



Transcend Information, Inc. Annual Report 2023

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: Not applicable

Corporate Website: <https://tw.transcend-info.com/>

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1. Letter to Shareholders

Dear Shareholders,

Looking back at 2023, the memory market remained stagnant and overall market was sluggish, similar to the condition in 2022. Major memory suppliers reduced production to ease the inventory pressure. Amid this lifeless economic condition, Transcend flexibly adjusted inventory strategies and procurement policies, along with high-efficiency manufacturing, to successfully fulfill clients' sales orders while maintaining good profit. The destocking approach and reduced production started to take effect in the 4th quarter of 2023, leading to a gradual increase in DRAM and NAND flash prices. In the rapidly changing market, Transcend took proactive measures and closely collaborated with suppliers. With stable product supply, high production efficiency, and good pricing strategy, Transcend achieved solid and stable business outcome. I would like to express my sincere gratitude to all the shareholders, suppliers, and employees.

2023 Business Report

(1) 2023 Business Report, Financial Highlights & Analysis

Transcend's consolidated revenue totaled NT\$10.5 billion in 2023, a decrease of 13.4% from the previous year. Consolidated gross profit also decreased, totaling NT\$1.89 billion, which is 25.4% higher than the last year. The net income reached NT\$1.98 billion, a YoY decrease of 19.1%. Earnings per share were NT\$4.63, calculated at the weighted average of outstanding share capital of NT\$4.3 billion. The overall business performance in 2023 was poorer compared to 2022. In addition, equity attributable to owners of the Company reached NT\$19.3 billion, accounting for 86.4% of total assets. The ratio of long-term capital to property, plant and equipment was 1,298%, the current ratio was 607%, the return on assets was 9.07%, and the return on equities was 10.2%.

(2) Budget Execution

Transcend did not have public financial forecast.

(3) Research & Development

As a leading brand in memory products, Transcend never stops innovating and improving. With the rapid development of generative AI, 5G networks, spatial computing, and electric vehicles, the demand for high-performance storage devices is also growing. Transcend has continually developed embedded solutions and strategic products, including DDR5 5600 DRAM modules, U.2 NVMe SSDs, and PCIe SSDs. Transcend also adopted SLC Mode, TCG Opal, and PLP technologies that provide more reliable storage solutions for business clients. In retail markets, Transcend has consistently developed high-speed SSDs and high-performance strategic products, such as the ESD410C portable SSD featuring IPX5 protection, military-grade shock resistance, and USB 20Gbps rate, dual-connector mini portable SSD ESD310, and M.2 2242/2230 SSDs-- the MTE410S, MTE400S, and MTE300S-- designed for gaming consoles and slim computers.

2024 Business Plan

(1) Main Strategies

With innovation and improvement in mind, Transcend regards top quality, good service, and efficient operation as its core management principles.

(2) Estimated Sales Volume

The estimation is based on the forecast of overall economy in 2024, market trend, and potential sales orders in the future.

Product	Estimated Sales Volume/Unit: Thousand pieces
DRAM+Flash products	25,000
Others	3,000

(3) Fundamental Sales Policies

a. DRAM Modules

Computers equipped with the latest Intel CPUs have entered mass production. Consequently, the demand for consumer DDR5 DRAM modules is expected to surpass that of DDR4 in the second half of 2024. In terms of industrial applications, the increasing demand for AI servers will drive the growth in the delivery of server DRAM modules.

b. Flash Products

The economy in the first half of 2023 remained weak due to weak market demand and high inventory level. After implementing destocking measures and production adjustment, the prices of DRAM and NAND flash recovered, especially high-capacity consumer SSDs. For industrial SSDs, deliveries have also increased as data center, AI, Big Data, 5G, and edge computing continued to boom.

Impacts of Future Development, External Environment, Regulatory Environment, and Overall Operating Environment

Transcend focuses on its core business and prioritizes shareholders' rights by actively engaging in corporate governance and fully disclosing investment information. Transcend is also active in social engagement in Taiwan, continuously sponsoring youth athletic activities such as the High School Basketball League and High School Volleyball League. For the tenth consecutive year, Transcend has been awarded the Sport Activists Awards, symbolizing its long-term dedication to youth training and development. Additionally, since 2015, Transcend has initiated the Remote Area Baseball Seed Program, aimed at supporting underprivileged school baseball teams and nurturing more future sport stars for Taiwan.

With the rapid growth of generative AI, the IT industry is undergoing unprecedented revolution, leading to higher demand for storage devices to support more sophisticated AI applications. In the future, Transcend will continue to expand industrial and retail markets, developing the most competitive products. While pursuing business success, Transcend will actively respond to ESG trend by developing low power consumption DRAM modules and utilizing recyclable packaging materials, achieving both environmental protection and business growth. We thank you for the trust and support you have placed in Transcend, and we are excited about a long and prosperous relationship together.

Chairman: Shu, Chung-Won

2. Company Profile

2.1. Date of Incorporation

Date of Incorporation: August 30, 1989.

2.2. Company History

Year	Milestones
1989	<ul style="list-style-type: none">- Transcend Information, Inc. is founded by Peter Shu in Taipei, Taiwan.- The first products offered are the “JetMate” laser printer driver and the “KeyPro” software protection system.- Authorized and paid-in capital: NT\$ 10,000,000
1990	<ul style="list-style-type: none">- Transcend USA opens in Los Angeles, California.- Transcend begins manufacturing Taiwan's earliest laser printer controller for producing Chinese characters.
1991	<ul style="list-style-type: none">- Transcend begins to offer PCRAM expansion cards for desktops.- Authorized and paid-in capital: increased to NT\$ 20,000,000
1992	<ul style="list-style-type: none">- Transcend opens its Hamburg, Germany office.- Transcend begins manufacturing software security solutions.- Authorized and paid-in capital: increased to NT\$ 60,000,000
1993	<ul style="list-style-type: none">- Transcend is recognized as one of Taiwan's remarkable Small and Medium Enterprises (SMEs) for outstanding performance in information application.
1994	<ul style="list-style-type: none">- Transcend begins to offer PCMCIA expansion products for laptop computers.- Transcend's annual revenue totaled NT\$1.5 billion, up 135%.- Authorized and paid-in capital: increased to NT\$ 102,000,000
1995	<ul style="list-style-type: none">- Transcend begins to offer PCMCIA flash card products.- Transcend's annual revenue totaled NT\$2.4 billion, up 62%.- Authorized and paid-in capital: increased to NT\$ 162,000,000
1996	<ul style="list-style-type: none">- Transcend expands its European operations by opening an office in Rotterdam, the Netherlands.- Transcend launches proprietary memory products for fax machines and video game consoles.- Transcend opens distribution centers and bonded factories, facilitating foreign trade.
1997	<ul style="list-style-type: none">- Transcend opens a branch office in Tokyo, Japan.- Transcend launches its first digital still camera memory products.- Transcend is awarded ISO-9001 Certification.- Transcend merged Won Deng Co., Ltd. Authorized and paid-in capital: increased to NT\$ 182,000,000.- Executed capital increase through capitalization of retained earnings of NT\$ 182,000,000 and cash capital increase of NT\$ 60,700,000. The authorized and paid-in capital was increased to NT\$ 424,700,000. In addition, the retroactive handling of public offering was performed.
1998	<ul style="list-style-type: none">- Transcend receives the National Award of Outstanding SMEs.- Executed capital increase through capitalization of retained earnings of NT\$ 84,940,000 and capital increase through capitalization of capital reserves of

	NT\$ 42,470,000. The authorized and the paid-in capital was increased to NT\$ 552,110,000.
1999	<ul style="list-style-type: none"> - Transcend begins offering PC133 and Rambus memory modules. - Transcend receives Taiwan's 2nd annual Rising Star Award for outstanding performance in foreign trade. - Transcend opens its first two retail stores in Taipei. - Transcend's annual revenue totaled NT\$4.3 billion, up 34%. - Executed capital increase through capitalization of retained earnings of NT\$ 331,266,000 and capital increase through capitalization of capital reserves of NT\$ 55,211,000. The authorized capital was NT\$ 2,000,000,000 and the paid-in capital was increased to NT\$ 938,587,000.
2000	<ul style="list-style-type: none"> - Transcend opens its retail store in Hong Kong. - Transcend launches its first DDR memory products. - Transcend moves into E-commerce by offering on-line direct B2C sales of Transcend-brand products in Taiwan. - Transcend's annual revenue totaled NT\$5.74 billion, up 42%. - Executed capital increase through capitalization of retained earnings of NT\$ 328,505,450, capital increase through capitalization of capital reserves of NT\$ 46,929,350 and the cash capital increase of NT\$ 10,978,200. The authorized capital remains NT\$ 2,000,000,000, and the paid-in capital was increased to NT\$ 1,325,000,000.
2001	<ul style="list-style-type: none"> - Transcend holds its Initial Public Offering on the Taiwan Stock Exchange on May 3, 2001. - Executed capital increase through capitalization of retained earnings of NT\$ 331,250,000 and capital increase out of employee bonus of NT\$ 8,870,000. The authorized capital was increased to NT\$ 2,500,000,000 and the paid-in capital was increased to NT\$ 1,665,120,000.
2002	<ul style="list-style-type: none"> - Transcend expands its product line to include JetFlash USB flash drives and card readers. - Executed capital increase through capitalization of retained earnings of NT\$ 340,880,000. The authorized capital was NT\$ 2,500,000,000 and the paid-in capital was increased to NT\$ 2,006,000,000.
2003	<ul style="list-style-type: none"> - Transcend company headquarter is relocated to its large new facility in Taipei's Neihu Technology District. - Transcend launches its StoreJet line of flash memory storage products. - Transcend expands product line to include disk storage and display systems. - Issuance of Euro-Convertible Bonds US\$35,000,000. - Transcend's annual revenue totaled NT\$9.52 billion, up 47%.
2004	<ul style="list-style-type: none"> - Transcend begins offering DDR2 memory modules and introduces a number of multimedia products to the market. - Transcend's annual revenue totaled NT\$14.59 billion, up 53%.
2005	<ul style="list-style-type: none"> - Transcend opens branch offices in Hertfordshire, England and Maryland, USA. - Transcend diversifies its range of flash products to include MP3 music players. - Transcend receives the 13th National Quality Award. - Transcend wins iF Design Award 2005.
2006	<ul style="list-style-type: none"> - Transcend unveils its Operation Facility in Shanghai, China.

	<ul style="list-style-type: none"> - Transcend becomes the first company in the world to receive ISO 9001, ISO 14001 and HSPM (QC 080000) certifications. - Transcend is honored with 2006 Taiwan Superior Brands award from the Bureau of Foreign Trade, commissioned by the Ministry of Economics Affairs (MOEA) of Taiwan.
2007	<ul style="list-style-type: none"> - Transcend celebrates its 20th anniversary as it opens its Shanghai factory. - Transcend opens office in Osaka, Japan. - Transcend is named by GfK the No.1 brand of Memory Devices (Memory Cards and USB drive) in 2006 in Taiwan's retail market.
2008	<ul style="list-style-type: none"> - Transcend Korea opens in Seoul, South Korea. - Transcend wins Best Taiwan Global Brands commissioned by the MOEA of Taiwan with a brand value of USD \$244 million. - Transcend wins Taiwan Excellence Award for 5 consecutive years with a total of 19 products being awarded. - Transcend is ranked 62nd place as "Top 100 IT Brands o 2008" by Bloomberg Businessweek. - Transcend wins Germany's Red Dot award for its product design. - Transcend wins Japan's Good Design award.
2009	<ul style="list-style-type: none"> - Transcend is the first memory module manufacturer in the world to garner five Quality Management System certificates issued by the International Organization for Standardization. - Transcend's patented non-volatile memory technology wins the silver prize of National Invention and Creation Award from the Taiwan Intellectual Property Office (IPO). - Transcend's StoreJet 25M and StoreJet 25C external hard drives wins Germany's Red Dot award for their design. - Transcend's JetFlash T5 USB flash drive wins Japan's Good Design award. - Transcend is the world's third-largest flash drive manufacturer with a global market share of 11.6%, according to a Gartner survey in 2008.
2010	<ul style="list-style-type: none"> - Transcend launches a complete series of USB 3.0 flash solutions. - Transcend's patented flash memory technology wins the golden prize of National Invention and Creation Award from the Taiwan IPO.
2011	<ul style="list-style-type: none"> - Transcend completes its Neihu factory in Taipei, Taiwan. - Transcend opens its third US office in Miami, Florida. - Transcend wins for the 5th consecutive year Best Taiwan Global Brands commissioned by the MOEA of Taiwan. - Transcend's patented non-volatile memory technology wins the silver prize of National Invention and Creation Award from the Taiwan IPO. - Transcend extends its corporate social responsibility by sponsoring youth sports activities, such as the HBL. - Transcend organizes its first Working Holiday program, aiming to attract young talents from all over the globe.
2012	<ul style="list-style-type: none"> - Transcend expands its product line with wireless storage products. - Transcend wins the award for best companies to work for commissioned by Taipei City Government Labor Affairs Bureau. - Transcend is named the third-largest manufacturer of USB flash drives and the fourth-largest manufacturer of memory cards in the world, according to a Gartner survey in 2012. - Transcend continues to expand its sponsorship of all youth sports events,

