$ 84,115)	(\$ 53,513)	(\$ 25,417)	(\$ 112,981)	(\$ 276,026)
	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At December 31, 2022</u>					
Expected loss rate	0%~30%	2%~42%	4%~55%	10%~100%	
Total book value	\$ 2,440,286	\$ 127,932	\$ 59,516	\$ 70,424	\$ 2,698,158
Loss allowance	(\$ 141,590)	(\$ 40,545)	(\$ 33,800)	(\$ 54,972)	(\$ 270,907)

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2023		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 270,761	\$ 146	\$ 14,579
(Reversal of) provision for impairment	3,938	(118)	-
Write-offs	(1,891)	-	-
Reclassification	5,218	-	(5,218)
Effect of foreign exchange	(2,028)	-	(130)
At December 31	<u>\$ 275,998</u>	<u>\$ 28</u>	<u>\$ 9,231</u>
	2022		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 220,726	\$ 37	\$ 56,110
(Reversal of) provision for impairment	55,930	109	(42,530)
Write-offs	(6,237)	-	-
Effect of foreign exchange	342	-	999
At December 31	<u>\$ 270,761</u>	<u>\$ 146</u>	<u>\$ 14,579</u>

The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. For financial instruments at amortised cost, the credit rating levels are presented below:

December 31, 2023				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 692,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,055</u>
December 31, 2022				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 388,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,555</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022, the Group held money market position of \$1,430,428 and \$1,369,238, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fixed rate:		
Expiring within one year	\$ 1,640,000	\$ 1,835,000
Expiring beyond one year	<u>200,000</u>	<u>241,000</u>
	<u>\$ 1,840,000</u>	<u>\$ 2,076,000</u>

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

December 31, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 730,000	\$ -	\$ -	\$ -
Notes payable	4,489	-	-	-
Accounts payable				
(including related party)	778,489	-	-	-
Other payables	724,489	-	-	-
Lease liability				
(including current portion)	14,010	9,522	-	-
Long-term borrowings				
(including current portion)	303,396	578,275	651,207	-
Guarantee deposits received	-	86	1,518	519
<u>Derivative financial liabilities:</u>				
Foreign exchange swap contracts	16,474	-	-	-
December 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 695,000	\$ -	\$ -	\$ -
Notes payable	18,689	-	-	-
Accounts payable				
(including related party)	825,072	-	-	-
Other payables	822,193	-	-	-
Lease liability				
(including current portion)	14,334	11,742	-	-
Long-term borrowings				
(including current portion)	349,869	663,224	106,897	-
Guarantee deposits received	-	1,630	-	530
<u>Derivative financial liabilities:</u>				
Foreign exchange swap contracts	329	-	-	-

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and convertible bonds 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. The fair value of the Group's investment in derivative instruments is include in Level 2.

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

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

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Debt securities	5,310	-	-	5,310
Financial assets at fair value through other comprehensive income				
Equity securities	<u>719,827</u>	<u>-</u>	<u>89,395</u>	<u>809,222</u>
	<u>\$ 725,137</u>	<u>\$ -</u>	<u>\$ 89,395</u>	<u>\$ 814,532</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 16,474)</u>	<u>\$ -</u>	<u>(\$ 16,474)</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 201,852	\$ -	\$ -	\$ 201,852
Debt securities	3,300	-	-	3,300
Derivative instruments	1,029	-	-	1,029
Financial assets at fair value through other comprehensive income				
Equity securities	<u>396,931</u>	<u>-</u>	<u>76,031</u>	<u>472,962</u>
	<u>\$ 603,112</u>	<u>\$ -</u>	<u>\$ 76,031</u>	<u>\$ 679,143</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 329)</u>	<u>\$ -</u>	<u>(\$ 329)</u>

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

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

	<u>Listed shares</u>	<u>Open-end fund</u>	<u>Convertible bond</u>
Market quoted price	Closing price	Net asset value	Weighted average quoted price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- C. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- D. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
At January 1	\$ 76,031	\$ 121,832
Gain recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	5,474 (	33,099)
Acquired in the period	10,000	-
Sold in the period	- (	11,871)
Capital reduction	(2,100) (	2,124)
Effect of exchange rate	(10)	1,293
At December 31	<u>\$ 89,395</u>	<u>\$ 76,031</u>

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

		Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity						
Unlisted shares	\$	68,066	Market comparable companies	Price to book ratio multiple	0.44~15.8	The higher the multiple, the higher the fair value
				Discount for lack of marketability	0.5	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares		21,329	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund investment						

		Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity						
Unlisted shares	\$	62,807	Market comparable companies	Price to book ratio multiple	7.8~12.14	The higher the multiple and control premium, the higher the fair value
				Discount for lack of marketability	0.5	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares		13,224	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund investment						

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

		December 31, 2023				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
	Input	Change				
Financial assets						
Equity instrument	Price to earnings ratio multiple	± 10%	\$ -	\$ -	\$ 8,940	(\$ 8,940)

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio multiple	± 10%	\$ -	\$ -	\$ 7,603	(\$ 7,603)

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

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

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

<u>Year ended December 31,</u> <u>2023</u>	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Creation Machines Co., Ltd.	Other	Elimination	Total
Revenue from external customers	\$ 1,741,191	\$ 628,478	\$ 1,135,313	\$ 120,819	\$ -	\$ 3,625,801
Inter-segment revenue	\$ 151,206	\$ 211,022	\$ 5,974	\$ 10,399	(\$ 378,601)	\$ -
Segment income	\$ 451,260	\$ 69,101	\$ 243,623	\$ 47,393	(\$ 227,345)	\$ 584,032
Total segment assets	\$ 6,891,058	\$ 1,441,194	\$ 1,669,616	\$ 478,051	(\$ 2,475,691)	\$ 8,004,228
<u>Year ended December 31,</u> <u>2022</u>	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Creation Machines Co., Ltd.	Other	Elimination	Total
Revenue from external customers	\$ 2,747,937	\$ 916,137	\$ 1,641,551	\$ 61,351	\$ -	\$ 5,366,976
Inter-segment revenue	\$ 269,565	\$ 352,900	\$ 38,895	\$ 30,960	(\$ 692,320)	\$ -
Segment income	\$ 842,582	\$ 169,685	\$ 286,969	\$ 40,237	(\$ 378,708)	\$ 960,765
Total segment assets	\$ 6,986,105	\$ 1,581,587	\$ 1,495,517	\$ 952,482	(\$ 2,828,348)	\$ 8,187,343

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Reportable segments income	\$ 811,377	\$ 1,339,473
Other	(227,345)	(378,708)
Income before tax from continuing operations	<u>\$ 584,032</u>	<u>\$ 960,765</u>

(4) Information on products and services

Revenue from external customers is mainly from manufacturing electronics and semiconductor equipment and selling automation system integration technology.

Details of revenue are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales revenue	\$ 3,491,588	\$ 5,264,856
Service revenue	134,213	102,120
	<u>\$ 3,625,801</u>	<u>\$ 5,366,976</u>

(5) Geographical information

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

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,433,794	\$ 590,954	\$ 1,651,550	\$ 643,823
China	1,875,314	260,800	3,531,835	299,193
Others	316,693	-	183,591	-
	<u>\$ 3,625,801</u>	<u>\$ 851,754</u>	<u>\$ 5,366,976</u>	<u>\$ 943,016</u>

(6) Major customer information

No customers constituted more than 10% of the Group's total revenue for the years ended December 31, 2023 and 2022

C SUN MFG. LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022
(Stock Code : 2467)

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000342

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Opinion

We have audited the accompanying parent company only balance sheets of C SUN MFG. LTD. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of C SUN MFG. LTD. in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for C SUN MFG. LTD.'s 2023 parent company only financial statements are stated as follows:

Revenue recognition

Description

Refer to Notes 4(29) and 6(21) of the parent company only financial statements for accounting policies on revenue recognition and the description of operating revenue, respectively.

C SUN MFG. LTD. is primarily engaged in the manufacture and sale of related manufacturing equipment of printed circuit board and flat panel display. Main revenue recognition is based on customers' confirmation for acceptance. Since the timing of the transfer of risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the parent company only financial statements, thus, revenue recognition has been identified as a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

5. Assessed the appropriateness of the policy of sales revenue recognition.
6. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
7. Sampled and tested the sales transactions including checking customer purchase orders and evidences of sales transactions.
8. Performed cut-off test on sales transactions for a specific period of time prior to and after the balance sheet date.