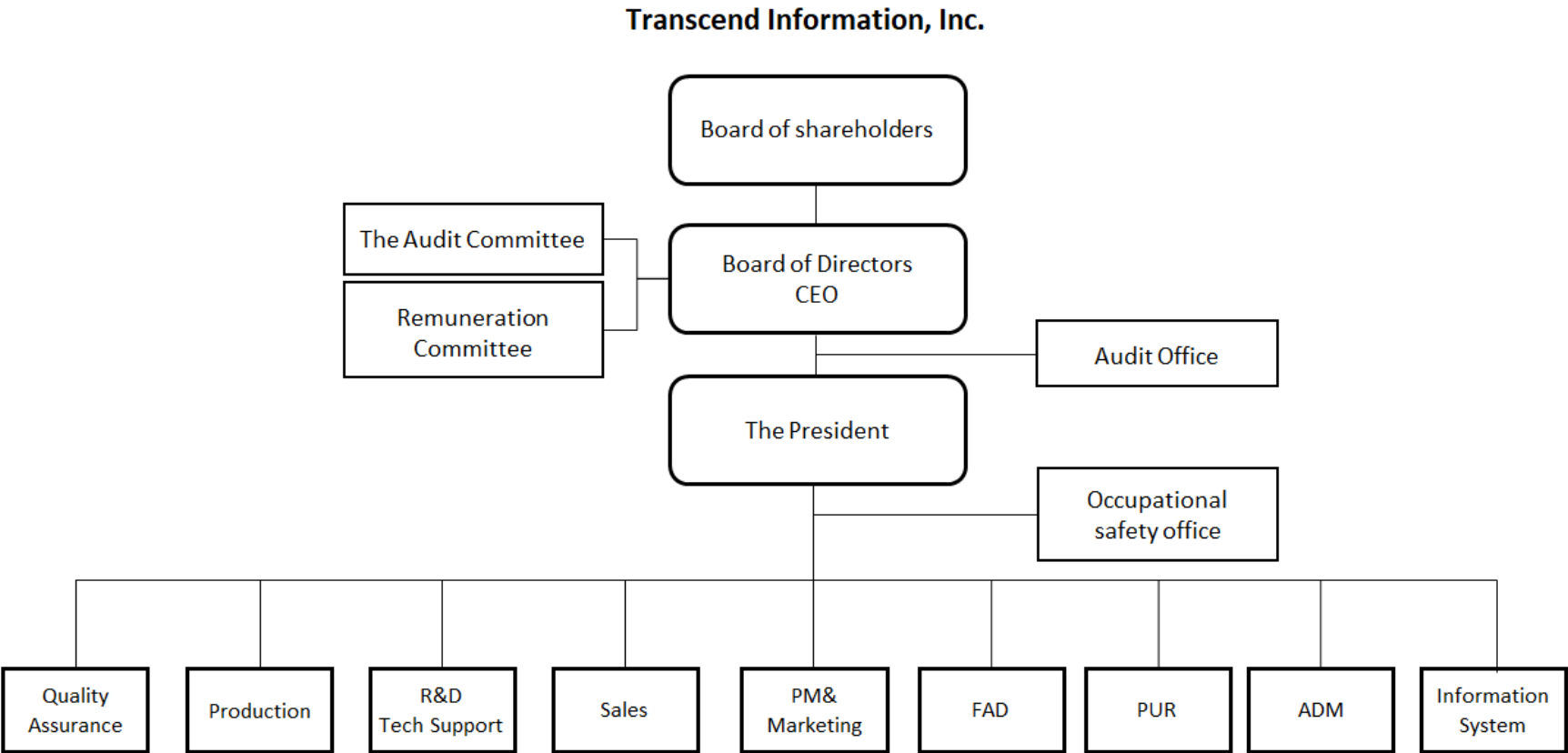
	including basketball, volleyball, cheerleading, soccer, and softball tournaments.
2013	<ul style="list-style-type: none"> - Transcend opens office in Silicone Valley, USA. - Transcend expands its product line to include DrivePro dashcams. - Transcend receives the ISO/TS 16949:2009 Quality Management System Certification by SGS, demonstrating Transcend's continuous improvement in quality management to meet the needs of the automotive industry. - Transcend wins Taiwan Excellence Award for the 10th consecutive year with a total of 48 products being awarded. - Transcend's patented memory block management technology wins the silver prize of National Invention and Creation Award from the Taiwan IPO. - Transcend wins the award for best companies to work for commissioned by Taipei City Government Labor Affairs Bureau.
2014	<ul style="list-style-type: none"> - Transcend expands its product line to include Mac-compatible upgrade solutions. - Transcend expands its DrivePro dashcam product line and is honored with ICT Month 100 I.T. Innovative Elite Award. - Transcend begins to sponsor the 2nd Black Panther High School Baseball Tournament.
2015	<ul style="list-style-type: none"> - Transcend expands its product line to include DrivePro Body wearable cameras. - Transcend wins Good Design Award 2015 for the design of its DrivePro 520 dashcam and JetDrive Lite expansion cards for Mac. - Transcend initiates its long-term Baseball Mentoring Program aimed at underprivileged school baseball teams, aspiring to help young promising athletes fulfill their dreams.
2016	<ul style="list-style-type: none"> - Transcend expands its product line to include StoreJet Cloud personal cloud storage. - Transcend wins for the 10th consecutive year Best Taiwan Global Brands commissioned by the MOEA of Taiwan. - Transcend's DrivePro 50 dashcam wins Japan's Good Design Award 2016. - Transcend's embedded SSDs are in fourth place in global market share, according to a Gartner survey in 2015.
2017	<ul style="list-style-type: none"> - Transcend launches its first PCIe M.2 SSD series. - Transcend wins Good Design Award 2017 for its CM42 M.2 SSD enclosure kit. - Transcend is honored by Taiwan's Ministry of Education for the first time in 2017 for actively promoting sports activities. - Transcend continues to sponsor youth sports events, winning the silver prize of Sports Activist Awards and the Long-Term Sponsorship Award in 2017.
2018	<ul style="list-style-type: none"> - Transcend launches a dual lens dashcam and a body camera with a tethered camera unit, and is honored with ICT Month 100 I.T. Innovative Elite Award. - Transcend wins Taiwan Excellence Award for the 15th consecutive year with a total of 77 products being awarded. - Transcend's JetDrive 855 SSD Upgrade Kits for Mac wins Japan's Good Design award. - Transcend is honored with the golden prize of Sports Activist Awards for its continuous efforts in sponsoring youth sports events.

2019	<ul style="list-style-type: none"> - Transcend unveils its cutting-edge Portable SSD product series. - Transcend is granted 2019 Badge of Accredited Healthy Workplace by Taiwan's Ministry of Health and Welfare for health promotion at the workplace.
2020	<ul style="list-style-type: none"> - Transcend wins Taiwan Excellence Award for the 17th consecutive year. - Transcend expands its product line to include 3D NAND SSDs with Extended Temperature Tolerance. - Transcend launches its first CFExpress Type B memory card. - Transcend launches its first QLC NAND SSD.
2021	<ul style="list-style-type: none"> - Transcend wins Top 25 Internation Brands in Taiwan for the 15th consecutive year. - Transcend launches its first PCIe Gen4 x4 SSDs. - Transcend launches its first motorcycle dashcam DrivePro 20. - Transcend launches the DDR5-4800 DRAM module product line. - Transcend launches industrial-grade 112-layer 3D NAND SSDs.
2022	<ul style="list-style-type: none"> - Transcend wins Top 25 Internation Brands in Taiwan for the 16th consecutive year. - Transcend wins Taiwan Excellence Award for the 18th year. - Transcend launches PCIe 4.0 M.2 SSD MTE250H, equipped with professional aluminum fin Heat Sink. - Transcend launches high-speed and anti-shock portable SSD ESD380C - Transcend launches industrial-grade 112-layer 3D NAND SLC Mode, TCG Opal, and PLP SSD product lines with power-off protection
2023	<ul style="list-style-type: none"> - Transcend wins Top 25 Internation Brands in Taiwan for the 17th - Transcend wins Taiwan Excellence Award for the 19th year. - Transcend wins Ministry of Education Sports Activist Awards for the 10th - Transcend launches high-speed, anti-shock and waterproof portable SSD ESD410C - Transcend launches industrial-grade U.2 NVMe SSD UTE210T

3. Corporate Governance Report

3.1. Organization

3.1.1. Organizational Chart



3.1.2. Major Corporate Functions

Department	Functions
Sales	Responsible for the establishment of the sales plan for all markets worldwide, including physical/virtual channels, direct stores and project brands of the Company, industry grade, network communication/POS/medical/military application/automobile application and OEM customers, as well as the development and maintenance of customers, business management and promotion, collection and response to new business opportunities.
R & D Tech Support	Responsible for the research, development and design related matters for memory products, computers and mobile phone peripheral products and vehicle continuous video recording (CVR) and wearable cameras.
Production	Responsible for product production, testing, repair and production schedule control, product shipping operation, production technologies, manufacturing quality improvement and related matters.
PM & Marketing	Responsible for the management of reasonable pricing and fair distribution of the Company's products, summarization and analysis of product information and pros/cons of products of each product line, and also provide assistance to customization demands. Responsible for matters related to the brand marketing activities, strengthening of brand image, product and market information collection, establishment and execution of marketing plans, contact and application of broadcast media, planning of the Company's website and assistance to sales activity arrangement and design, etc.
FAD	Responsible for the Company's financial analysis, accounting affairs, statements preparation, difference analysis, fund management, planning of the Company's taxes, finance, stock affairs and investments as well as monitoring of the cash flow of all subsidiaries.
PUR	Responsible for understanding the quality condition and price trend of raw materials, component parts, machine equipment and office supplies necessary for the products and operation of the Company in order to perform price negotiation and purchase. It is also responsible for maintaining the safety stock of the purchase items and assisting the handling of slow-moving materials.
ADM	Responsible for coordinating the Company's administrative management, human resource, legal, patent and trademark related affairs, in order to ensure that all administrative affairs of the Company comply with the laws and regulations, and also responsible for establishing internal regulations according to laws in order to ensure the compliance of all employees in the organization.
Information System	Responsible for matters related to the Company's software and hardware constructions for systems, networks and computers.
Quality Assurance	Responsible for the establishment of the Company's quality assurance system, promotion of ISO system and QA management system, direct internal audit and external certification, and communication with other departments to achieve objectives of the organization, customer audit and subsequent follow-up management.
Audit Office	Responsible for the monitoring and assessment of the design of internal control systems of the parent company and its subsidiaries and also determine whether their executions are effective, and propose improvement recommendations.
Occupational Safety Office	Responsible for leading and executing occupational safety and health policies, ensuring the implementation of the occupational safety and health management system, controlling occupational safety and health documents, regularly conducting workplace environmental monitoring, and managing and supervising contracting and construction activities.