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

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

In preparing the parent company only financial statements, management is responsible for assessing C SUN MFG. LTD.'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 C SUN MFG. LTD. 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 C SUN MFG. LTD.'s financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of C SUN MFG. LTD.'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 C SUN MFG. LTD.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause C SUN MFG. LTD. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within C SUN MFG. LTD. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Li, Tien-Yi

Wu, Wei-Hao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

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

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

C SUN MFG. LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 106,205	2	\$ 177,205	3
1110	Financial assets at fair value through profit or loss - current	6(2)	5,310	-	171,512	2
1120	Current financial assets at fair value through other comprehensive income	6(3)	719,827	10	396,931	6
1150	Notes receivable, net	6(5)	9,887	-	20,430	-
1170	Accounts receivable, net	6(5)	752,073	11	1,239,889	18
1180	Accounts receivable - related parties	6(5) and 7	47,702	1	38,305	1
1200	Other receivables		1,789	-	715	-
1210	Other receivables - related parties	7	7,940	-	7,892	-
130X	Inventories	6(6)	450,131	6	486,302	7
1410	Prepayments		43,112	1	14,676	-
1470	Other current assets		8,023	-	5,475	-
11XX	Current Assets		2,151,999	31	2,559,332	37
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	86,239	1	73,505	1
1535	Non-current financial assets at amortised cost	6(4)	180,500	3	-	-
1550	Investments accounted for under equity method	6(7)	3,704,543	54	3,590,683	51
1600	Property, plant and equipment	6(8) and 8	569,866	8	579,343	8
1755	Right-of-use assets	6(9)	19,794	-	22,503	-
1780	Intangible assets		3,754	-	6,644	-
1840	Deferred income tax assets	6(27)	161,390	2	123,593	2
1900	Other non-current assets	6(5)(15)	37,202	1	30,502	1
15XX	Non-current assets		4,763,288	69	4,426,773	63
1XXX	Total assets		\$ 6,915,287	100	\$ 6,986,105	100

(Continued)

C SUN MFG. LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 730,000	11	\$ 695,000	10
2120	Financial liabilities at fair value through profit or loss - current	6(11)	16,474	-	329	-
2130	Current contract liabilities	6(21)	228,384	3	459,498	7
2150	Notes payable		4,489	-	18,689	-
2170	Accounts payable	6(12)	418,370	6	443,832	6
2180	Accounts payable - related parties	7	52,403	1	67,194	1
2200	Other payables	6(13)	420,119	6	473,931	7
2230	Current income tax liabilities	6(26)	5,270	-	63,167	1
2280	Current lease liabilities	6(9)	11,855	-	12,030	-
2320	Long-term liabilities, current portion	6(14)	300,000	5	344,000	5
2399	Other current liabilities, others		3,214	-	14,819	-
21XX	Current Liabilities		<u>2,190,578</u>	<u>32</u>	<u>2,592,489</u>	<u>37</u>
Non-current liabilities						
2540	Long-term borrowings	6(14)	1,163,000	17	756,000	11
2570	Deferred income tax liabilities	6(27)	464,625	6	436,519	6
2580	Non-current lease liabilities	6(9)	7,882	-	10,559	-
25XX	Non-current liabilities		<u>1,635,507</u>	<u>23</u>	<u>1,203,078</u>	<u>17</u>
2XXX	Total Liabilities		<u>3,826,085</u>	<u>55</u>	<u>3,795,567</u>	<u>54</u>
Equity						
	Share capital	6(17)				
3110	Share capital - common stock		1,567,553	23	1,567,553	22
	Capital surplus	6(18)				
3200	Capital surplus		274,026	4	273,693	4
	Retained earnings	6(19)				
3310	Legal reserve		413,304	6	338,618	5
3320	Special reserve		51,901	1	51,901	1
3350	Unappropriated retained earnings		847,720	12	988,262	14
	Other equity interest	6(20)				
3400	Other equity interest		360,209	5	(29,489)	-
3500	Treasury shares	6(17)	(425,511)	(6)	-	-
3XXX	Total equity		<u>3,089,202</u>	<u>45</u>	<u>3,190,538</u>	<u>46</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 6,915,287</u>	<u>100</u>	<u>\$ 6,986,105</u>	<u>100</u>

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

C SUN MFG. LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7		\$ 1,892,397	100	\$ 3,017,502	100
5000 Operating costs	6(6)(25)(26) and 7	(	1,115,421)	(59)	(2,036,369)	(67)
5900 Net operating margin			776,976	41	981,133	33
5910 Unrealized profit from sales		(	27,984)	(1)	(16,172)	(1)
5920 Realized profit from sales			16,172	1	42,562	1
5950 Net operating margin			765,164	41	1,007,523	33
Operating expenses	6(25)(26) and 7					
6100 Selling expenses		(	196,561)	(10)	(277,277)	(9)
6200 General and administrative expenses		(	208,916)	(11)	(232,592)	(8)
6300 Research and development expenses		(	224,664)	(12)	(206,293)	(7)
6450 Expected credit losses	12(2)		28,847	1	(20,309)	-
6000 Total operating expenses		(	601,294)	(32)	(736,471)	(24)
6900 Operating profit			163,870	9	271,052	9
Non-operating income and expenses						
7100 Interest income			3,485	-	927	-
7010 Other income	6(22) and 7		81,833	4	52,556	2
7020 Other gains and losses	6(23)		10,180	1	44,213	1
7050 Finance costs	6(24)	(	33,575)	(2)	(30,928)	(1)
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(7)		276,456	15	504,762	17
7000 Total non-operating income and expenses			338,379	18	571,530	19
7900 Profit before income tax			502,249	27	842,582	28
7950 Income tax expense	6(27)	(	15,925)	(1)	(123,617)	(4)
8200 Profit for the year			\$ 486,324	26	\$ 718,965	24
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss	6(20)					
8311 Actuarial gains (losses) on defined benefit plans	6(15)	(\$	138)	-	\$ 25,212	1
8316 Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)		255,818	13	(11,477)	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that will not be reclassified to profit or loss			183,544	10	(17,815)	(1)
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss			439,224	23	(4,080)	-
Components of other comprehensive income that will be reclassified to profit or loss	6(20)					
8361 Financial statements translation differences of foreign operations		(	852)	-	234,998	8
8380 Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(	44,794)	(2)	(198,818)	(7)
8399 Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	6(27)		8,823	-	(5,026)	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		(	36,823)	(2)	31,154	1
8300 Other comprehensive income for the year			\$ 402,401	21	\$ 27,074	1
8500 Total comprehensive income for the year			\$ 888,725	47	\$ 746,039	25
Basic earnings per share	6(28)					
9750 Total basic earnings per share			\$ 3.12		\$ 4.59	
Diluted earnings per share	6(28)					
9850 Total diluted earnings per share			\$ 3.12		\$ 4.58	

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

C SUN MFG. LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Retained earnings			Other equity interest					
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Other	Treasury shares	Total equity
<u>2022</u>											
Balance at January 1, 2022		\$ 1,521,897	\$ 243,751	\$ 273,986	\$ 105,878	\$ 754,285	(\$ 132,689)	\$ 102,636	\$ 530	(\$ 41,977)	\$ 2,828,297
Profit for the year		-	-	-	-	718,965	-	-	-	-	718,965
Other comprehensive (loss) income	6(20)	-	-	-	-	25,212	31,154	(29,292)	-	-	27,074
Total comprehensive (loss) income		-	-	-	-	744,177	31,154	(29,292)	-	-	746,039
Distribution of 2021 earnings:	6(19)										
Legal reserve		-	-	64,632	-	(64,632)	-	-	-	-	-
Special reserve		-	-	-	(53,977)	53,977	-	-	-	-	-
Cash dividends		-	-	-	-	(456,569)	-	-	-	-	(456,569)
Stock dividends		45,656	-	-	-	(45,656)	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	1,828	-	(1,828)	-	-	-
Changes in equity of associates accounted for using equity method	6(18)	-	29,942	-	-	1,359	-	-	-	-	31,301
Treasury stock transferred to employees	6(17)	-	-	-	-	(507)	-	-	-	41,977	41,470
Balance at December 31, 2022		<u>\$ 1,567,553</u>	<u>\$ 273,693</u>	<u>\$ 338,618</u>	<u>\$ 51,901</u>	<u>\$ 988,262</u>	<u>(\$ 101,535)</u>	<u>\$ 71,516</u>	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ 3,190,538</u>
<u>2023</u>											
Balance at January 1, 2023		\$ 1,567,553	\$ 273,693	\$ 338,618	\$ 51,901	\$ 988,262	(\$ 101,535)	\$ 71,516	\$ 530	\$ -	\$ 3,190,538
Profit for the year		-	-	-	-	486,324	-	-	-	-	486,324
Other comprehensive income (loss)	6(20)	-	-	-	-	(138)	(36,823)	439,362	-	-	402,401
Total comprehensive income		-	-	-	-	486,186	(36,823)	439,362	-	-	888,725
Distribution of 2022 earnings:	6(19)										
Legal reserve		-	-	74,686	-	(74,686)	-	-	-	-	-
Cash dividends		-	-	-	-	(564,319)	-	-	-	-	(564,319)
Disposal of equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	12,841	-	(12,841)	-	-	-
Changes in equity of associates accounted for using equity method	6(18)	-	333	-	-	(564)	-	-	-	-	(231)
Stock repurchase	6(17)	-	-	-	-	-	-	-	-	(425,511)	(425,511)
Balance at December 31, 2023		<u>\$ 1,567,553</u>	<u>\$ 274,026</u>	<u>\$ 413,304</u>	<u>\$ 51,901</u>	<u>\$ 847,720</u>	<u>(\$ 138,358)</u>	<u>\$ 498,037</u>	<u>\$ 530</u>	<u>(\$ 425,511)</u>	<u>\$ 3,089,202</u>