3.2. Background Information on Directors, General Managers, Vice General Managers, Assistant Managers and Heads of Various Department and Branches

3.2.1. Directors

April 23, 2024

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	SHU, CHUNG-WON	Male 61-70 years old	2021.08.26	3	2003.06.03	9,990,453	2.33%	10,709,453	2.50%	-	0.00%	-	0.00%	Department of Electrical Engineering, National Cheng Kung University Project Manager of Hewlett- Packard Development Company, L.P.	CEO of Transcend Information Inc. Chairman of Taiwan IC Packaging Corporation Director of C-Tech Corporation and Transcend Information Trading GmbH General Manager of Transcend Information Inc. President of Transcend Information Trading GmbH Independent Director of Sports Gear Co., Ltd.	Director	SHU, CHUNG- CHENG	Brother	Note
																Director	CHUI, LI-CHU	Spouse		
Director	R.O.C	SHU, CHUNG-CHENG	Male 71-80 years old	2021.08.26	3	2004.06.11	6,244,098	1.46%	5,034,098	1.17%	1,000,000	0.23%	-	0.00%	Department of Civil Engineering, National Taipei Institute of Technology General Manager of Transcend Information Inc.	Chairman of C-Tech Corporation, Cheng Chuan Technology Development Inc. and Shu Min Investment Inc. Executive Director of Transcend Information (Shanghai), Ltd. and Transtech Trading (Shanghai) Co., Ltd. Director of Wan An Technology Inc., Won Chin Investment Inc., Wan Min Investment Inc., Wan Chuan Investment Inc., Saffire Investment Ltd. and Memhiro Pte. Ltd. Consultant of Transcend Information Inc.	Chairman and CEO and General Manager	SHU, CHUNG- WON	Brother	-
																Director	CHUI, LI-CHU	Second- degree Relatives		
Director	R.O.C	CHUI, LI-CHU	Female 61-70 years old	2021.08.26	3	2015.06.12	-	0.00%	-	0.00%	10,709,453	2.50%	-	0.00%	Department of French, Tamkang University Administrative officer of Ho Cheng Investment Inc.	Supervisor of Won Chin Investment Inc.	Chairman and CEO and General Manager	SHU, CHUNG- WON	Spouse	-
																Director	SHU, CHUNG- CHENG	Second- degree Relatives		
Director	R.O.C	HSU, CHIA-HSIAN	Male 61-70 years old	2021.08.26	3	2003.06.03 (discharged on 2009.6.13 after expiration of two terms of office)	487,244	0.11%	377,244	0.09%	16,744	0.00%	-	0.00%	Department of Automatic Control Engineering, Feng Chia University President of China area of Transcend Information Inc.	Consultant of Transtech Trading (Shanghai) Co., Ltd.	None	None	None	-
Director	R.O.C	CHEN, PO-SHOU	Male 41-50 years old	2021.08.26	3	2021.08.26	-	0.00%	-	0.00%	-	0.00%	-	0.00%	San Jose State University Economics Sales Director of Transcend Information, Inc.	Sales Vice General Manager of Transcend Information, Inc. Director of Transcend Information (H.K.) Limited.	None	None	None	-

Note : Due to the needs of the Company's operation and business development, presently, the Chairman, CEO and General Manager refer to the same person. However, a majority of the directors are not concurrently assuming the positions of employees or managerial officers. In the future, to increase one independent director to improve the supervisory function of the board of directors. As of April 23, 2024, the personal shareholding of Director Shu, Chung-Won was 5,409,453 shares, and he retained the right to decide the exercise of the 5,300,000 shares. The total amount was 10,709,453 shares.

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	WU, KUAN-DE	Male 41-50 years old	2021.08.26	3	2021.08.26	-	0.00%	-	0.00%	-	0.00%	-	0.00%	Master of Mechanical Engineering, National Taiwan University R&D Director of Transcend Information, Inc.	Factory Chief of Transcend Information, Inc.	None	None	None	-
Indeoendent Director	R.O.C	WANG, YI-HSIN	Female 61-70 years old	2021.08.26	3	2012.06.15	-	0.00%	-	0.00%	-	0.00%	-	0.00%	Ph.D, Accounting, University of Kentucky Professor of Department of Accounting, National Chung Hsing University Vice President of National Taipei University, Library Director Independent Director of Bestcom Infotech Corp. Independent Director of United BioPharma Inc. President and Professional Development Committee Chairperson, Institute of Internal Auditors-Chinese Taiwan Director and Member of Professional Ethics Committee and International Relationship Committee, International Internal Audit Association Financial Officer of Asian Alliance, International Internal Audit Association Committee Member of "Park Operation Fund Supervisory Management Committee," National Science Council, Executive Yuan Committee Member of "Committee for Government Accounting Standards," Directorate-General of Budget, Accounting and Statistics, Executive Yuan Director of First Financial Holding Co., Ltd.	Professor of Department of Accounting, National Taipei University Chairman of Accounting Research and Development Foundation Chairman of Taipei Trend Research Foundation Supervisor of Telecom Technology Center Consultant of Professional Development Committee, Institute of Internal Auditors-Chinese Taiwan Director of Yu Da University of Science and Technology	None	None	None	-

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Indeoendent Director	R.O.C	CHEN, YI-LIANG	Male 61-70 years old	2021.08.26	3	2012.06.15	-	0.00%	-	0.00%	-	0.00%	-	0.00%	MBA, University of California, Los Angeles President of China area of Hewlett-Packard Development Company, L.P. Financial Vice President of Taiwan area of Hewlett-Packard Development Company, L.P. Independent Director of Nano-Op Co., Ltd. Independent Director of Lextar Electronics Corp.	Director of Tai Hwa Oil Industrial Co., Ltd.	None	None	None	-
Indeoendent Director	R.O.C	CHEN, LO-MIN	Male 61-70 years old	2021.08.26	3	2012.06.15	-	0.00%	-	0.00%	-	0.00%	-	0.00%	Department of Business Administration of National ChengChi University Global Executive Vice President of Diebold Inc. President of Asia-Pacific area of Diebold Inc. President of Great China Business division of Royal Philips President of NCR China Co., Ltd. Vice President of Taiwan branch of NCR Corp.	Independent Director of Hitron Technologies Inc.	None	None	None	-

3.2.2. Disclose the name of the Institutional Shareholders if the Company's Direcor is a representative of an Institutional Shareholder: None.

3.2.3. Top 10 Shareholders' Names and Shareholding Ratio of the Institutional Shareholders: Not applicable.

3.2.4. Disclosure of information as professional qualifications and independent status of directors and independent directors

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
SHU, CHUNG-WON	<p>Department of Electrical Engineering, National Cheng Kung University. He is former Project Manager of Hewlett-Packard Development Company, L.P. Presently, he has been dedicated in the memory industry business management for more than 36 years since the establishment of the Company in 1988. In addition to the positions of Director and President at a subsidiary 100% owned by the Company, he also acted as the Chairman of the affiliated company of Taiwan IC Packaging Corporation and vertically integrates the industry value chain.</p> <p>He is equipped with extensive industry knowledge, practical experience, business management and leadership, and he is also equipped with insight on the industrial development trend. With regard to the promotion of overseas market business, he also understands various commercial environment, economy, culture and relevant risks. Accordingly, his valuable experience is able to propose comments and directives on matters related to corporate governance, operational management and risk management to the board of directors of the Company, thereby achieving the functions of strategic guidance and performance improvement.</p> <p>Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>He is the CEO and General Manager of the Company, and concurrently acts as the Director and President of the affiliated company of Transcend Information Trading GmbH.</p> <p>He is in a marital relationship with Director CHUI, LI-CHU.</p> <p>SHU, CHUNG-CHENG is a second-degree relative of him and he also acts the Director of affiliated companies of Transcend Information (Shanghai) Ltd., Transtech Trading (Shanghai) Ltd., Won Chin Investment Inc., Saffire Investment Ltd., and Memhiro Pte. Ltd.</p> <p>The number of shares held by him and his second-degree relative SHU, CHUNG-CHENG is 15,743,551 shares, accounting for 3.67%, and he is listed as individual shareholder of the top 10 shareholding percentage.</p> <p>Act as the Chairman of Taiwan IC Packaging Corporation, an affiliated company invested under the equity method.</p> <p>He has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	1
SHU, CHUNG-CHENG	<p>Department of Civil Engineering, National Taipei Institute of Technology. Acted as the President of the Company from November 1998 to March 2020. Currently acts as a consultant of the Company. He has been</p>	<p>He is the Director of affiliated companies of Transcend Information (Shanghai) Ltd., Transtech Trading (Shanghai) Ltd., Won Chin Investment Inc., and Saffire Investment Ltd., Memhiro Pte. Ltd.</p>	0

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>dedicated in the memory industry business management for more than 26 years, and also acts as the Chairman or Director in related companies of the Company, in order to contribute his expertise in corporate governance.</p> <p>He is equipped with extensive industry knowledge, practical experience, business management and crisis handling capabilities, and also has certain understanding on the overall business policy, objective of the overall operation as well as major business decision of the Company, such that he is able to promptly adopt changes, adjust strategies and implement timely responsive measures. Accordingly, with his valuable experience he is able to propose comments and directives on matters related to corporate governance, operational management and risk management to the board of directors of the Company, and provide references and adjustments for the management team.</p> <p>Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>He is in the second-degree relative relationship with Director CHUI, LI-CHU.</p> <p>SHU, CHUNG-WON is a second-degree relative of him and he also acts the Director and President of affiliated companies of Transcend Information Trading GmbH.</p> <p>The number of shares held by him and his second-degree relative SHU, CHUNG-WON is 15,743,551 shares, accounting for 3.67%, and SHU, CHUNG-WON is listed as individual shareholder of the top 10 shareholding percentage.</p> <p>He acts as the Chairman of Cheng Chuan Technology and also acts as the Director of Won Chin Investment Inc., where both Cheng Chuan Technology and Won Chin Investment Inc. are business partners of the Company.</p> <p>He has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	
CHUI, LI-CHU	<p>Department of French, Tamkang University. Since 2006, she has assumed positions of Supervisor of Won Chin Investment Inc. and Administrative officer of Ho Cheng Investment Inc. She is equipped with more than 17 years of working experience in investment business, and is able to promptly propose comments and directives related to corporate governance and operation management to the board of directors of the</p>	<p>She is not an employee, director of affiliates.</p> <p>Her spouse SHU, CHUNG-WON is the Director and President of Transcend Information Trading GmbH.</p> <p>SHU, CHUNG-CHENG is a second-degree relative of her and he also acts the Director of affiliated companies of Transcend Information (Shanghai)</p>	0

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>Company.</p> <p>Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>Ltd., Transtech Trading (Shanghai) Ltd., Won Chin Investment Inc., Saffire Investment Ltd., and Memhiro Pte. Ltd.</p> <p>The number of shares held by her spouse SHU, CHUNG-WON and her second-degree relative SHU, CHUNG-CHENG is 15,743,551 shares, accounting for 3.67%, and they are listed as individual shareholders of the top 10 shareholding percentage.</p> <p>She acts as the Supervisor of Won Chin Investment Inc. in business relationship with the Company.</p> <p>She has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	
HSU, CHIA-HSIAN	<p>Department of Automatic Control Engineering, Feng Chia University. He participated in the Company since the establishment in 1988 and retired in 2015. He has been dedicated in the memory industry for more than 28 years and has participated in numerous projects. His last position was the President of China area, and he is responsible for the development of business and factory establishment and management in the China region.</p> <p>He is equipped with extensive information electronic industry knowledge, practical experience, business management and decision making capabilities, and he is also equipped with extensive experience in industry development along with several years of overseas practical experience. He is able to communicate on relevant business management affairs with</p>	<p>He is not an employee, director and supervisor of affiliates.</p> <p>His spouse, relative within the second degree of kinship or direct blood relative within the third degree of kinship is not an employee, director and supervisor of the Company or its affiliates.</p> <p>The number of shares held by him is 377,244 shares, accounting for 0.09%.</p> <p>He is not assuming any position of director, supervisor or employee of a company having a special relationship with the Company.</p>	0

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>other directors and to provide comments and directives to the management team.</p> <p>Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>He has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	
CHEN,PO-SHOU	<p>San Jose State University Economics. Since July 1, 2019, he has acted as the Business Vice President of the Company and he is also equipped with the seniority of 16 years of service. He is mainly responsible for the business unit's annual operation goal and sales strategy of the Company, and he also provides guidance on the business development direction and maintains customer relationships.</p> <p>He is equipped with extensive industry experience, and has in-depth understanding on the industry development trend, marketing, sales and relevant risk management. Act as the manager of the board of directors to promptly propose comments and directives related to corporate governance, operation management and risk management.</p> <p>Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>He is the Sales Vice General Manager of the Company.</p> <p>His spouse, relative within the second degree of kinship or direct blood relative within the third degree of kinship is not an employee, director and supervisor of the Company or its affiliates.</p> <p>The number of shares of the Company held by him and his spouse, relatives within the second degree of kinship (or under the name of others) is 0 shares.</p> <p>He is the Director of affiliated companies of Transcend Information (HK.) Ltd..</p> <p>He has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>Not a governmental, juridical person or its representative as defined in</p>	0

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		Article 27 of the Company Law.	
WU, KUAN-DE	<p>Master of Mechanical Engineering, National Taiwan University. He has serviced the Company since October 18, 2010, and was promoted to Factory Director from R&D Department Director on October 1, 2020, with nearly 13 years of seniority. He is mainly responsible for the product manufacturing process arrangement, improvement of manufacturing technologies and process quality, as well as application of relevant information technology on manufacturing process.</p> <p>He is equipped with the memory industry knowledge, R&D and product management, information technology application, leadership and crisis handling capability, and he is also able to propose comments and directives related to the operation of the Company to the board of directors.</p> <p>Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>He is the manufacturing unit factory affairs responsible officer of the Company.</p> <p>His spouse, relative within the second degree of kinship or direct blood relative within the third degree of kinship is not an employee, director and supervisor of the Company or its affiliates.</p> <p>The number of shares of the Company held by him and his spouse, relatives within the second degree of kinship (or under the name of others) is 0 shares.</p> <p>He is not assuming any position of director, supervisor or employee of a company having a special relationship with the Company.</p> <p>He has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	0
CHEN, YI-LIANG	<p>MBA, University of California, Los Angeles. He currently acts as the Director of Tai Hwa Oil Industrial Co., Ltd. He once acted as the President of China area of Hewlett-Packard Development Company, L.P., Financial Vice President of Taiwan area of Hewlett-Packard Development Company,</p>	<p>He is not an employee, a director and supervisor of the Company or any of its affiliates.</p> <p>His spouse, relative within the second degree of kinship or direct blood</p>	0

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>L.P., and Independent Director of Nano-Op Co., Ltd. He is equipped with the experience in corporate governance, finance, operation management capability and cooperate business development. He is able to provide recommendations to the management team, to improve the corporate governance quality of the board of directors, to implement audit committee supervisory authority and to strengthen the salary and remuneration management function.</p> <p>Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. (with more than 30 years of professional experience in commerce, finance and corporate business development).</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>relative within the third degree of kinship is not an employee, director and supervisor of the Company or its affiliates.</p> <p>The number of shares of the Company held by him and his spouse, relatives within the second degree of kinship (or under the name of others) is 0 shares.</p> <p>He is not assuming any position of director, supervisor or employee of a company having a special relationship with the Company.</p> <p>He has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	
CHEN, LO-MIN	<p>Department of Business Administration of National ChengChi University. He currently acts as the Independent Director of Hitron Technologies Inc. He once acted as the Global Executive Vice President of Diebold Inc., President of Asia-Pacific area of Diebold Inc., President of Great China Business division of Royal Philips, President of NCR China Co., Ltd., and Vice President of Taiwan branch of NCR Corp. He is equipped with the experience in corporate governance, operation management capability and cooperate business development. He is able to provide recommendations to the management team, to improve the corporate governance quality of the board of directors, to implement audit committee supervisory authority</p>	<p>He is not an employee, a director and supervisor of the Company or any of its affiliates.</p> <p>His spouse, relative within the second degree of kinship or direct blood relative within the third degree of kinship is not an employee, director and supervisor of the Company or its affiliates.</p> <p>The number of shares of the Company held by him and his spouse, relatives within the second degree of kinship (or under the name of others) is 0 shares.</p>	1

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>and to strengthen the salary and remuneration management function.</p> <p>Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. (with more than 30 years of professional experience in commerce, finance and corporate business development).</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>He is not assuming any position of director, supervisor or employee of a company having a special relationship with the Company.</p> <p>He has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	
WANG, YI-HSIN	<p>Ph.D, Accounting, University of Kentucky. She is equipped with financial and accounting professional expertise. She currently acts as the Professor of Department of Accounting, National Taipei University, Chairman of Accounting Research and Development Foundation, Consultant of Professional Development Committee, Institute of Internal Auditors-Chinese Taiwan, and Director of Yu Da University of Science and Technology. She once acted as the Professor of Department of Accounting, National Chung Hsing University, Vice President of National Taipei University, Director of First Financial Holding Co., Ltd., Independent Director of Bestcom Infotech Corp., Independent Director of United BioPharma Inc., President and Professional Development Committee Chairperson, Institute of Internal Auditors-Chinese Taiwan, Director and Member of Professional Ethics Committee and International Relationship Committee, International Internal Audit Association and Financial Officer of Asian Alliance, International Internal Audit Association. She is equipped with the professional skills in corporate governance, finance and accounting, as</p>	<p>She is not an employee, a director and supervisor of the Company or any of its affiliates.</p> <p>Her spouse, relative within the second degree of kinship or direct blood relative within the third degree of kinship is not an employee, director and supervisor of the Company or its affiliates.</p> <p>The number of shares of the Company held by her and her spouse, relatives within the second degree of kinship (or under the name of others) is 0 shares.</p> <p>She is not assuming any position of director, supervisor or employee of a company having a special relationship with the Company.</p> <p>She has not provided the services of commerce, law, finance and accounting to the Company or its affiliates in the last 2 years.</p> <p>Not having a marital relationship, or a relative within the second degree of</p>	0

<div>Criteria</div> <div>Name</div>	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>well as internal audit. She is able to provide recommendations to the management team, to improve the corporate governance quality of the board of directors, to implement audit committee supervisory authority and to strengthen the salary and remuneration management function.</p> <p>Have an Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University., and Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. (with more than 30 years of professional experience in commerce, finance and corporate business development).</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>kinship to any other director of the Company.</p> <p>Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	

3.2.5. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

The nomination and election of board members of the Company comply with the "Procedures for Election of Directors" and "Corporate Governance Best-Practice Principles", in order to ensure the diversity and independence of board members. According to Article 20 of the "Corporate Governance Best-Practice Principles" of the Company, the composition of the board of directors shall consider the diversity, focusing on gender equality, and directors shall be generally equipped with knowledge, skills and expertise necessary for executing their job duties. To realize the ideal of corporate governance, the board of directors as a whole shall possess the abilities, including operational judgment capability, accounting and financial analysis capability, business management capability, crisis handling capability, industrial knowledge, international market view, leadership capability, decision-making capability, etc.

Specific management objectives and achievement of the Board's Diversity Policy

Management Objectives	Achieved
There should be at least one female board member	Achieved
At least one-third of the directors have computer industry, marketing or technology expertise	Achieved
At least one-third of independent directors have legal, accounting or technological expertise	Achieved

The Company's diversity policy for current Board members and its implementation are as follows:

Name	Core of diversify	Basic composition								Industry experience				Professional ability			
		Nationality	Gender	Employee	Age			Tenure and seniority of independent directors			Bank	Business management	Marketing	R & D	Accounting and Financial Analysis	Information Technology	Risk Management
					40-60	61-70	Over 71	Below 3 years	3-9 years	Over 9 years							
	Shu, Chung-Won	R.O.C	Male	V		V						V	V			V	V
	Shu, Chung-Cheng	R.O.C	Male				V					V	V				V
	Chui, Li-Chu	R.O.C	Female			V						V					V
	Hsu, Chia-Hsian	R.O.C	Male			V						V		V		V	V
	Chen, Po-Shou	R.O.C	Male	V	V							V	V				V
	Wu, Kuan-De	R.O.C	Male	V	V							V		V		V	V
	Chen, Yi-Liang	R.O.C	Male			V				V		V			V		V
	Chen, Lo-Min	R.O.C	Male			V				V		V			V		V
	Wang, Yi-Hsin	R.O.C	Female			V				V	V	V			V		V

All directors are equipped with extensive experience in leadership, decision, operation determination, business management, crisis handling, and are also equipped with industrial knowledge and international market view such that they are equipped with various capabilities necessary to execute the corporate governance. Independent directors, Mr. CHEN, YI-LIANG, Mr. CHEN, LO-MIN and Ms. WANG, YI-HSIN, are equipped with the professional backgrounds in accounting and financial analysis, such they are able to provide professional recommendations to the Company from different viewpoints and aspects.

The current nine directors are of the nationality of the R.O.C., and the composition structure includes three independent directors, accounting for 33% of all directors. Three directors have the identity of an employee, accounting for 33%, and two directors are female directors (including one independent director), accounting for 22%. Furthermore, with regard to the age distribution, one director is above the age of 71 years old, six directors are of the age of 61–70 years old, and two directors are under the age of 60 years old.

(2) Independence of the Board of Directors

According to the provisions of the Securities and Exchange Act, the Company has obtained written declarations issued by all independent directors during their assumption of office, and they are confirmed to comply with the provision specified in Article 14-2 of the Securities and Exchange Act and relevant requirements specified in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The number of terms of office of the independent directors of the Company has reached four terms consecutively, and to further emphasize the supervision and implement external independent functions, fixed compensation is provided to independent directors only. Accordingly, after evaluation, the independence thereof is not reduced.

The Company is of the opinion that the board of directors is able to evaluate the independence of directors according to actual condition, including the required recusal of directors due to conflict of interest, and to provide reports on important operation affairs, risk management, sustainable operation issues and corporate governance, and whether directors are able to express perspectives different from other directors. In addition, according to the provisions of Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act, the percentage of directors having the relationship of a spouse or relatives within the second degree is 33% only, less than half of the total number of directors, and it is evaluated as complying with the regulations.

3.2.6. Management Team

April 23, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman, CEO and General Manager (Note 1)	R.O.C	Shu, Chun-Won	Male	1991.06.01	10,709,453	2.50%	-	0.00%	-	0.00%	<ul style="list-style-type: none"> Department of Electrical Engineering, National Cheng Kung University Project Manager of Hewlett-Packard Development Company, L.P. Chairman of Transcend Information, Inc. 	(Note 2)	None	None	None	(Note 3)
Vice General Manager	R.O.C	LI, TSENG-HO	Male	2020.10.01	-	0.00%	4,000	0.00%	-	0.00%	<ul style="list-style-type: none"> Master of Information Management, National Taiwan University of Science and Technology R&D Vice General Manager of Transcend Information, Inc. 	None	None	None	None	-
Vice General Manager	R.O.C	Fang, Wen-Jeng	Male	2019.09.01	-	0.00%	25,967	0.01%	-	0.00%	<ul style="list-style-type: none"> University of Southern California Electrical Engineering Administration Vice General Manager of Transcend Information, Inc. 	None	None	None	None	-
Director & Vice General Manager	R.O.C	Chen, Po-Shou	Male	2019.07.01	-	0.00%	-	0.00%	-	0.00%	<ul style="list-style-type: none"> San Jose State University Economics Sales Vice General Manager of Transcend Information, Inc. 	None	None	None	None	-

April 23, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CFO & Corporate Governance Officer	R.O.C	Chi, Wen-Hui	Female	112.01.19	1,000	0.00%	-	0.00%	-	0.00%	<ul style="list-style-type: none"> Master of Accountancy, National Cheng Kung University Financial and Accounting Manager of Transcend Information, Inc. 	None	None	None	None	-

Note 1: Due to the needs of the Company's operation and business development, presently, the Chairman, CEO and General Manager refer to the same person. However, a majority of the directors are not concurrently assuming the positions of employees or managerial officers. In the future, to increase one independent director to improve the supervisory function of the board of directors.

Note 2: Chairman of Taiwan IC Packaging Corporation
 Director of C-Tech Corporation and Transcend Information Trading GmbH
 General Manager of Transcend Information Trading GmbH
 Independent Director of Sports Gear Co., Ltd.

Note 3: As of April 23, 2024, the personal shareholding of Director Shu, Chung-Won was 5,409,453 shares, and he retained the right to decide the exercise of the 5,300,000 shares. The total amount was 10,709,453 shares.

3.2.7. Remuneration of Directors, Independent Directors, General Manager and Vice General Managers

1. Remuneration of Directors and Independent Directors

Dec.31,2023; Unit:NT\$ thousands

Title	Name	Remuneration								Total compensation and Ratio of total compensation (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total compensation and Ratio of total compensation (A+B+C+D) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G) (Note)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Shu, Chung-Won	-	-	-	-	2,300	2,300	230	230	2,530 0.13%	2,530 0.13%	12,300	12,300	-	-	483	-	483	-	15,313 0.77%	15,313 0.77%	216
Director	Shu, Chung-Cheng																					
Director	Chui, Li-Chu																					
Director	Hsu, Chia-Hsian																					
Director	Chen, Po-Shou																					
Director	Wu, Kuan-De																					
Independent Director	Chen, Yi-Liang	2,880	2,880	-	-	-	-	300	300	3,180 0.16%	3,180 0.16%	-	-	-	-	-	-	-	-	3,180 0.16%	3,180 0.16%	-
Independent Director	Chen, Lo-Min																					
Independent Director	Wang, Yi-Hsin																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

Transportation allowance is issued according to the attending status of the independent directors of the Company in the board of directors' meetings and functional committees. The determination of the remuneration of directors is made based on the consideration of the overall business performance of the Company, future operational risk and development trend of the industry, along with the consideration of the contribution of each director on the operation of the Company and the annual performance evaluation result by the board of directors (including individual director), in order to issue reasonable remuneration. According to Article 22 of the Articles of Incorporation of the Company, where the Company has a profit for each fiscal year, the Company shall set aside no more than 0.2% of the profit for distribution to directors as remuneration.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: NT\$2,802 thousands.