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

C SUN MFG. LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		502,249	842,582
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	41,300	40,478
Amortization	6(25)	4,289	5,229
Expected credit impairment loss (gain)	12(2)	28,847	20,309
Net (gain) or loss on financial assets or liabilities	6(23)		
at fair value through profit or loss		13,361	21,800
Gain on disposal of investments	6(23)	1,832	856
Interest expense	6(24)	33,575	30,928
Interest income		3,485	927
Dividend income	6(22)	44,860	32,830
Share of profit of subsidiaries, associates and	6(7)		
joint ventures accounted for under the equity method		276,456	504,762
Gain on disposal of property, plant and	6(23)		
equipment, net		1	252
Unrealized profits from sales		27,984	16,172
Realized profits from sales		16,172	42,562
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or			
loss		170,819	93,543
Notes receivable		10,660	15,241
Accounts receivable		514,441	391,262
Accounts receivable-related parties		9,397	44,679
Other receivables		1,074	1,598
Other receivables-related parties		48	6,682
Inventories		36,171	25,690
Prepayments		28,436	18,414
Other current assets		2,548	1,956
Net pension assets		5,335	-
Other non-current assets		2,105	-
Changes in operating liabilities			
Current contract liabilities		231,114	334,422
Notes payable		14,200	21,815
Accounts payable		25,462	95,914
Accounts payable - related parties		14,791	30,422
Other payables		51,973	11,138
Pension liabilities		-	8,826
Other current liabilities		11,606	1,645
Cash inflow generated from operations		589,317	137,620
Income tax paid		74,691	54,837
Interest paid		35,610	20,709
Net cash flows from operating activities		479,016	62,074

(Continued)

C SUN MFG. LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		152,125	62,110
Proceeds from disposal of financial assets at fair value through other comprehensive income		70,214	4,750
Capital reduction of financial assets at fair value through other comprehensive income		2,100	1,549
Acquisition of financial assets at amortised cost		180,500	-
Proceeds from disposal of financial assets at amortised cost		-	18,224
Increase in investments accounted for under the equity method		32,800	37,709
Dividend received from investments accounted for under the equity method		273,479	167,797
Proceeds from distributing the acquisition of liquidation of subsidiaries		47,772	-
Acquisition of property, plant and equipment	6(29)	17,618	53,795
Proceeds from disposal of property, plant and equipment		24	952
Acquisition of intangible assets		241	4,277
Refundable deposits refunded		2,661	1,587
Interest received		3,485	927
Dividend received		44,860	32,830
Net cash flows from investing activities		55,989	67,551
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,700,000	2,052,462
Repayment of short-term borrowings		1,665,000	2,052,443
Increase in long-term borrowings		766,000	345,000
Repayment of long-term borrowings		403,000	90,000
Repayment of principal portion of lease liabilities	6(30)	14,175	11,278
Treasury stock transferred to employees	6(17)	-	41,470
Payments to acquire treasury shares	6(17)	425,511	-
Payment of cash dividends	6(19)	564,319	456,569
Net cash flows used in financing activities		606,005	171,358
Net decrease in cash and cash equivalents		71,000	41,733
Cash and cash equivalents at beginning of year	6(1)	177,205	218,938
Cash and cash equivalents at end of year	6(1)	106,205	177,205

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

C SUN MFG. LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organization

C SUN MFG. LTD., Ltd. (the “Company”) was incorporated on April, 1978. The Company is engaged in electron, semiconductors, liquid crystal displays(LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the previous products.

On September, 2001, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

The Parent Company Only financial statements were authorized for issuance by the Board of Directors on March 5, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

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

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

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

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

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

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

4. Summary of Significant Accounting Policies

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

(37) Compliance statement

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

(38) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations 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.

(39) Foreign currency translation

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

A. Foreign currency transactions and balances

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

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the company entities, associates and joint arrangements 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; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(40) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(41) 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.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

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

(44) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(45) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(46) Impairment of financial assets

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

(47) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(48) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(49) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

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

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- B. Unrealized gains or losses resulting from Inter-company transactions with subsidiaries are eliminated. The accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealized gains on transactions between the Company and its 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.

- I. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- J. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(51) Property, plant and equipment

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

Buildings and structures	2 ~ 56 years
Machinery and equipment	3 ~ 11 years
Transportation equipment	4 ~ 11 years
Utility equipment	2 ~ 8 years
Other equipment	2 ~ 16 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising amount of the initial measurement of lease liability.

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

(53) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(54) 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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising 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 recognised.

(55) Borrowings

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

(56) Notes and accounts payable

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

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(58) Derecognition of financial liabilities

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

(59) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(60) Provisions

Provisions (including warranties and onerous contracts.) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(61) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(62) Income tax

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

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

(63) Share capital

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

(64) Dividends

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

(65) Revenue recognition

A. Sales revenue

Sales revenue from manufacturing electronics and semiconductor equipment and selling automation system integration technology. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

When the Company provides maintenance services, the customer obtains and consumes the performance benefits at the same time, and the relevant revenue is recognised when the service is provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(66) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 1,601	\$ 1,927
Checking accounts and demand deposits	104,604	175,278
	<u>\$ 106,205</u>	<u>\$ 177,205</u>

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ -	\$ 147,023
Hybrid instruments	3,030	3,030
Derivatives	-	-
	<u>3,030</u>	<u>150,053</u>
Valuation adjustment	<u>2,280</u>	<u>21,459</u>
	<u>\$ 5,310</u>	<u>\$ 171,512</u>

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

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 2,006	\$ 17,360
Hybrid instruments	2,010	270
Derivatives	-	5,151
	<u>\$ 4,016</u>	<u>\$ 22,781</u>

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

Derivative financial instruments	December 31, 2022		
	Contract amount (notional principal)		Contract period
Current items:			
Forward foreign exchange contracts	USD	9,600	2022/12-2023/4
Forward foreign exchange contracts	JPY	50,000	2022/10-2023/1

Foreign exchange swap contracts

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

- C. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2023	December 31, 2022
Current items:		
Equity instruments		
Listed stocks	\$ 433,869	\$ 349,116
Valuation adjustment	285,958	47,815
Total	<u>\$ 719,827</u>	<u>\$ 396,931</u>
Non-current items:		
Equity instruments		
Emerging stocks	25,634	25,634
Unlisted stocks	48,316	40,415
	73,950	66,049
Valuation adjustment	12,289	7,456
Total	<u>\$ 86,239</u>	<u>\$ 73,505</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$806,066 and \$470,436 as at December 31, 2023 and 2022, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2023	Year ended December 31, 2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 255,818	(\$ 11,477)
Cumulative losses reclassified to retained earnings due to derecognition	\$ 12,841	\$ -
Dividend income recognised in profit or loss		
Held at end of period	\$ 44,860	\$ 32,830

C. As at December 31, 2023 and 2022, without taking into account any collateral held, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company were \$806,066 and \$470,436, respectively.

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Non-current items:		
Corporate bonds	\$ 180,500	\$ -

A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$180,500 and \$0, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 9,915	\$ 20,575
Less: Allowance for uncollectible accounts	(28)	(145)
	<u>\$ 9,887</u>	<u>\$ 20,430</u>
Accounts receivable	\$ 915,248	\$ 1,429,689
Accounts receivable - related parties	47,702	38,305
	<u>962,950</u>	<u>1,467,994</u>
Less: Allowance for uncollectible accounts	(163,175)	(189,800)
	<u>\$ 799,775</u>	<u>\$ 1,278,194</u>
Overdue receivables(shown as other non-current assets)	\$ 1,060	\$ 3,165
Less: Allowance for uncollectible accounts	(1,060)	(3,165)
	<u>\$ -</u>	<u>\$ -</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due to 60 days	\$ 754,075	\$ 9,915	\$ 1,356,654	\$ 20,755
61 to 120 days	109,618	-	32,313	-
121 to 180 days	21,274	-	43,972	-
Over 180 days	77,983	-	35,055	-
	<u>\$ 962,950</u>	<u>\$ 9,915</u>	<u>\$ 1,467,994</u>	<u>\$ 20,755</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,128,243.
- C. The Company has no notes and accounts receivable pledged to others as collateral.
- D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes were \$9,887 and \$20,430, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$799,775 and \$1,278,194, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 69,600	(\$ 46,237)	\$ 23,363
Work in progress	467,041	(125,735)	341,306
Finished goods	113,217	(31,526)	81,691
Inventory in transit	3,771	-	3,771
	<u>\$ 653,629</u>	<u>(\$ 203,498)</u>	<u>\$ 450,131</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 125,033	(\$ 48,767)	\$ 76,266
Work in progress	397,189	(135,008)	262,181
Finished goods	190,620	(46,617)	144,003
Inventory in transit	3,852	-	3,852
	<u>\$ 716,694</u>	<u>(\$ 230,392)</u>	<u>\$ 486,302</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	\$ 1,130,598	\$ 1,945,920
Loss or gain on reversal of decline in market value	(26,894)	46,770
Loss on physical inventory	11,717	43,679
	<u>\$ 1,115,421</u>	<u>\$ 2,036,369</u>

For the year ended December 31, 2023, the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of sold inventory.

(7) Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
C Sun (B.V.I) Ltd.	\$ 2,370,917	\$ 2,385,339
K Sun (B.V.I) Ltd.	22,566	22,190
Wat Sun. Intelligent Technology Co., Ltd.(Note)	-	51,858
Associates:		
Gallant Precision Machining Co., Ltd.	1,131,004	987,324
Gallant Micro. Machining Co., Ltd.	143,343	105,046
Viewmove Technologies, Inc.	36,713	38,926
	<u>\$ 3,704,543</u>	<u>\$ 3,590,683</u>

Note: Wat Sun. Intelligent Technology Co., Ltd. completed the liquidation on October 13, 2023.

A. Subsidiaries

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

B. Associates

(a) The fair value of the Company's material associates with quoted market prices is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Gallant Precision Machining Co., Ltd.	\$ 1,360,668	\$ 1,235,344
Gallant Micro. Machining Co., Ltd.	318,816	163,406
	<u>\$ 1,679,484</u>	<u>\$ 1,398,750</u>

(b) The Company is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 27.38% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same and the remaining shares are widely held, which indicates that the Company has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Company has no control, but only has significant influence, over the investee.

(c) The gain on investments accounted for under equity method amounted to \$276,456 and \$504,762 for the years ended December 31, 2023 and 2022, respectively.

(8) Property, plant and equipment

2023								
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 270,031	\$ 423,667	\$ 10,072	\$ 46,637	\$ 1,483	\$ 13,085	\$ 2,586	\$ 767,561
Accumulated depreciation and impairment	-	(148,968)	(7,301)	(25,642)	(527)	(5,780)	-	(188,218)
	<u>\$ 270,031</u>	<u>\$ 274,699</u>	<u>\$ 2,771</u>	<u>\$ 20,995</u>	<u>\$ 956</u>	<u>\$ 7,305</u>	<u>\$ 2,586</u>	<u>\$ 579,343</u>
Opening net book amount as at January 1	\$ 270,031	\$ 274,699	\$ 2,771	\$ 20,995	\$ 956	\$ 7,305	\$ 2,586	\$ 579,343
Additions	-	4,260	1,313	6,936	1,428	3,113	764	17,814
Reclassifications(Note)	-	2,513	-	-	-	73	(2,586)	-
Disposals	-	-	-	(23)	-	-	-	(23)
Depreciation charge	-	(13,551)	(1,138)	(9,616)	(327)	(2,636)	-	(27,268)
Closing net book amount as at December 31	<u>\$ 270,031</u>	<u>\$ 267,921</u>	<u>\$ 2,946</u>	<u>\$ 18,292</u>	<u>\$ 2,057</u>	<u>\$ 7,855</u>	<u>\$ 764</u>	<u>\$ 569,866</u>
At December 31								
Cost	\$ 270,031	\$ 430,440	\$ 4,947	\$ 38,951	\$ 2,793	\$ 11,565	\$ 764	\$ 759,491
Accumulated depreciation and impairment	-	(162,519)	(2,001)	(20,659)	(736)	(3,710)	-	(189,625)
	<u>\$ 270,031</u>	<u>\$ 267,921</u>	<u>\$ 2,946</u>	<u>\$ 18,292</u>	<u>\$ 2,057</u>	<u>\$ 7,855</u>	<u>\$ 764</u>	<u>\$ 569,866</u>
2022								
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 247,088	\$ 409,636	\$ 20,322	\$ 61,517	\$ 8,487	\$ 19,611	\$ 12,617	\$ 779,278
Accumulated depreciation and impairment	-	(134,228)	(17,653)	(45,194)	(6,562)	(17,155)	-	(220,792)
	<u>\$ 247,088</u>	<u>\$ 275,408</u>	<u>\$ 2,669</u>	<u>\$ 16,323</u>	<u>\$ 1,925</u>	<u>\$ 2,456</u>	<u>\$ 12,617</u>	<u>\$ 558,486</u>
Opening net book amount as at January 1	\$ 247,088	\$ 275,408	\$ 2,669	\$ 16,323	\$ 1,925	\$ 2,456	\$ 12,617	\$ 558,486
Additions	22,943	13,270	1,384	7,322	-	6,234	2,586	53,739
Reclassifications(Note)	-	816	-	8,128	-	633	(12,617)	(3,040)
Disposals	-	-	-	-	(700)	-	-	(700)
Depreciation charge	-	(14,795)	(1,282)	(10,778)	(269)	(2,018)	-	(29,142)
Closing net book amount as at December 31	<u>\$ 270,031</u>	<u>\$ 274,699</u>	<u>\$ 2,771</u>	<u>\$ 20,995</u>	<u>\$ 956</u>	<u>\$ 7,305</u>	<u>\$ 2,586</u>	<u>\$ 579,343</u>
At December 31								
Cost	\$ 270,031	\$ 423,667	\$ 10,072	\$ 46,637	\$ 1,483	\$ 13,085	\$ 2,586	\$ 767,561
Accumulated depreciation and impairment	-	(148,968)	(7,301)	(25,642)	(527)	(5,780)	-	(188,218)
	<u>\$ 270,031</u>	<u>\$ 274,699</u>	<u>\$ 2,771</u>	<u>\$ 20,995</u>	<u>\$ 956</u>	<u>\$ 7,305</u>	<u>\$ 2,586</u>	<u>\$ 579,343</u>

Note: It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to \$816, office equipment amounting to \$8,128, other equipment amounting to \$633, and intangible assets amounting to \$3,040.

- A. There were no borrowing costs capitalized as part of property, plant and equipment for the years ended December 31, 2023 and 2022.
- B. The Company's buildings and structures include buildings and improvements, decoration works and hydroelectric engineering which are depreciated over 56 years, 3 to 10 years and 4 to 11 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Leasing arrangements — lessee

- A. The Company leases various assets including business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise business vehicles, Low-value assets comprise business vehicles, which were excluded from the right-of-use assets.
- C. 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>Carrying amount</u>	<u>Carrying amount</u>
Transportation equipment (Business vehicles)	<u>\$ 19,794</u>	<u>\$ 22,503</u>
	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Transportation equipment (Business vehicles)	<u>\$ 14,032</u>	<u>\$ 11,336</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$11,323 and \$14,457, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 325	\$ 292
Expense on short-term lease contracts	6,552	587
Expense on leases of low-value assets	1,532	-

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$22,584 and \$12,157, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured Banking Loan	\$ 730,000	1.72%~1.83%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured Banking Loan	\$ 695,000	1.55%~2.11%	None

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities held for trading		
Derivative instruments	\$ 16,474	\$ 329

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Financial liabilities held for trading		
Derivatives	(\$ 15,545)	(\$ 166)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

	December 31, 2023		
<u>Derivative financial</u>	<u>Contract amount</u> <u>(Notional principal)</u>		<u>Contract period</u>
Current items:			
Option	USD	17,200	2023/9-2024/5
Foreign exchange swap contracts	JPY	299,998	2023/12-2024/1
	December 31, 2022		
<u>Derivative financial</u>	<u>Contract amount</u> <u>(Notional principal)</u>		<u>Contract period</u>
Current items:			
Option	USD	3,000	2022/12-2023/3

Foreign exchange swap contracts

The Company entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(12) Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	\$ 267,906	\$ 332,566
Estimated accounts payable	150,464	111,266
	<u>\$ 418,370</u>	<u>\$ 443,832</u>

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 232,510	\$ 261,768
Employees' compensation and directors' remuneration payable	16,871	28,304
Pension payable	26,185	25,917
Accrued annual leave	15,472	15,139
Payable on machinery and equipment	237	41
Other	128,844	142,762
	<u>\$ 420,119</u>	<u>\$ 473,931</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from March 30, 2023 to September 30, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 200,000
Unsecured borrowings	Borrowing period is from October 24, 2022 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	150,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and building	143,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and building	70,000
Secured borrowings	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and building	284,000
Secured borrowings	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and building	92,000
Secured borrowings	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and building	124,000
Unsecured borrowings	Borrowing period is from August 8, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	90,000
Unsecured borrowings	Borrowing period is from December 4, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	50,000
Unsecured borrowings	Borrowing period is from December 5, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	60,000
Secured borrowings	Borrowing period is from August 18, 2022 to August 18, 2027; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and building	100,000
Secured borrowings	Borrowing period is from December 11, 2023 to October 12, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Note 1	100,000
				1,463,000
Less: Long-term liabilities, current portion				(300,000)
				<u>\$1,163,000</u>
Interest rate range : 1.61%~1.89%				

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 27, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from August 20, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Unsecured borrowings	Borrowing period is from October 24, 2022 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	150,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and building	180,000
Secured borrowings	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and building	33,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	225,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	18,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	99,000
Secured borrowings	Borrowing period is from August 18, 2022 to August 18, 2027; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Note 1	100,000
Unsecured borrowings	Borrowing period is from October 12, 2022 to October 12, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Note 2	95,000
				1,100,000
Less: Long-term liabilities,current portion				(344,000)
				<u>\$ 756,000</u>
Interest rate range : 1.42%~1.80%				

Note 1: In order to repay the existing bank loans and replenish the medium-term working capital, the Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

- A. Current ratio: Current assets against current liabilities shall be at least 120%.
- B. Debt ratio: Debt against net tangible assets shall be no more than 200%.
- C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.
- D. Net tangible assets: the net asset value less intangible shall be no less than \$2 billion.

The 2023 and 2022 financial statements of the Company met the requirements of the financial ratio limits.

Note 2: The borrowings was repaid before December 31, 2023.