Note 1: The compensation of employees approved by the Board of Directors for the year ended December 31, 2023 is NT\$24,962,283.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Compensation Paid to Directors from Parent Company and Invested Companies
Less than NT\$ 1,000,000	Shu, Chung-Won, Shu, Chung-Cheng, Chui, Li-Chu, Hsu, Chia-Hsian, Chen, Po-Shou, Wu, Kuan-De	Shu, Chung-Won, Shu, Chung-Cheng, Chui, Li-Chu, Hsu, Chia-Hsian, Chen, Po-Shou, Wu, Kuan-De	Shu, Chung-Cheng, Chui, Li-Chu, Hsu, Chia-Hsian	Shu, Chung-Cheng, Chui, Li-Chu, Hsu, Chia-Hsian
NT\$1,000,000 ~ NT\$1,999,999	Chen, Yi-Liang, Chen, Lo-Min, Wang, Yi-Hsin	Chen, Yi-Liang, Chen, Lo-Min, Wang, Yi-Hsin	Chen, Yi-Liang, Chen, Lo-Min, Wang, Yi-Hsin	Chen, Yi-Liang, Chen, Lo-Min, Wang, Yi-Hsin
NT\$2,000,000 ~ NT\$3,499,999				
NT\$3,500,000 ~ NT\$4,999,999			Chen, Po-Shou, Wu, Kuan-De	Chen, Po-Shou, Wu, Kuan-De
NT\$5,000,000 ~ NT\$9,999,999			Shu, Chung-Won	Shu, Chung-Won
NT\$10,000,000 ~ NT\$14,999,999				
NT\$15,000,000 ~ NT\$29,999,999				
NT\$30,000,000 ~ NT\$49,999,999				
NT\$50,000,000 ~ NT\$99,999,999				
Greater than or equal to NT\$100,000,000				
Total	9	9	9	9

2. Remuneration of the General Manager and Vice General Managers

Dec. 31, 2023; Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D) (Note 1)				Total compensation and Ratio of total compensation (A+B+C+D) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman and CEO and General Manager	Shu, Chung-Won	11,968	11,968	-	-	3,661	3,661	730	-	730	-	16,359 0.82%	16,359 0.82%	216
Vice General Manager	Li, Tseng-Ho													
Vice General Manager	Fang, Wen-Jeng													
Director and Vice General Manager	Chen, Po-Shou													

Note 1: The compensation of employees approved by the Board of Directors for the year ended December 31, 2023 is NT\$24,962,283

Range of Remuneration	Name of General Manager and Vice General Managers	
	The company	Compensation Paid to Directors from Parent Company and Invested Companies
Less than NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999	Fang, Wen-Jeng, Chen, Po-Shou	Fang, Wen-Jeng, Chen, Po-Shou
NT\$3,500,000 ~ NT\$4,999,999	Li, Tseng-Ho	Li, Tseng-Ho
NT\$5,000,000 ~ NT\$9,999,999	Shu, Chung-Won	Shu, Chung-Won
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Greater than or equal to NT\$100,000,000		
Total	4	4

3. Employee Compensation for Managerial Officers

Dec. 31, 2023; Unit: NT\$ thousands

	Title	Name	Employee Compensation		Total	Ratio of Total Amount to Net Income (%)
			in Stock	in Cash		
Managerial Officers	Chairman and CEO and General Manager (Note 1)	Shu, Chung-Won	-	856	856	0.04
	Vice General Manager	Li, Tseng-Ho				
	Vice General Manager	Fang, Wen-Jeng				
	Director and Vice General Manager	Chen, Po-Shou				
	CFO and Corporate Governance Officer	Chi, Wen-Hui				

3.2.8. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, General Manager and Vice General Managers of the Company, to the net income:

Year Title	Ratio of total remuneration paid to Directors, General Manager and Vice General Manager to net income (%)			
	2023		2022	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors	0.93%	0.93%	0.75%	0.75%
General Manager and Vice General Managers	0.82%	0.82%	1.30%	1.30%

3.2.9. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

Transportation allowance is issued according to the attending status (listed for attendance) of the directors and independent directors of the Company in the board of directors' meetings and functional committees. The determination of the remuneration of directors is made based on the consideration of the overall business performance of the Company, future operational risk and development trend of the industry, along with the consideration of the contribution of each director on the operation of the Company and the annual performance evaluation result by the board of directors (including individual director), in order to issue reasonable remuneration. Furthermore, according to Article 22 of the Articles of Incorporation of the Company, when the Company has a profit for each fiscal year, an amount no more than 0.2% of the profit shall be appropriated as the remuneration of directors, and after the resolutions of the Remuneration Committee and the Board of Directors, the remuneration is then issued to each director.

The salaries of the CEO, General Manager, Vice General Managers and other managerial officers, etc., are issued based on the consideration of the standard adopted in the same industry, market status, professional competence and job duties. According to Article 22 of the Articles of Incorporation of the Company, when the Company has a profit for each fiscal year, an amount not less than 1% of the profit shall be appropriated as the remuneration of employees, and the personal annual work performance, including the achievement rate of revenue and profit of the entire company and his/her in-charge department, personal goal achievement rate, operational management capability, and whether there is any special contribution or negative events, etc., such that the amount of distribution is determined after comprehensive evaluation of all aspects. Remuneration performance evaluation and reasonableness for directors and managerial officers are reviewed and approved by the Remuneration Committee and Board of Directors. The

remuneration system is also reviewed according to the actual condition of business and relevant laws and regulations appropriately at all times.

3.3. Implementation of Corporate Governance

3.3.1. Operations of the Board of Directors

A total of 4 meetings of the Board of Directors were held in the previous period. The attendance of directors were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Shu, Chung-Won	4	0	100	2021.08.26 Renewal of office
Director	Shu, Chung-Cheng	3	0	75	2021.08.26 Renewal of office
Director	Chui, Li-Chu	4	0	100	2021.08.26 Renewal of office
Director	Hsu, Chia-Hsian	4	0	100	2021.08.26 Renewal of office
Director	Chen, Po-Shou	4	0	100	2021.08.26 New term of office
Director	Wu, Kuan-De	4	0	100	2021.08.26 New term of office
Independent Director	Chen, Yi-Liang	4	0	100	2021.08.26 Renewal of office
Independent Director	Chen, Lo-Min	4	0	100	2021.08.26 Renewal of office
Independent Director	Wang, Yi-Hsin	4	0	100	2021.08.26 Renewal of office

Other mentionable items:

- If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
 - Matters referred to in Article 14-3 of the Securities and Exchange Act.
 - Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.

None. Please refer to "3.3.12 Major resolutions of Shareholders' Meeting, Board of Directors Meetings, Audit Committee meetings and Remuneration Committee meetings in the most recent year and up to the publication date of this Annual Report" for major resolutions of Board of Directors Meetings in the most recent year and up to the publication date of this Annual Report.
- If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

None.
- TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self evaluations conducted by the Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	January 1, 2023 to December	Board of Directors, individual	Self-assessment by directors, internal	(1) Board performance evaluation: level of participation in company operations, the quality of Board decisions, Board

		31, 2023	directors, and functional committees	self-evaluation by the Board of Directors and functional committees	<p>composition and structure, appointment of directors and their continued development, and internal controls.</p> <p>(2) Individual director performance evaluation: grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.</p> <p>(3) Audit committee performance evaluation: Participation in company operations, understanding of the responsibilities of Audit committees, improvement of the decision-making quality of Audit committees, composition of Audit committees, and member selection and internal control.</p> <p>(4) Remuneration committee performance evaluation: Participation in company operations, understanding of the responsibilities of Remuneration committees, improvement of the decision-making quality of Remuneration committees, and composition of Remuneration committees, and member selection.</p>
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The results of the Board performance evaluation for the year ended December 31, 2023 have been disclosed on corporate website at: https://tw.transcend-info.com/about/board_of_directors

4. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years, and measures taken toward achievement thereof:
 - (1) The Company established Remuneration committee in 2011 and Audit Committee in 2012 to assist the Board of Directors in carrying out its various duties. The board of directors also established the "Codes of Ethical Conduct for Directors and Managerial Officers" in 2013 in order to provide guidance to the conducts of directors and managerial officers for compliance with the moral standards, thereby achieving sound corporate governance.
 - (2) To strengthen the independent directors' participation in the operation of the board of directors and to improve the understanding of the company affairs, at least three independent directors are required to attend

a board of directors' meeting in person. (Note)

- (3) To implement corporate governance and to improve the function of the board of directors, performance goals are established in order to enhance the operational efficiency of the board of directors. The Company's board of directors approved the "Rules for Performance Evaluation of Board of Directors" on March 5, 2020 and implemented them in 2021. The evaluation period was from January 1, 2023 to December 31, 2023, and the evaluation result was reported to the board of directors on February 29, 2024. Please refer to the aforementioned Point 3 for the evaluation content and result.
- (4) To strengthen the effective operation of the board of directors, the Company established Corporate Governance Officer on May 6, 2021 to assist the Board of Directors in carrying out its various duties and compliance with the laws and regulations.

Note: Attendance of each independent directors during Board of Director meetings held in 2022.

Independent Directors	The First Meeting	The Second Meeting	The Third Meeting	The Forth Meeting
Chen, Yi-Liang	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Chen, Lo-Min	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Wang, Yi-Hsin	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person

3.3.2. Operations of the Audit Committee

1. Information on the members of the Audit Committee

Identity	Criteria	Professional Qualification and Experience	Independent Status
	Name		
Independent Director	Chen, Yi-Liang	Please refer to "3.2.4 Information disclosure of the professional qualifications of directors and independence of independent directors".	
Independent Director	Chen, Lo-Min		
Independent Director & Convener	Wang, Yi-Hsin		

2. The Company established Audit Committee on June 2012. The Committee composed of the entire number of independent directors, which are three persons in total. The Committee operations by the Company's Audit Committee Charter, and the main function of the Audit Committee is to supervise the following matters:
 - (1) Fair presentation of the financial reports of this Corporation.
 - (2) The hiring (and dismissal), independence, and performance of certificated public accountants of this Corporation.
 - (3) The effective implementation of the internal control system of this Corporation.
 - (4) Compliance with relevant laws and regulations by this Corporation.
 - (5) Management of the existing or potential risks of this Corporation.
3. The powers of the Committee are as follows:
 - (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - (2) Assessment of the effectiveness of the internal control system.
 - (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act,

of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.

- (4) Matters in which a director is an interested party.
 - (5) Asset transactions or derivatives trading of a material nature.
 - (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
 - (7) The offering, issuance, or private placement of equity-type securities.
 - (8) The hiring or dismissal of a certified public accountant, or their compensation.
 - (9) The appointment or discharge of a financial, accounting, or internal audit officer.
 - (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairman, managerial officer, and accounting officer.
 - (11) Other material matters as may be required by this Corporation or by the competent authority.
4. The key tasks of the Audit Committee of the Company for the year of 2023 includes: Review of all quarterly and annual financial statements, review of annual earning distribution proposal, examine the effectiveness of the internal control system, review of material asset transactions, corporate governance related affairs, risk management matters, appointment and compensation of CPAs, etc. Please refer to “3.3.12 Major resolutions of Shareholders’ Meeting, Board of Directors Meetings, Audit Committee meetings and Remuneration Committee meetings in the most recent year and up to the publication date of this Annual Report” for major resolutions of Audit Committee meetings in the most recent year and up to the publication date of this Annual Report.
5. A total of 4 Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Chen, Yi-Liang	4	0	100	
Independent Director	Chen, Lo-Min	4	0	100	
Independent Director	Wang, Yi-Hsin	4	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, the content of the objections, reservations or material recommendations of independent directors, resolutions of the Audit Committee and the Company’s response to the Audit Committee’s opinion should be specified:

- (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.
- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

None. Please refer to “3.3.12 Major resolutions of Shareholders’ Meeting, Board of Directors Meetings, Audit Committee meetings and Remuneration Committee meetings in the most recent year and up to the publication date of this Annual Report” for major resolutions of Audit Committee meetings in the most recent year and up to the publication date of this Annual Report.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:
None.
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):
 - (1) The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. The internal auditors report the next Annual Audit Plan and get the approval of the Audit Committee in the last Audit Committee meeting every year. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. There was no such special situation in 2023. The communication channel between the Audit Committee and the internal auditor has been functioning well.
 - (2) The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. There was no such special situation in 2023. The communication channel between the Audit Committee and the CPAs has been functioning well.