(15) Pensions

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 139,818)	(\$ 139,710)
Fair value of plan assets	156,436	151,131
Net defined benefit liability	<u>\$ 16,618</u>	<u>\$ 11,421</u>

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 139,710)	\$ 151,131	\$ 11,421
Current service cost	(471)	-	(471)
Interest (expense) income	(2,096)	2,339	243
	(142,277)	153,470	11,193
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	902	902
Change in financial assumptions	(3,518)	-	(3,518)
Experience adjustments	2,478	-	2,478
	(1,040)	902	(138)
Pension fund contribution	-	5,563	5,563
Paid pension	3,499	(3,499)	-
At December 31	(\$ 139,818)	\$ 156,436	\$ 16,618
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 164,272)	\$ 141,673	(\$ 22,599)
Current service cost	(634)	-	(634)
Interest (expense) income	(821)	726	(95)
	(165,727)	142,399	(23,328)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	10,917	10,917
Change in demographic assumptions	(558)	-	(558)
Change in financial assumptions	7,928	-	7,928
Experience adjustments	6,925	-	6,925
	14,295	10,917	25,212
Pension fund contribution	-	9,537	9,537
Paid pension	11,722	(11,722)	-
At December 31	(\$ 139,710)	\$ 151,131	\$ 11,421

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

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

	Year ended December 31, 2023	Year ended December 31, 2022
Discount rate	1.25%	1.5%
Future salary increases	3.5%	3.5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	\$ 3,518	(\$ 3,647)	(\$ 3,508)	(\$ 3,402)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	\$ 3,623	(\$ 3,760)	(\$ 3,626)	\$ 3,514

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$0.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	3,443
1-2 year(s)		11,266
2-5 years		19,749
Over 5 years		35,264
	\$	<u>69,722</u>

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

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$15,310 and \$14,498, respectively.

(16) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	conditions
Treasury stock transferred to employees	11-Mar-22	715 thousand shares	-	Vested immediately

B. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2022 was \$49.3 per share. The exercise price of stock options was \$58 per share. There were no expenses incurred on share-based payment transaction for the year ended December 31, 2022.

(17) Share capital

- A. As of December 31, 2023, the Company's authorized capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,567,553 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2023</u>	<u>2022</u>
At January 1	156,755	151,475
Stock dividend	-	4,565
Repurchase treasury shares	(7,492)	-
Treasury stock sold to employee	-	715
At December 31	<u>149,263</u>	<u>156,755</u>

- B. On May 25, 2021, the Board of Directors has resolved the Company to repurchase treasury shares of 1,000 thousand shares. Aforementioned shares will be reissued to employees. As of December 31, 2023, the accumulated number of shares which are repurchased by the Company is 715 thousand shares.
- C. The stockholders at their meeting on June 9, 2022 resolved to increase capital by 4,566 thousand shares with a par value of \$10 per share through capitalization of unappropriated retained earnings of \$45,657. Pursuant to the approval by the Financial Supervisory Commission, Securities and Futures Bureau, the capital increase was effective on July 15, 2022.
- D. On November 9, 2023, the Board of Directors has resolved for the Company to repurchase treasury shares amounting to 10,000 thousand shares. Aforementioned shares will be reissued to employees. As of December 31, 2023, the accumulated number of shares which are repurchased by the Company is 7,492 thousand shares.
- E. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (December 31, 2022 : None.)

<u>December 31, 2023</u>			
<u>Name of company</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount</u>
holding the shares			
The Company	To be reissued to employees	7492	\$ 425,511

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(18) Capital surplus

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

The details of capital surplus are as follows:

		2023					
		Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interest in subsidiaries	Capital surplus, changes in equity of investment	Employee stock option
January 1		\$85,584	\$ 133,672	\$ 11,761	\$ 1,776	\$ 40,893	\$ 7
Recognition of change in equity of associates in proportion to the Group's ownership		-	-	-	-	333	-
December 31		<u>\$85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 41,226</u>	<u>\$ 7</u>
		2022					
		Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interest in subsidiaries	Capital surplus, changes in equity of investment	Employee stock option
January 1		\$85,584	\$ 133,672	\$ 11,761	\$ 1,776	\$ 10,951	\$ 7
Recognition of change in equity of associates in proportion to the Group's ownership		-	-	-	-	29,942	-
December 31		<u>\$85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 40,893</u>	<u>\$ 7</u>

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 20% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. In accordance with the law, the Company authorised the distributable dividends and bonuses in whole or in part may be paid in cash after a special resolution has been adopted by the Board of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The aforesaid requirement that resolution shall be resolved at the shareholders' meeting is not applicable.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. Special reserve
- (a) 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.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriation of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 23, 2023 and June 9, 2022, respectively. Details are summarized below:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Earnings per share(In dollars)	Amount	Earnings per share(In dollars)
Legal reserve	\$ 74,686		\$ 64,632	
Special reserve	-		(53,977)	
Cash dividends	564,319	\$ 3.6	456,569	\$ 3.0
Stock dividends	-		45,656	
Total	<u>\$ 639,005</u>		<u>\$ 512,880</u>	

- E. On March 5, 2024, the Board of Directors proposed for the distribution of cash dividends from the 2023 earnings in the amount of \$447,727 at \$3.0 (in dollars) per share.

(20) Other equity items

2023				
Unrealised gains(losses) from financial assets measured at fair value through other comprehensive income				
		Currency translation	Other	Total
At January 1	\$ 71,516	(\$ 101,535)	\$ 530	(\$ 29,489)
Valuation adjustment	439,362	-	-	439,362
Disposal transferred out from retained earnings	(12,841)	-	-	(12,841)
Currency translation differences:				
–Group	-	7,971	-	7,971
–Associates	-	(44,794)	-	(44,794)
At December 31	<u>\$ 498,037</u>	<u>(\$ 138,358)</u>	<u>\$ 530</u>	<u>\$ 360,209</u>
2022				
Unrealised gains(losses) from financial assets measured at fair value through other comprehensive income				
		Currency translation	Other	Total
At January 1	\$ 102,636	(\$ 132,689)	\$ 530	(\$ 29,523)
Valuation adjustment	(29,292)	-	-	(29,292)
Disposal transferred out from retained earnings	(1,828)	-	-	(1,828)
Currency translation differences:				
–Group	-	229,972	-	229,972
–Associates	-	(198,818)	-	(198,818)
At December 31	<u>\$ 71,516</u>	<u>(\$ 101,535)</u>	<u>\$ 530</u>	<u>(\$ 29,489)</u>

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following geographical regions:

<u>Year ended December 31, 2023</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u>	<u>Total</u>
Timing of revenue recognition				
At a point in time	\$ 1,276,658	\$ 389,601	\$ 91,925	\$ 1,758,184
Over time	134,213	-	-	134,213
	<u>\$ 1,410,871</u>	<u>\$ 389,601</u>	<u>\$ 91,925</u>	<u>\$ 1,892,397</u>
<u>Year ended December 31, 2022</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u>	<u>Total</u>
Timing of revenue recognition				
At a point in time	\$ 1,432,434	\$ 1,402,347	\$ 80,601	\$ 2,915,382
Over time	102,120	-	-	102,120
	<u>\$ 1,534,554</u>	<u>\$ 1,402,347</u>	<u>\$ 80,601</u>	<u>\$ 3,017,502</u>

B. Contract assets and liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities	<u>\$ 228,384</u>	<u>\$ 459,498</u>	<u>\$ 125,076</u>

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>\$ 323,931</u>	<u>\$ 124,023</u>

(22) Other income

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Rent income	\$ 254	\$ 290
Dividend income	44,860	32,830
Indemnity income	7,118	44
Other income	29,601	19,392
	<u>\$ 81,833</u>	<u>\$ 52,556</u>

(23) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gains on disposals of investments	\$ 1,832	\$ 856
Foreign exchange gains	21,708	21,305
(Losses) gains on financial (liabilities) assets (at fair value through profit or loss)	(13,361)	21,800
Gain on disposal of property transferred to expenses	1	252
	<u>\$ 10,180</u>	<u>\$ 44,213</u>

(24) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Bank loan	\$ 33,250	\$ 30,636
Lease liabilities	325	292
	<u>\$ 33,575</u>	<u>\$ 30,928</u>

(25) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	<u>\$ 473,522</u>	<u>\$ 539,188</u>
Depreciation expense(including right-of-use assets)	<u>\$ 41,300</u>	<u>\$ 40,478</u>
Amortisation charges	<u>\$ 4,289</u>	<u>\$ 5,229</u>

(26) Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	\$ 404,580	\$ 468,901
Employee stock options	32,678	33,055
Pension costs	15,538	15,227
Other personnel expenses	20,726	22,005
	<u>\$ 473,522</u>	<u>\$ 539,188</u>

- A. The current year's earnings, if any, shall be distributed a ratio of 1%~9% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors' remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.

If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

- B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at \$5,191 and \$8,709, respectively; while directors' remuneration were accrued at \$11,680 and \$19,595, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2.25% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$5,191 and \$11,680 and the employees' compensation will be distributed in the form of cash.

The employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	\$ 17,760	\$ 65,369
Prior year income tax over estimation	(6,359)	(544)
Tax on undistributed surplus earnings	5,393	6,672
Total current tax	16,794	71,497
Deferred tax:		
Origination and reversal of temporary differences	(869)	52,120
Income tax expense	\$ 15,925	\$ 123,617

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Translation differences of foreign operations	(\$ 8,823)	\$ 5,026

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 100,450	\$ 168,516
Tax exempt income by tax regulation	(19,811)	(32,197)
Change in assessment of realisation of deferred tax assets	(81,508)	(18,830)
Prior year income tax over estimation	(6,359)	(544)
Tax on undistributed earnings	5,393	6,672
Income tax paid in and for income derived from Mainland China	17,760	-
Income tax expense	\$ 15,925	\$ 123,617

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised exchange loss	\$ 42	(\$ 42)	\$ -	\$ -
Unrealised inventory valuation loss	46,078	(5,379)	-	40,699
Allowance for uncollectible accounts in excess of tax limits	35,639	(4,735)	-	30,904
Defined benefit plan	10,058	-	-	10,058
Translation differences of foreign operations	1,354	-	8,823	10,177
Other	30,421	10,367	-	40,788
Taxlosses	-	28,764	-	28,764
Subtotal	<u>\$ 123,592</u>	<u>\$ 28,975</u>	<u>\$ 8,823</u>	<u>\$ 161,390</u>
— Deferred tax liabilities:				
Investment income recognised under equity method	(\$ 388,519)	(\$ 24,693)	\$ -	(\$ 413,212)
Defined benefit plan	(16,074)	(1,067)	-	(17,141)
Land value increment tax	(22,843)	-	-	(22,843)
Other	(9,083)	(2,346)	-	(11,429)
Subtotal	<u>(\$ 436,519)</u>	<u>(\$ 28,106)</u>	<u>\$ -</u>	<u>(\$ 464,625)</u>
Total	<u>(\$ 312,927)</u>	<u>\$ 869</u>	<u>\$ 8,823</u>	<u>(\$ 303,235)</u>

2022				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Temporary differences:				
— Deferred tax assets:				
Unrealised exchange loss	\$ 9,619	(\$ 9,577)	\$ -	\$ 42
Unrealised inventory valuation loss	36,724	9,354	-	46,078
Allowance for uncollectible accounts in excess of tax limits	23,243	12,396	-	35,639
Defined benefit plan	10,058	-	-	10,058
Translation differences of foreign operations	6,380	-	(5,026)	1,354
Other	29,284	1,137	-	30,421
Subtotal	<u>\$ 115,308</u>	<u>\$ 13,310</u>	<u>(\$ 5,026)</u>	<u>\$ 123,592</u>
— Deferred tax liabilities:				
Investment income recognised under equity method	(\$ 333,173)	(\$ 55,346)	\$ -	(\$ 388,519)
Defined benefit plan	(14,275)	(1,799)	-	(16,074)
Land value increment tax	(22,843)	-	-	(22,843)
Other	(798)	(8,285)	-	(9,083)
Subtotal	<u>(\$ 371,089)</u>	<u>(\$ 65,430)</u>	<u>\$ -</u>	<u>(\$ 436,519)</u>
Total	<u>(\$ 255,781)</u>	<u>(\$ 52,120)</u>	<u>(\$ 5,026)</u>	<u>(\$ 312,927)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	deferred tax assets	Expiry year
2023	\$ 143,818	\$ 143,818	\$ -	2033

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 59,611</u>	<u>\$ 59,839</u>

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

(28) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the company	<u>\$ 486,324</u>	155,785	<u>\$ 3.12</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>112</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 486,324</u>	<u>155,897</u>	<u>\$ 3.12</u>
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the company	<u>\$ 718,965</u>	156,616	<u>\$ 4.59</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>229</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 718,965</u>	<u>156,845</u>	<u>\$ 4.58</u>

Notes: For the years ended December 31, 2022, the outstanding weighted average shares was respectively adjusted based on the capitalized amount of unappropriated earnings at the ratio of 103%.

(29) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 17,814	\$ 53,739
Add: Opening balance of payable on equipment	41	97
Less: Ending balance of payable on equipment	(237)	(41)
Cash paid during the year	<u>\$ 17,618</u>	<u>\$ 53,795</u>

(30) Changes in liabilities from financing activities

	2023				
	Short-term borrowings	Long-term borrowings (Note 1)	Leases liabilities (Note 2)	Dividends payable	Liabilities from financing activities- gross
At January 1	\$ 695,000	\$ 1,100,000	\$ 22,589	\$ -	\$ 1,817,589
Changes in cash flow from financing activities	35,000	363,000	(14,175)	(564,319)	(180,494)
Interest expense	-	-	325	-	325
Payment of interest	-	-	(325)	-	(325)
Changes in other non-cash items	-	-	11,323	564,319	575,642
At December 31	<u>\$ 730,000</u>	<u>\$ 1,463,000</u>	<u>\$ 19,737</u>	<u>\$ -</u>	<u>\$ 2,212,737</u>

	2022				
	Short-term borrowings	Long-term borrowings (Note 1)	Leases liabilities (Note 2)	Dividends payable	Liabilities from financing activities- gross
At January 1	\$ 694,981	\$ 845,000	\$ 19,410	\$ -	\$ 1,559,391
Changes in cash flow from financing activities	19	255,000	(11,278)	(456,569)	243,741
Interest expense	-	-	292	-	292
Payment of interest	-	-	(292)	-	(292)
Changes in other non-cash items	-	-	14,457	456,569	14,457
At December 31	<u>\$ 695,000</u>	<u>\$ 1,100,000</u>	<u>\$ 22,589</u>	<u>\$ -</u>	<u>\$ 1,817,589</u>

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Csun Technology (Guangzhou) Co., Ltd.	Subsidiary
Wat Sun. Intelligent Technology Co., Ltd. (Note)	Subsidiary
Suzhou Top Creation Machines Co., Ltd.	Subsidiary
Alpha-Cure Asia Co., Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate
Viewmove Technologies, Inc.	Associate

Note: Wat Sun. Intelligent Technology Co., Ltd. completed the liquidation on October 13, 2023.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
Subsidiary		
Csun Technology (Guangzhou) Co., Ltd.	\$ 171,212	\$ 263,875
Others	-	5,674
Associates	117	-
	<u>\$ 171,329</u>	<u>\$ 269,549</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases:

	Year ended December 31, 2023	Year ended December 31, 2022
Purchases of goods:		
Subsidiary		
Csun Technology (Guangzhou) Co., Ltd.	\$ 201,403	\$ 354,945
Others	-	1,978
Associates	19,133	61,565
	<u>\$ 220,536</u>	<u>\$ 418,488</u>

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Subsidiary		
Csun Technology (Guangzhou) Co., Ltd.	\$ 47,579	\$ 38,305
Associates	123	-
	<u>47,702</u>	<u>38,305</u>
Other receivables:		
Subsidiary		
Csun Technology (Guangzhou) Co., Ltd.	7,940	7,892
	<u>7,940</u>	<u>7,892</u>
	<u>\$ 55,642</u>	<u>\$ 46,197</u>

The receivables from related parties arise mainly from sale transactions and other transactions.

The receivables are unsecured in nature and bear no interest.

There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Subsidiary	\$ 45,324	\$ 46,025
Associates	7,079	21,169
	<u>\$ 52,403</u>	<u>\$ 67,194</u>

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

E. Other transaction:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
	<u>Item</u> <u>Amount</u>	<u>Item</u> <u>Amount</u>
Subsidiary		
Csun Technology (Guangzhou) Co., Ltd.	Service revenue <u>\$ 14,941</u>	Service revenue <u>\$ 16,104</u>
Subsidiary	Service expense <u>\$ 22,076</u>	Service expense <u>\$ 32,397</u>

(3) Key management compensation

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Salaries and other short-term employee benefits	\$ 46,368	\$ 60,925
Post-employment benefits	397	380
	<u>\$ 46,765</u>	<u>\$ 61,305</u>

8. Pledged Assets

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

	<u>Book value</u>	
<u>Pledged asset</u>	<u>December 31, 2023</u> <u>December 31, 2022</u>	<u>Purpose</u>
Property, plant and equipment	<u>\$ 502,899</u> <u>\$ 509,014</u>	Long-term borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

Except for the descriptions in other Notes to the parent company only financial statements, the Company's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales for the years ended December 31, 2023 and 2022 were \$95,757 and \$309,334, respectively.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please refer Note 6(19).

12. Others

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

During the year ended December 31, 2023, the Company's strategy, which was unchanged from 2023, was to maintain the gearing ratio within reasonable risk level. The gearing ratios at December 31, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total borrowings	\$ 2,193,000	\$ 1,795,000
Less: Cash and cash equivalents	(106,205)	(177,205)
Net debt	2,086,795	1,617,795
Total equity	3,089,202	3,190,538
Total capital	<u>\$ 5,175,997</u>	<u>\$ 4,808,333</u>
Gearing ratio	<u>40.32%</u>	<u>33.65%</u>

(8) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 5,310</u>	<u>\$ 171,512</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 806,066</u>	<u>\$ 470,436</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 106,205	\$ 177,205
Financial assets at amortised cost	180,500	-
Notes receivable	9,887	20,430
Accounts receivable (including related parties)	799,775	1,278,194
Other receivables (including related parties)	9,729	8,607
Guarantee deposits paid	<u>11,728</u>	<u>9,067</u>
	<u>\$ 1,117,824</u>	<u>\$ 1,493,503</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	<u>\$ 16,474</u>	<u>\$ 329</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 730,000	\$ 695,000
Notes payable	4,489	18,689
Accounts payable (including related parties)	470,773	511,026
Other accounts payable	420,119	473,931
Long-term borrowings (including current portion)	<u>1,463,000</u>	<u>1,100,000</u>
	<u>\$ 3,088,381</u>	<u>\$ 2,798,646</u>
Lease liability (including current portion)	<u>\$ 19,737</u>	<u>\$ 22,589</u>

B. Financial risk management policies

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

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 15,452	30.705	\$ 474,454
RMB:NTD	22,003	4.327	95,207
JPY:NTD	197,227	0.2172	42,838
<u>Non-monetary items</u>			
USD:NTD	\$ 77,951	30.705	\$ 2,393,483
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 22	30.705	\$ 676
JPY:NTD	1,833	0.2172	398
<u>Non-monetary items: None</u>			