3.3.3. Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	v		The Company has established the Corporate Governance Best-Practice Principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the Company’s website. http://tw.transcend-info.com/about/policies	None
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	v		The Company has established spokesperson and investor relationship unit to handle issues of shareholders’ suggestions or disputes.	None
(2) Does the company possess the list of its major shareholders as well as the	v		The Company reports the shareholding change status of insiders (directors, managerial officers and shareholders with shareholding over 10% of the total number of shares) in time, and also discloses the top 10 shareholders’ information in the shareholders’ meeting annual report every year. Furthermore, the financial statements also disclose the information of major	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
ultimate owners of those shares?			shareholders with the shareholding over 5% on a quarterly basis.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	v		The Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness, and the procedures including the activities of trading, acquisition or disposal of assets, endorsement and loans between the Company and its affiliates, in order to implement the risk control mechanism thoroughly.	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	v		The Company has established and disclosed the “Codes of Ethical Conduct for Employees”, “Codes of Ethical Conduct for Directors and Managerial Officers” and “Procedures for Handling Material Inside Information” on the Company’s website, in order to prohibit employees to allow themselves or any third party to gain personal benefits through the use of the Company’s assets, information of through one’s job duties.	None
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board of Directors establish a diversified policy, set goals and implement them accordingly?	v		<p>1. The nomination and election of board members of the Company comply with the “Procedures for Election of Directors” and “Corporate Governance Best-Practice Principles”, in order to ensure the diversity and independence of board members. According to Article 20 of the “Corporate Governance Best-Practice Principles” of the Company, all directors are preferably required to possess knowledge, skills and literacy necessary for performing duties, and diversity directives have been established, for details on the implementation of diversification objectives and achievement, please refer to section 3.2.5.</p> <p>2. All directors are equipped with extensive experience in leadership, operation determination, business management, crisis handling, and are also equipped with industrial knowledge and international market view such that they are equipped with various capabilities necessary to execute the</p>	None.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>corporate governance. Independent directors, Mr. CHEN, YI-LIANG, Mr. CHEN, LO-MIN and Ms. WANG, YI-HSIN, are equipped with the professional backgrounds in accounting and financial analysis, such they are able to provide professional recommendations to the Company from different viewpoints and aspects.</p> <p>3. The ratio of directors equipped with the identity of employees of the Company accounts for 33% of all directors, the ratio of independent directors accounts for 33% of all directors, and the female director ratio accounts for 22%. Three independent directors have the term of office seniority above 9 years, one director at the age above 71 years old, six directors at the age between 61–70 years old, and two directors at the age under 60 years old.</p> <p>4. The board of directors has disclosed the policy for the formation of diverse board members on the Company’s website and the Market Observation Post System (MOPS).</p>	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	v		Presently, the Company has established the Remuneration Committee and Audit Committee, and these two committees are composed of all of the independent directors. Other types of functional committees are continuously being assessed.	None
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to	v		The Company has established and disclosed the “Rules for Performance Evaluation of Board of Directors” on the Company’s website, and the evaluation period is from January 1 to December 31 of each year. The result is reported to the board of directors before the end of March of the following year in order to be used as a reference for review and improvement. The evaluation result on the performance of the board of directors of the Company will be used as a reference for election or nomination of directors. The result of 2023 board of directors performance evaluation has been reported to the board of directors’ meeting on February 29, 2024. Please refer to “3.3.1 Operations of the Board of Directors”.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?				
(4) Does the company regularly evaluate the independence of CPAs?	v		The Company periodically evaluates the independence and suitability of the CPAs based on Audit Quality Indicators (AQIs) on an annual basis, and the recently result has been approval by the board of directors on November 6, 2023. After examination of the CPAs’ independence and suitability evaluation checklist, and the evaluation items include that the CPAs have no direct or material indirect financial benefit relationships with the Company, not assuming the position of director, managerial officer or any job position that has material impact on the audit work of the Company, not engaging in any financing or guarantee activities with the Company or directors of the Company, not acting or representing as an agent of the Company, or involving any defense or coordination for the Company, not providing non-audit services other than certification and financial tax services to the Company that may have direct impact on the audit word, and not relatives to all of the aforementioned personnel, etc. Accordingly, the independence and suitability of the CPAs of the Company has been evaluated properly and confirmed to comply with the requirements	None
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance	v		The Company assigns FAD as the main promotional unit for corporate governance. The board of directors appointed the CFO of the Company to act as the Corporate Governance Officer to be in charge of corporate governance related affairs. The officer is equipped with the experience of the supervisor role in the financial, stock affairs and corporate governance related affairs units of publicly listed companies for more than three years. The main responsibilities and authorities of the corporate governance unit are to provide documents and information necessary for directors to perform duties, to assist the Company and directors in the compliance with the laws and regulations, and to handle	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																
	Yes	No	Abstract Illustration																	
matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?			<p>affairs for board of directors’ meetings and shareholders’ meetings.</p> <p>The key operational tasks for the current year are as follows:</p> <p>1. Organize 2023 board of directors’ meetings, functional committees’ meetings, and shareholders’ meetings, including planning and establishment of agenda, mailing of meeting notice within the statutory time-limit, providing all documents and data necessary for the meetings, and also prepare meeting minutes after such meetings.</p> <p>2. Assist and organize continuing educational courses for directors.</p> <p>3. Perform 2022 board of directors’ performance evaluation, and submitted the evaluation result to the board of directors’ meeting on March 2, 2023.</p> <p>4. Summarize amendments of latest laws of the competent authority, and revise internal regulations of the Company accordingly.</p> <p>5. Provide appropriate and timely company information to directors.</p> <p>6. Make public announcements on all material resolutions reached by the Company and material information of the Company according to the laws.</p> <p>7. Update and disclose all corporate governance information, including the composition of board of directors and functional committees, audit plan of each year, organization and management team of the Company, important internal regulations of the Company and interested party section, etc.</p> <p>8. Handle directors liability insurance related affairs.</p> <p>9. Other matters related to corporate governance.</p> <p>Continuing Education Training of Corporate Governance Officer in 2023</p> <table><tr><th>Date</th><th>Host by</th><th>Training/Speech Title</th><th>Hours</th></tr><tr><td>2023/05/18</td><td>Accounting Research and Development Foundation</td><td>How to correctly comprehend corporate governance evaluation indicators</td><td>3</td></tr><tr><td>2023/05/30-05/31</td><td>Securities and Futures Institute</td><td>Practical seminar for directors and supervisors (including independent directors) and corporate governance supervisors</td><td>12</td></tr><tr><td>2023/06/02</td><td>Taiwan Corporate Governance Association</td><td>Initiation of inheritance plan about employee reward plan and equity inheritance</td><td>3</td></tr></table>	Date	Host by	Training/Speech Title	Hours	2023/05/18	Accounting Research and Development Foundation	How to correctly comprehend corporate governance evaluation indicators	3	2023/05/30-05/31	Securities and Futures Institute	Practical seminar for directors and supervisors (including independent directors) and corporate governance supervisors	12	2023/06/02	Taiwan Corporate Governance Association	Initiation of inheritance plan about employee reward plan and equity inheritance	3	
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Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			The Company has established the Corporate Governance Officer section on the Company’s website, please refer to https://tw.transcend-info.com/about/directors	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities ?	v		<p>The definition of interested parties of the Company includes employees, suppliers, shareholders and customers. The Company has established various communication and compliant channels, such as the spokesperson system, contact mailbox and website, etc., and feedback information of the aforementioned interested parties are collected, in order to provide the latest information and communication channels of the Company. In addition, international trend and regulations, customer demands and methods adopted in the same industry are also considered, and issues concerned by all interested parties are identified, in order to list out the responsiveness and communication method for each issue.</p> <p>The Company has established the Interested Party section on the Company’s website, please refer to: https://tw.transcend-info.com/about/stakeholders</p>	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	v		The Company has appointed Transfer Agency Department of CTBC Bank to handle stock affairs of the Company.	None
7. Information Disclosure (1) Does the company have a corporate	v		<p>1. The Company has established official corporate website to disclose relevant information timely. The website address is: http://tw.transcend-info.com/</p> <p>2. Financial information disclosure status:</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
website to disclose both financial standings and the status of corporate governance?			<p>The Chinese and English versions of the Company’s website are established with the Investor Information section, disclosing financial information, and the information is updated periodically for investors’ reference. https://tw.transcend-info.com/about/month_sales https://us.transcend-info.com/about/month_sales</p> <p>3. Corporate governance information disclosure status: The Company has disclosed the information on the composition of the committees, including board of directors, annual audit plan, company organization and management team, important internal regulations and interested party section of the Company on the Company’s website. http://tw.transcend-info.com/about/board_of_directors</p>	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	v		<p>1. The Company has assigned dedicated personnel to be responsible for the collection and disclosure of the Company’s information, and spokesperson system is implemented according to the regulations. The presentation files and full audio and video recording of institutional investors’ conferences are also published on the Company’s website. http://tw.transcend-info.com/about/conference</p> <p>2. The Company has set up the English website to provide investors from all countries to make inquiries and to understand relevant information. Please refer to: https://us.transcend-info.com/</p>	None
(3) Does the company announce and report annual financial	v		<p>The Company convened the board of directors’ meeting on February 29, 2024 to approve the annual financial statements for 2023, and the annual financial statements were publicly announced and reported on the same day. And financial statements for Q1, Q2 and Q3 of the fiscal year were reported to</p>	The Company makes public announcement and reports the annual and

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			the board of directors’ meetings on May 4, 2023, August 3, 2023 and November 6, 2023 respectively. And they were also publicly announced and reported on the same day.	quarterly financial statements according to the time limits specified in Article 36 of the Securities and Exchange Act.
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the	v		<ol style="list-style-type: none"> 1. Employees’ rights and interests, employee care execution status: Please refer to ”5.5 Labor Relations” of this Annual Report. 2. Investor relationship, supplier relationship, interested parties’ rights and customer policy execution status: The Company has set up the Interested Party section on the Company’s website. https://tw.transcend-info.com/about/stakeholders 3. Continuing education status of directors and supervisors: Please refer to ”3.3.5.Continuing Education/Training of Directors in 2023” of this Annual Report. 4. Risk Management Policies and risk evaluation measures execution status: Please refer to ”7.6 Analysis of Risk Management” of this Annual Report and the Company’s website: https://tw.transcend-info.com/about/risk_management_policy 5. Customer policy execution status: The Company rigorously complies with the customer confidentiality rules and the Ethical Corporate Management Best-Practice Principles. In addition, the Company maintains excellent supply relationship with customers and has established different internal teams to service customers. 6. Status on the Company’s purchase of liability insurance for directors and supervisors: The Company has purchased directors’ and officers liability insurance, which has been approved by the board of directors on November 6, 2023 and has been publicly announced on MOPS. 7. The Company emphasizes the cultivation of senior management talents and promotes R&D Vice General Manager, Sales Vice General Manager, Vice President of 	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			Administration and Directors of all divisions. The Company also focuses on the management capability and professional competence of senior managers, and plan to through the transfer of different duties, senior managers are able to develop different attributes and capabilities, thereby achieving integration and utilization to enhance decision making and understanding of management principles. Accordingly, candidates for board of directors and chairman of the board can be appropriately selected from the senior managers.	

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.
- (1) Status of improvement:
- A. For the global trend of Sustainable Development Goals, since 2023 the Company according the framework of Task Force on Climate-Related Financial Disclosures (TCFD), disclose the risk and opportunities of corporate governance, strategy, risk management and objectives. The relevant information will be provided on ESG report, Annual report and the Company's website every year
https://tw.transcend-info.com/about/ESG_report
- (2) For the one item without scores, explanations are provided in the following:
- A. Although the tenure of the Company's independent directors has exceeded four consecutive terms, their expertise is still needed. While exercising their duties as independent directors, they can still apply their expertise and provide supervision and professional advice to the Board of Directors. In this shareholders' meeting, in response to Article 24, Paragraph 1 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and in line with the expiration of the directors' terms, a full re-election of directors was conducted to ensure that the consecutive tenure of independent directors does not exceed three terms, thereby strengthening the operation of the Board of Directors and the functions of directors, and enhancing the Company's sustainable value.
- B. Due to the needs of the Company's operation and business development, presently, the Chairman, CEO and General Manager refer to the same person. In the future, to cope with the regulatory requirements, we will increase one independent director to improve the supervisory function of the board of directors at this shareholders meeting.