December 31, 2022			
	Foreign currency		Book value
	amount	Exchange rate	
	(In thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 18,655	30.71	\$ 572,895
RMB:NTD	89,991	4.408	396,680
JPY:NTD	245,178	0.2324	56,979
<u>Non-monetary items</u>			
USD:NTD	\$ 78,396	30.71	\$ 2,407,529
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 51	30.71	\$ 1,566
JPY:NTD	4,432	0.2324	1,030
<u>Non-monetary items: None</u>			

- ii. Total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to \$21,708 and \$21,305, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,938	\$ -
RMB:NTD	1%	952	-
JPY:NTD	1%	428	-
<u>Non-monetary items</u>			
USD:NTD	1%	\$ -	\$ 23,935
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 6)	\$ -
JPY:NTD	1%	(4)	-
<u>Non-monetary items: None</u>			

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 5,729	\$ -
RMB:NTD	1%	3,967	-
JPY:NTD	1%	570	-
<u>Non-monetary items</u>			
USD:NTD	1%	\$ -	\$ 24,075
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 16)	\$ -
JPY:NTD	1%	(10)	-
<u>Non-monetary items: None</u>			

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$89 and \$1,337, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$6,449 and \$3,763, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

The Company's main interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in the NTD. If the interest rate had increased/decreased by 0.25%, the amount of cash outflow for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,825 and \$1,738, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The default occurs when the contract payments are past due.
- iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix to estimate expected credit loss.
- vi. The Company used the forecastability of the industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Up to 60 days past due	61~ 120 days past due	121~180 days past due	Up to 181 days	Total
<u>At December 31, 2023</u>					
Expected loss rate	0%~30%	2%~42%	4%~100%	10%~100%	
Total book value	\$ 763,990	\$ 109,618	\$ 21,274	\$ 77,983	\$ 972,865
Loss allowance	(\$ 47,278)	(\$ 34,105)	(\$ 12,972)	(\$ 68,848)	(\$ 163,203)

<u>At December 31, 2022</u>					
Expected loss rate	0%~30%	37%~42%	4%~55%	10%~100%	
Total book value	\$ 1,377,229	\$ 32,313	\$ 43,972	\$ 35,055	\$ 1,488,569
Loss allowance	(\$ 102,657)	(\$ 25,492)	(\$ 28,113)	(\$ 33,538)	(\$ 189,800)

- vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2023		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 189,800	\$ 145	\$ 3,165
Provision for impairment	(28,730)	(117)	-
Reclassified	2,105	-	(2,105)
At December 31	<u>\$ 163,175</u>	<u>\$ 28</u>	<u>\$ 1,060</u>

	2022		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 171,097	\$ 37	\$ 3,165
Provision for impairment	20,201	108	-
Write-offs	(1,498)	-	-
At December 31	<u>\$ 189,800</u>	<u>\$ 145</u>	<u>\$ 3,165</u>

The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

- viii. For financial instruments at amortised cost, the credit rating levels are presented below:
(There were no such transaction on December 31, 2022.)

	December 31, 2023			
		Lifetime		
		Significant		
		increase in	Impairment	
	12 months	credit risk	of credit	Total
Financial liabilities at amortised cost	<u>\$ 180,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,500</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022 the Company held money market position of \$104,604 and \$175,278, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Fixed rate:		
Expiring within one year	\$ 1,640,000	\$ 1,835,000
Expiring beyond one year	200,000	241,000
	<u>\$ 1,840,000</u>	<u>\$ 2,076,000</u>

- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity companyings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 730,000	\$ -	\$ -	\$ -
Notes payable	4,489	-	-	-
Accounts payable(including related parties)	470,773	-	-	-
Other payables	420,119	-	-	-
Lease liability(including current portion)	12,060	7,958	-	-
Long-term borrowings(including current portion)	303,396	578,275	651,207	-
<u>Derivative financial liabilities</u>				
Forward exchange contracts	\$ 16,475	\$ -	\$ -	\$ -
December 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 695,000	\$ -	\$ -	\$ -
Notes payable	18,689	-	-	-
Accounts payable(including related parties)	511,026	-	-	-
Other payables	473,931	-	-	-
Lease liability(including current portion)	12,250	10,645	-	-
Long-term borrowings(including current portion)	349,869	663,234	106,897	-
<u>Derivative financial liabilities</u>				
Forward exchange contracts	\$ 329	\$ -	\$ -	\$ -

(9) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, 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. The fair value of the Company's investment in most derivative instruments is included in Level 2.

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

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

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Debt securities	5,310	-	-	5,310
Derivative instruments	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity securities	719,827	-	86,239	806,066
Total	<u>\$ 725,137</u>	<u>\$ -</u>	<u>\$ 86,239</u>	<u>\$ 811,376</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>(\$ 16,474)</u>	<u>\$ -</u>	<u>(\$ 16,474)</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 167,183	\$ -	\$ -	\$ 167,183
Debt securities	3,300	-	-	3,300
Derivative instruments	1,029	-	-	1,029
Financial assets at fair value through other comprehensive income				
Equity securities	396,931	-	73,505	470,436
Total	<u>\$ 568,443</u>	<u>\$ -</u>	<u>\$ 73,505</u>	<u>\$ 641,948</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	(\$ 329)	\$ -	(\$ 329)

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

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

	Listed shares	Open-end fund
	Closing price	Net asset value
Market quoted price		

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

- v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
- viii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- ix. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- C. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- D. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	<u>Equity securities</u>	<u>Equity securities</u>
At January 1	\$ 73,505	\$ 109,887
Gain or loss recognised in other comprehensive income		
Recorded as unrealised gains (losses)		
on valuation of investments in equity		
instruments measured at fair value		
through other comprehensive income	4,834 (	34,833)
Acquired in the year	10,000	-
Proceeds from capital reduction	(2,100)	(1,549)
At December 31	<u>\$ 86,239</u>	<u>\$ 73,505</u>

- E. Accounting Department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 68,066	Market comparable companies	Price to earnings ratio multiple	0.44~15.8	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	0.5	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund	18,173	Net asset value	Not applicable	Not applicable	Not applicable
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 62,807	Market comparable companies	Price to earnings ratio multiple	7.8~12.14	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	0.5	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund	10,698	Net asset value	Not applicable	Not applicable	Not applicable

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

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 8,624	(\$ 8,624)
			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 7,351	(\$ 7,351)

13. Supplementary Disclosures

(10) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(11) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(11) Information on investees

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

(12) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(13) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

Not applicable.

C SUN MFG. LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

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

Statement 1

Item	Description	Amount
Cash and cash equivalents		\$ 1,601
Cash in banks		
Demand deposits -NTD		68,121
-USD	689 thousands Exchange rate 30.705	21,156
-CNY	1,108 thousands Exchange rate 4.327	4,794
-JPY	42,603 thousands Exchange rate 0.2172	9,253
-Other		1,280
		<u>\$ 106,205</u>

C SUN MFG. LTD.
STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2023

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

Statement 2

Client Name	Description	Amount	Note
Account receivable			
Customer:			
1001206		\$ 104,319	
1001039		99,057	
1013596		88,338	
			The balance of each customer has not exceeded 5% of the accounts receivable
Other		<u>623,534</u>	
Subtotal		915,248	
Less : Allowance for uncollectible		(<u>163,175</u>)	
		<u>\$ 752,073</u>	
Accounts receivable-related parties			
Csun Technology (Guangzhou) Co., Ltd.		\$ 47,579	
GALLANT PRECISION MACHINING CO., LTD.		<u>123</u>	
		<u>\$ 47,702</u>	

C SUN MFG. LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023

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

Statement 3

Item	Description	Amount		Note
		Cost	Value	
Raw material		\$ 69,600	\$ 51,042	
Work in progress		467,041	684,192	
Finished goods		113,217	162,711	
Inventory in transit		<u>3,771</u>	<u>3,771</u>	
		653,629	<u>\$ 901,716</u>	
Less : Allowance for valuation loss		(<u>203,498</u>)		
		<u>\$ 450,131</u>		

C SUN MFG. LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Beginning Balance		Addition(Note 1)		Decrease(Note 2)		Ending Balance			Market Value or Net Assets Value			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Total Amount	Unit Price	Collateral	Note
C Sun (B.V.I) Ltd.	-	\$ 2,385,339	-	\$ 235,158	-	(\$ 249,580)	-	100	\$ 2,370,917	\$ 2,370,917	\$ -	None	
K Sun (B.V.I) Ltd.	-	22,190	-	385	-	(9)	-	100	22,566	22,566	-	"	
Wat Sun. Intelligent Technology Co., Ltd.	70,000,000	51,858	-	-	(70,000,000)	(51,858)	-	-	-	-	-	"	
Gallant Precision Machining Co., Ltd.	44,758,827	987,324	-	225,550	-	(81,870)	44,758,827	27.38	1,131,004	1,360,668	-	"	
Gallant Micro. Machining Co., Ltd.	1,859,000	105,046	355,000	52,085	-	(13,788)	2,214,000	7.83	143,343	318,816	-	"	
Viewmove Technologies, Inc.	676,504	38,926	-	736	-	(2,949)	676,504	20.70	36,713	36,713	-	"	
		<u>\$ 3,590,683</u>		<u>\$ 513,914</u>		<u>(\$ 400,054)</u>			<u>\$ 3,704,543</u>				

Notes 1 and 2: Additions and decreases for the year including unrealised gross profit on inter-affiliate accounts, cumulative translation adjustment, increase of the investment amount, gain (loss) on investment, earnings remitted back and unrealised gain (loss) on financial instruments.

C SUN MFG. LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Beginning Balance	Addition	Decrease	Reclassifications	Ending Balance	Collateral	Note
Land	\$ 270,031	\$ -	\$ -	\$ -	\$ 270,031	Pledge for long – term borrowings	
Buildings and structures	423,667	4,260	-	2,513	430,440	Pledge for long – term borrowings	
Machinery and equipment	10,072	1,313	(6,438)	-	4,947	None	
Office equipment	46,637	6,936	(14,622)	-	38,951	"	
Transportation equipment	1,483	1,428	(118)	-	2,793	"	
Other equipment	13,085	3,113	(4,706)	73	11,565	"	
Unfinished projects and equipment	2,586	764	-	(2,586)	764	"	
	<u>\$ 767,561</u>	<u>\$ 17,814</u>	<u>(\$25,884)</u>	<u>\$ -</u>	<u>\$ 759,491</u>		

C SUN MFG. LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Beginning Balance	Addition	Decrease	Reclassifications	Ending Balance
Buildings and structures	\$ 148,968	\$ 13,551	\$ -	\$ -	\$ 162,519
Machinery and equipment	7,301	1,138	(6,438)	-	2,001
Office equipment	25,642	9,616	(14,599)	-	20,659
Transportation equipment	527	327	(118)	-	736
Other equipment	5,780	2,636	(4,706)	-	3,710
	<u>\$ 188,218</u>	<u>\$ 27,268</u>	<u>(\$ 25,861)</u>	<u>\$ -</u>	<u>\$ 189,625</u>

C SUN MFG. LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023

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

Statement 7

<u>Nature</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Range of Interest</u> <u>Rate</u>	<u>Loan</u> <u>Commitments</u>	<u>Collateral</u>
E.SUN Bank	Unsecured borrowings	\$ 190,000	Maturity within 1 year	floating	\$ 300,000	None
Citibank	Unsecured borrowings	240,000	"	floating	240,000	"
Chang Hwa Bank	Unsecured borrowings	50,000	"	floating	50,000	"
DBS Bank	Unsecured borrowings	150,000	"	floating	300,000	"
Cathay United Bank	Unsecured borrowings	100,000	"	floating	200,000	"
		<u>\$ 730,000</u>			<u>\$ 1,090,000</u>	

Rate range : 1.72%~1.83%

C SUN MFG. LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023

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

Statement 8

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
The Export-Import Bank of the Republic of China	Borrowing period is from March 20, 2023 to September 30, 2024; interest is repayable monthly; principal is repayable in full at maturity.	\$ 200,000	2023.3.30~ 2024.9.30	Fixed	None	
Yuanta Commercial Bank	Borrowing period is from October 24, 2022 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity.	150,000	2022.10.24~ 2025.10.23	Fixed	None	
Yuanta Commercial Bank	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity	143,000	2020.6.9~ 2025.10.23	Fixed	Buildings and structures	
Yuanta Commercial Bank	Borrowing period is from June 9, 2020 to October 23, 2025; interest is repayable monthly; principal is repayable in full at maturity	70,000	2020.10.24~ 2025.10.23	Fixed	Buildings and structures	
Taipei Fubon Bank	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity	284,000	2023.9.20~ 2028.9.20	Fixed	Buildings and structures	
Taipei Fubon Bank	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity	92,000	2023.9.20~ 2028.9.20	Fixed	Buildings and structures	

C SUN MFG. LTD.
STATEMENT OF LONG-TERM BORROWINGS (Cont.)
DECEMBER 31, 2023

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

Statement 8

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
Taipei Fubon Bank	Borrowing period is from September 20, 2023 to September 20, 2028; interest is repayable monthly; principal is repayable in full at maturity	124,000	2023.9.20~ 2028.9.20	Fixed	Buildings and structures	
Far Eastern International Bank	Borrowing period is from August 8, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity	90,000	2023.8.8~ 2025.5.25	Fixed	None	
Far Eastern International Bank	Borrowing period is from December 4, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity	50,000	2023.12.4~ 2025.5.25	Fixed	None	
Far Eastern International Bank	Borrowing period is from December 5, 2023 to May 25, 2025; interest is repayable monthly; principal is repayable in full at maturity	60,000	2023.12.5~ 2025.5.25	Fixed	None	
The Shanghai Commercial & Savings Bank	Borrowing period is from August 18, 2022 to August 18, 2027; interest is repayable monthly; principal is repayable in full at maturity	100,000	2022.8.18~ 2027.8.18	Fixed	Buildings and structures	
Shin Kong Commercial Bank	Borrowing period is from December 11, 2023 to October 12, 2024; interest is repayable monthly; principal is repayable in full at maturity	100,000	2023.12.11~ 2024.10.12	Fixed	None	
		1,463,000				
Less : Long-term liabilities,current portion		(300,000)				
Interest rate range : 1.61%~1.89%		<u>\$ 1,163,000</u>				

C SUN MFG. LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Unit	Amount	Note
Thermal curing process equipment	350	\$ 643,575	
UV curing process equipment	14	9,863	
Photolithography equipment	106	902,652	
Other	66	336,307	
		<u>\$ 1,892,397</u>	

C SUN MFG. LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement 10

Item	Amount
Raw materials at beginning of year	\$ 128,885
Add: Raw materials purchased	709,041
Gain on physical inventory	4
Less: Raw materials at end of year	(73,371)
Sale of raw materials	(129,799)
Loss on scrapping inventory	(10,947)
Other	(1,607)
Consumption of raw materials for the year	622,206
Direct labor	30,735
Manufacturing expenses	236,921
Manufacturing cost	889,862
Add: Work in process at beginning of year	397,189
Less: Work in Process at end of year	(467,041)
Other	(164,414)
Cost of finished goods	655,596
Add: Finished goods at beginning of year	190,620
Finished goods purchased	136,946
Inventory scrapped loss	63,451
Other	(113,217)
Less: Finished goods at end of year	(770)
Cost of goods sold	932,626
Cost of sales and service	68,359
Unrealised inventory valuation loss	(26,894)
Inventory scrapped loss	11,717
Cost of raw materials sold	129,799
Loss on physical inventory	(4)
Revenue from sales of scraps	(182)
Total operating cost	<u>\$ 1,115,421</u>

C SUN MFG. LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement 11

Item	Description	Amount	Note
Work in porcess expenses		\$ 109,205	
Wages and salaries expenses		99,766	
			The amount of each item included in others does not exceed 5% of the account balance.
Others		27,950	
		<u>\$ 236,921</u>	

C SUN MFG. LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement 12

Item	Description	Amount	Note
Selling expenses :			
Wages and salaries expenses	\$	69,027	
Service expenses		47,372	
Shipping expenses		10,198	
Traveling expenses		9,487	
			The amount of each item included in others does not exceed 5% of the account balance.
Others		60,477	
	\$	196,561	
General and administrative expenses :			
Wages and salaries expenses	\$	108,514	
Miscellaneous expense		20,825	
Depreciation charges		19,219	
			The amount of each item included in others does not exceed 5% of the account balance.
Others		60,358	
	\$	208,916	
Research and development expenses :			
Wages and salaries expenses	\$	127,273	
Research and development		42,261	
Insurance expense		11,579	
			The amount of each item included in others does not exceed 5% of the account balance.
Others		43,551	
	\$	224,664	
Expected credit losses	(\$	28,847)	
	\$	601,294	

C SUN MFG. LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Function Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 99,766	\$ 293,134	\$ 392,900	\$ 112,794	\$ 338,287	\$ 451,081
Labour and health insurance fees	9,230	23,448	32,678	9,578	23,477	33,055
Pension costs	4,005	11,533	15,538	4,325	10,902	15,227
Directors' remuneration	-	11,680	11,680	-	17,820	17,820
Other personnel expenses	4,287	16,439	20,726	4,438	17,567	22,005
Depreciation Expense	10,553	30,747	41,300	12,519	27,959	40,478
Amortisation Expense	-	4,289	4,289	343	4,886	5,229

Note:

1. As at December 31, 2023 and 2022, the Company had 405 and 415 employees, including 6 and 7 non-employee directors, respectively.
- 2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - (1) Average employee benefit expense in current year was \$1,157.
Average employee benefit expense in previous year was \$1,278.
 - (2) Average employees salaries in current year was \$985.
Average employees salaries in previous year was \$1,106.
 - (3) Adjustments of average employees salaries was (11%).
 - (4) The company has established an audit committee, so there is no supervisor's remuneration.

C SUN MFG. LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION
EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

- (5) The Company's remuneration policy (including Directors, supervisors, managers and employees)
- (a) The emolument of the directors and supervisors includes remuneration, transportation allowance, execution fee and the remuneration distributed from earning which were under the Company's Articles of Incorporation.
 - (b) The emolument of general manager and vice general manager includes salary, bonus, employees compensation shall be determined by reference to the level of the same industry, depending on the position they hold, the responsibilities they assumed and the contribution to the Company.
 - (c) The employee compensation policy of the Company is established based on the employee's ability, contribution to the Company, performance, and determined after considering the company's future operational risks. In accordance with the Company Act and the Company's Articles of Incorporation, a fixed percentage of the earnings before tax of the year is allocated to employees as employee compensation, which is paid in the middle of the following year.
- Additionally, a fixed percentage of the current year's annual net income is appropriated as a year-end bonus to be paid to employees before the Chinese New Year, and the operating performance or results are appropriately reflected in employees' compensation.