3.3.4. Composition, Responsibilities and Operations of the Remuneration Committee

To achieve sound corporate governance and to enhance remuneration management function, the Company has established the Remuneration Committee in accordance with 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". The number of members of the Remuneration Committee of the Company is three, and the members are to be appointed in accordance with the resolution of the board of directors. The committee is formed by three external experts satisfying the professional qualification and independence requirements. For the Remuneration Committee meetings of the Company, at least two regular meetings are convened annually in order to periodically review the remuneration regulations of the Company and to provide recommendations on amendments, to periodically review the performance evaluation of directors and managerial officers and the policy, system, standard and structure for the salary and remuneration, as well as to periodically evaluate and establish salary and remuneration of directors and managerial officers of the Company. For the content of the performance evaluation standards for directors and managerial officers, please refer to "3.2.8. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, General Manager and Vice General Managers of the Company, to the net income" and "3.2.9. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance".

1. Information on the members of the Remuneration Committee

Identity	Criteria	Professional Qualification and Experience	Independent Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
	Name			
Independent Director & Convener	Chen, Yi-Liang	Please refer to "3.2.4 Information disclosure of the professional qualifications of directors and independence of independent directors".		0
Independent Director	Chen, Lo-Min			1
Independent Director	Wang, Yi-Hsin			0

2. Operation of Remuneration Committee:

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

(2) Term of service: August 26, 2021 to August 25, 2024.

A total of two Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Chen, Yi-Liang	2	0	100%	
Member	Wang, Yi-Hsin	2	0	100%	
Member	Chen, Lo-Min	2	0	100%	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion:

None. Please refer to "3.3.12 Major resolutions of Shareholders' Meeting, Board of Directors Meetings, Audit Committee meetings and Remuneration Committee meetings in the most recent year and up to the publication date of this Annual Report" for major resolutions of Remuneration Committee meetings in the most recent year and up to the publication date of this Annual Report.

2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

None.

3.3.5. Continuing Education/Training of Directors in 2023

Title/Name	Date	Host by	Training/Speech Title	Hours
Director/ Shu, Chung-Won	2023/06/02	Taiwan Corporate Governance Association	Initiation of inheritance plan about employee reward plan and equity inheritance	3
	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
Director/ Shu, Chung-Cheng	2023/06/02	Taiwan Corporate Governance Association	Initiation of inheritance plan about employee reward plan and equity inheritance	3
	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director/ Chui, Li-Chu	2023/06/02	Taiwan Corporate Governance Association	Initiation of inheritance plan about employee reward plan and equity inheritance	3
	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director/ Hsu, Chia-Hsian	2023/06/02	The Chinese National Association of Industry and Commerce	2023 Net Zero Electricity Summit Forum	3
	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director/ Chen, Po-Shou	2023/06/02	The Chinese National Association of Industry and Commerce	2023 Net Zero Electricity Summit Forum	3
	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Director/ Wu, Kuan-De	2023/06/02	The Chinese National Association of Industry and Commerce	2023 Net Zero Electricity Summit Forum	3
	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
Independent Director/ Chen, Lo-Min	2023/06/02	The Chinese National Association of Industry and Commerce	2023 Net Zero Electricity Summit Forum	3
	2023/10/20	Securities and Futures Institute	2023 Insider trading prevention educational seminar	3
Independent Director/ Wang, Yi-Hsin	2023/01/11	Accounting Research and Development Foundation	Training courses for internal auditors in the banking industry	1
	2023/02/16	Accounting Research and Development Foundation	Read the TCFD Report: Grasp the Key Points of Information	1
	2023/06/07	Accounting Research and Development Foundation	The basis for preparation and disclosure of ESG – key analysis of IFRS ISSB S1 and S2 standards	1
	2023/07/13	Accounting Research and Development Foundation	Corporate Governance and Securities Regulations: Being familiar with ESG Environment, Society and Governance	1
	2023/07/18	Accounting Research and Development Foundation	2023 Transformation Finance and Sustainability Disclosure Seminar	3
	2023/09/20	Accounting Research and Development Foundation	International trends and responses to sustainable development	1
Independent Director/ Chen, Yi-Liang	2023/06/02	The Chinese National Association of Industry and Commerce	2023 Net Zero Electricity Summit Forum	3
	2023/10/20	Securities and Futures Institute	2023 Insider trading prevention educational seminar	3

3.3.6. Implementation of sustainable development promotion and difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company establish the governance structure for promoting the sustainable development, and set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of directors authorize the senior management for handling such matter, and the supervision status of the board of directors?	v		<p>Transcend Information appoints the Administration Vice General Manager Office - Administration Department to be the main unit for promoting the sustainable development, and the directors of other divisions assume the positions of team leader according to the nature of business. The Marketing division is dedicated in the social participation and feedback activities in addition to the promotion of sustainable development. The Marketing division also discusses routine business promotion affairs and performs information collection and summarization as well as reviews the execution status of the sustainable development with the Chairman.</p> <p>The division also provides report to the board of directors on important promotion items once annually. The board of directors reviews the management directives, execution status and future plans, and also provides opinions to the management team for reference to make adjustment, the result of 2023 execution status of the sustainable development has been reported to the board of directors’ meeting on November 6, 2023.</p> <p>Please refer to the Company’s website for detailed information: https://tw.transcend-info.com/about/social_responsibility</p>	None
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	v		<p>1. This risk assessment boundary mainly focuses on the Taiwan headquarters and factory site as the core of the assessment, and overseas business offices are excluded.</p> <p>2. During the pursuit of sustainable operation and profit, the Company also conducts relevant risk assessment on environment, society and corporate governance related to the company operation in accordance with the materiality principle. By actively fulfilling sustainable development responsibilities, and through communication with internal and external stakeholders, review of domestic and international relevant reports in the same industry and evaluation documents of all department, as well as incorporates such matters into the management directives and operating activities of the Company, thereby achieving the goal of sustainable operation.</p> <p>3. To enhance the corporate governance and to</p>	None

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>establish sound risk management operation, the board of directors has approved the Risk Management Policies on November 10, 2020, in order to provide guidance on effective identification, measurement, supervision and control of all kinds of risks to all units of the Company during the performance of duties, and to also control the possible risks within the acceptable level, thereby achieving the goal of reasonable risk and compensation as well as the objective of sustainable operation of the Company.</p> <p>Reported various business risks and proposed control strategy and method in the board of director’ s meeting on November 6, 2023, please refer to the Company’s website: https://tw.transcend-info.com/about/risk_management_policy</p>	
<p>3. Environmental issues</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	v		<p>Transcend adopts the product life cycle notion and performs planning based on the characteristics of our industry and also obtains the ISO14001:2015 environmental management system standards and continuously be passed by third-party verification. Accordingly, we continue to reduce negative impacts on the environment and promote our environmental performance.</p> <p>In terms of products, the Company uses parts complying with RoHS EU environmental protection standards during the product manufacturing process, and all of the Company’s products qualify for the QC080000 certification in order to reduce negative impacts on the environment. Certificate information, please refer to the Company’s website: https://tw.transcend-info.com/about/green</p> <p>In addition, based on the climate-related financial disclosure (TCFD) framework, Transcend's implementation results are explained from the four core elements of TCFD: "Governance", "Strategy", "Risk Management", and "Objectives".</p>	None
<p>(2) Does the company endeavor to promote energy utilizing more efficiently and use renewable materials which have low impact on the environment?</p>	v		<p>1. Energy saving:</p> <p>i. The R&D continues to design and develop energy saving products and completed the power consumption improvement of Drive Pro 10 in 2023, achieving an annual electricity saving rate of 13.6%..</p> <p>ii. In 2023, the factory completed the introduction</p>	None

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>of a new high-efficiency cooling system in certain production areas, replacing the old process cooling system. The introduction of the new system achieved an annual electricity savings rate of 14%. Additionally, a chiller replacement project was undertaken, replacing some high-load chillers during the summer season, which achieved an annual electricity savings rate of 25%.</p> <p>iii. In June 2023, the factory purchased a 100HP air compressor, replacing high-load air compressors. The pipeline testing will continue until 2024, and it is expected to reduce the annual electricity consumption by approximately 70,540 kWh, achieving an annual electricity savings rate of approximately 18.8%.</p> <p>2. Resource recycling: The wastepaper, waste plastics, waste metals and lighting fixtures generated by the Company daily are recycled by qualified recycling vendor periodically.</p>	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	v		<p>1. For the climate-related risks and opportunities derived from climate change, Transcend evaluates the possibility of occurrence and analyzes the degree of impact, and discloses the implementation results from the four core elements of TCFD: "Governance", "Strategy", "Risk Management" and "Objectives".</p> <p>Please find below a brief of the implementation results:</p> <p>Governance: Through annual and ad hoc discussions between the relevant departments of the ADM, FAD, Engineering Department, and Quality Assurance Department, assessments of the risks and opportunities pertaining to climate change were reported to the chairman where, once approved by the chairman, they will be reported to the board of directors on a regular basis each year to ensure thorough discussion.</p> <p>Strategy: Strategies to mitigate and adapt to the effects of climate change are as follows: (1) Mitigation: Implementation of energy-efficient improvements, and propagate the energy-saving concepts; (2) Adaptation: Replace old equipment and add</p>	None

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>protective facilities to reduce the impact of natural disasters.</p> <p>Risk Management and Objectives: After identifying risks, assess the possibility of improvement, set reasonable management goals, plan countermeasures and implementation, and conduct annual assessment and review.</p> <p>Future potential risks and opportunities derived from climate change: In 2022, the risks and opportunities identified by the company should be paid high attention:</p> <p>Risks: (1) increases in average temperature, which may result in higher energy consumption (2) Old equipment may lead to inefficient energy conversion (3) Extreme weather events, resulting in unexpected asset damage or factory shutdown</p> <p>Opportunities: (1) Replacing old equipment to improve energy efficiency (2) Replace with energy-saving equipment and propagate energy-saving concepts to reduce electricity costs (3) Add protective facilities and establish a response process, avoid natural disasters from damaging assets or delaying production plan.</p> <p>2. While facing potential impacts on the caused by climate change, the Company also understands the opportunities for operation improvement associated with relevant responsive measure. For example, during the replacement of old machines with new ones, the Company cooperates with the government subsidy policy and applies for relevant energy-saving subsidy and incentives. To create a friendly environment, the Company enhances green manufacturing and develops technologies beneficial to the environment, including semi-high PCB and new packaging materials, product improvement etc. The Company also develops relevant manufacturing processes to reduce energy consumption in order to achieve a low-carbon future. Please refer to the Company’s website for details: https://tw.transcend-info.com/about/energysaving https://tw.transcend-info.com/about/TCFD</p>	

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																											
	Yes	No	Abstract Explanation																												
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	v		<p>1. This data covers the Taiwan headquarters and factory site; however, overseas business offices are excluded.</p> <p>2.</p> <p>i. Greenhouse gas emissions:</p> <p style="text-align: right;">Unit: KgCO2e</p> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Emission per unit revenue</th></tr><tr><td>2023</td><td>33,628</td><td>4,166,108</td><td>0.0004</td></tr><tr><td>2022</td><td>34,990</td><td>4,087,881</td><td>0.0003</td></tr></table> <p>ii. Water consumption:</p> <p style="text-align: right;">Unit: million tons</p> <table><tr><th>Year</th><th>Water consumption</th></tr><tr><td>2023</td><td>29.16</td></tr><tr><td>2022</td><td>28.38</td></tr></table> <p>iii. Total weight of waste:</p> <p style="text-align: right;">Unit: tons</p> <table><tr><th>Year</th><th>Hazardous industrial waste</th><th>General industrial waste</th></tr><tr><td>2023</td><td>11.777</td><td>183.514</td></tr><tr><td>2022</td><td>10.705</td><td>206.439</td></tr></table> <p>3. The Company evaluates the risks and opportunities of all units in order to establish environmental objective plans and to execute follow-up appropriately every year. Some of the environmental objective plans are described in the following: 2022: Factory 3F–5F lighting fixture replacement project and improvement for DPB30. 2023: Improvement for Drive Pro 10, and factory introduced a new high-efficiency cooling system and the replacement project of the chilled water system. 2024: Completed the replacement project of air compressor and improvement for Drive Pro 3X function. The Company establishes environmental objective plans and executes follow-up appropriately every year. For relevant objective plans and specific execution measures, please refer to the Company’s website for details: https://tw.transcend-info.com/about/energysaving</p>	Year	Scope 1	Scope 2	Emission per unit revenue	2023	33,628	4,166,108	0.0004	2022	34,990	4,087,881	0.0003	Year	Water consumption	2023	29.16	2022	28.38	Year	Hazardous industrial waste	General industrial waste	2023	11.777	183.514	2022	10.705	206.439	None
Year	Scope 1	Scope 2	Emission per unit revenue																												
2023	33,628	4,166,108	0.0004																												
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Year	Hazardous industrial waste	General industrial waste																													
2023	11.777	183.514																													
2022	10.705	206.439																													
4. Social issues (1) Does the company formulate appropriate	v		The Company is committed to complying with the national labor laws, “RBA Responsible Business	None																											

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
management policies and procedures according to relevant regulations and the International Bill of Human Rights?			Alliance Code of Conduct” and other applicable industrial standards and international conventions. The Company also continues to improve the working environment and employee welfare for all employees. To achieve such commitment, the Company periodically identifies employee occupational safety and health risks, material environmental concerns, and entrusts a third-party authentication institution to perform audit periodically. Please refer to the Company’s website for detailed information: https://tw.transcend-info.com/about/human	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	v		<ol style="list-style-type: none"> 1. The Company has established the salary management regulations and employee bonus distribution system. In addition to the distribution of year-end bonus, the Company also distributes performance bonus quarterly depending on the profit of the Company in order to share the business outcome with employees, thereby encouraging and rewarding employees for their effort at work. 2. The Company has established the employee welfare committee to plan and provide various welfare to employees, such as wedding gift money, childbirth gift money, funeral condolence, group meal compensation, annual and holiday gifts. To allow employees to achieve a balance between work and living, the Company has set up recreation facilities and a gym in order to allow employees to relax and relieve pressure. Furthermore, the Company also plans free annual health examinations and arranges for a physician to provide on-site periodic consultation in order to care for and protect the employees’ health properly. 3. The Company promotes the equal remuneration criteria for same job duties and equal promotion opportunities for employees of different genders. In 2023, the number of female employees accounted for 50% of all employees, and the number of female supervisors accounted for 17% of all management staff. 4. Please refer to ”5.5.1 Employee benefit plans, continuing education, training, retirement systems, the status of their implementation, and the status of labor agreements and measures for preserving employees' rights and interests” and corporate website: https://tw.transcend-info.com/about/employee_benefit 	None

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	v		<p>1. Environmental Safety and Health Policy The Company is committed to continuously promoting various handling/control mechanism plans, to fulfill corporate responsibilities in environmental protection and employee safety and health, prevention of occupational injuries and disease, reduction of environmental/safety and health management risks, and maintaining the competitiveness and improvement status of the Company. In addition, the Company also aims to convey its philosophy to all staff working for the organization and even to all stakeholders, in order to establish the cornerstone for the sustainable operation of the Company.</p> <p>2. Health and Safety of Employees in the Workplace The Company, according to the hazard identification and risk opportunity assessment, effectively controls hazards and reduces risks, in order to improve the safety and health performance. In addition, the Company has also established the safety and health related operation control, in order to ensure that operations comply with the regulations and management system requirements. The Company also continues to implement the five main plans (human factor engineering, abnormal workload, illegal infringement, labor health service and maternity protection plans), and performs monitoring and performance measurement analysis and evaluation, and periodically convenes safety committee review meetings, in order to ensure the effective operation of safety and health, and to provide physical and mental protection to employees, thereby achieving zero-hazard safety and health working environment.</p> <p>In 2023, the Company continues to participate in the “Healthy Workplace” of the Health Promotion Administration, “2023 National Occupational Safety and Health Week Event” of Occupational Safety and Health Administration and Health Administration and “Measures and Quantitative Activities” of the Company, was rated A among the peers, which indicated that the Company had completed most of the basic leading indicators of GRI 403 standard.</p> <p>3. Labor Working Environment Monitoring and Testing</p>	None

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>The Company implements workplace monitoring semi-annually in order to protect employees from physical and chemical hazards in the workplace and to ensure exposure concentration complies with the regulatory standards. The chemical exposure concentrations of the Company are far lower than 1/2 of the acceptable concentration standards for hazardous substances in the air specified by the laws.</p> <p>4. Health Management and Health Promotion</p> <p>The Company sets up the health management room and also employs full-time nursing personnel according to the provisions of health protection laws in order to handle on-site worker health service affairs. In addition, the Company also contracts a specialized physician for labor health service in order to provide the monthly on-site service in the plant.</p> <p>The Company provides regular physical examination before the on-boarding of all new employees, and all of the expenses for the aforementioned examination are borne by the Company. In 2023, the Company continually provided all employee health examination and items superior to the regulatory requirements, and employee relatives and friends are also entitled to the health examination based on the benefit plan, in order to achieve greater health benefits. After health examination, the internal professional nurse classifies the health reports of all employees for health management, and provides active care and conducts tracking on abnormal health items, in order to allow employees to understand their personal health conditions.</p> <p>The internal nurse promotes various health promotion activities and targets annually according to the employee health abnormality items, and evaluates the outcome and provides recommendations, in order to improve potential and existing health issues of employees, thereby preventing occurrence of diseases, improving personal health condition and promoting employee health. In the future, the Company will continue to implement the same activities in conjunction with appropriate reward measures to allow employees to understand health and to achieve balance between work and life.</p>	

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>5. Safety and Health Education and Training The Company organizes safety and health education and training annually, in order to improve the safety and health knowledge of employees. In 2023, there was a total of five types of courses organized for the internal education and training, and a total of 1,103 employees participated the training. There was a total of five types of license courses, and a total of 29 employees participated in such courses.</p> <p>6. Corporate Certification Status The Company and all factory sites in Taiwan have obtained the dual system certifications of ISO 45001 and CNS 45001 (TOSHMS).</p> <p>7. Occupational Accident Prevention and Improvement In 2023, there were 5 cases of occupational disasters for 5 employees (accounting for 0.51% of the total number of employees at the end of 2023), which did not achieve the goal of zero occupational disasters. The Company has conducted a thorough investigation and review of the incident, and implemented improvements to prevent the recurrence of similar issues. Measures taken include revising relevant procedural documents, strengthening safety promotion, optimizing the work environment and processes, and enhancing mechanical equipment protection to ensure a safe and healthy working environment for our employees.</p> <p>8. Fire prevention and improvement There was no fire incidents in 2023 and we will continually promote fire protection system management. Please refer to the Company’s website for detailed information: https://tw.transcend-info.com/about/healthy_safety</p>	
(4) Does the company provide its employees with career development and training sessions?	v		The Company establishes annual education and training plan to provide knowledge necessary for employees to perform works. Supervisors of all units also provide training planning necessary for the career and competence development of their department staff. In 2023, training sessions were held 114 times, and a total of 2,783 people participated in these sessions.	None
(5) Do the company's products and services comply with relevant laws and	v		Regarding issues related to customer health and safety, customer privacy, marketing, and labeling of products and services, the Company complies with relevant	None

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?			regulations and international standards. We have established the “Warranty Policy,” “Terms of Use,” “Privacy Policy,” and “Customer Service Satisfaction Survey Procedures” to protect consumer rights and grievance procedures.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	v		<p>1. The Company has established the “Supplier Selection and Management Work Guideline,” and the standard selection process has been implemented before the addition of new suppliers, and suppliers are also requested to sign the following documents of “environmental protection regulations compliance guarantee” , “supplier ethics undertaking” , “supplier social responsibility undertaking” ,” New Supplier Evaluation Form” and “Review Supply chain security of Authorized Economic Operator” , or the supplier is requested to provide relevant responsibility statements. in order to comply with the regulations of environmental protection, occupational safety and health or labor rights, Supply chain security.</p> <p>2. The Company has established the GMP system to inform suppliers of the latest hazardous substance standard and relevant environmental protection regulations of the Company in real time.</p> <p>3. Supplier evaluation is performed annually. For the 2023 supplier evaluation result, all of the suppliers qualified the evaluation standard and complied with the supplier code of practice.</p> <p>Please refer to the Company’s website for detailed information: https://tw.transcend-info.com/about/vendor_management </p>	None
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as ESG	v		<p>1. When we prepared our sustainability report, we made reference to the R.O.C.'s Blueprint for Sustainability Reporting Standards (IFRS) and the core option and the content and quality principles of the GRI Sustainability Reporting Standards, and prepared the report on the basis on the four principles of Materiality, inclusivity, responsibility, and impact of the AA1000 Accountability Standard</p>	None.

Assessment Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
reports? Do the reports above obtain assurance from a third party verification unit?			as well as in response to the Sustainability Accounting Standards Board (SASB) standards, through which prominent issues of concern to stakeholders can be covered as much as possible, and sustainable behaviors of our corporate operations demonstrated. 2. Although not verified by external third parties, the accuracy of all financial, environmental, and social statistics herein are ensured by our stringent internal control and audit mechanism.	
<p>6. Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The Company has established the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”, having no major difference from the laws and regulations, and there have been no major abnormalities in the actual operation.</p>				
<p>7. Other useful information for explaining the status of sustainable development practices:</p> <p>(1) Environmental protection: Please refer to “5.4. Environmental Protection Expenditures”.</p> <p>(2) Consumers’ rights and interests: The Company has established the dedicated Customer Service Center to handle customer complaint issues. The direct-sale stores of the Company also provide the service of product return and exchange to consumers.</p> <p>(3) Employees’ rights and interests: Please refer to “5.5.1 Employee benefit plans, continuing education, training, retirement systems, the status of their implementation, and the status of labor agreements and measures for preserving employees' rights and interests”.</p> <p>(4) Safety and health: The Company has obtained the ISO 14001 environmental management system, the ISO 45001 occupational safety and health management system certification for the workplace, and has also qualified the TOSHMS certification standard (CNS 45001).The Company has also received the “Healthy Workplace Certification – Health Promotion Badge” from the Ministry of Health and Welfare.</p> <p>(5) Products: In terms of the quality management, the Company has obtained the ISO 9001 quality management system certification. With outstanding product design and research and development strength, the Company has received the honor of Taiwan Excellence Award for consecutive years, thereby establishing a quality brand image.</p> <p>(6) Specific promotion plan and implementation outcome for corporate social responsibility: Transcend has long been committed to promoting the development of youth sports in Taiwan. In cooperation with high school sports associations, we sponsor a number of sports events, including HBL and HVL, to provide more development opportunities for youth sports. Additionally, since 2015, Transcend has been promoting the “Youth Baseball Outreach Program” for over eight years, spanning across 13 counties and cities and 23 elementary schools in Taiwan, with over 600 participants. This program provides a stage for youth baseball players in remote areas to learn and grow. These efforts have also earned Transcend the Ministry of Education’ s Sports Promotion Award for ten consecutive years, motivating the company to continue contributing more value to society and promoting healthy development of youth sports, striving to create a better future.</p>				

3.3.7. Climate-related information for TWSE/TPEX listed companies

Implementation of climate-related information

Item	Implementation Status
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	The Company has established a dedicated part-time unit – the General Management Division under the Administrative Vice President’s Office – to promote sustainable development. On May 4, 2023, during the 2nd Board of Directors’ meeting, this unit and the Administrative Vice President were authorized to be responsible for sustainable development affairs (such as management policies, specific promotion plans, and implementation), and to regularly report to the Board of Directors.
2. Describe how the identified climate risks and opportunities affect the Company’s business, strategy and finance (short-, medium-, and long-term).	<p>Climate risk items: (1) Transformation risks: government levies corporate carbon tax and carbon fee: reducing energy costs and carbon emissions through new additions and replacements of low-carbon and energy-saving energy equipment, the related equipment expenditure is about NT\$9 million. (2) Physical risks: For extreme weather events (typhoons, droughts, floods), the Company has to improve its preparedness for natural disasters, establish sound emergency response procedures, and perform regular drills. The Company purchases property insurance at a cost of about NT\$3 million each year.</p> <p>Climate Opportunities: Develop and/or add low-carbon products and services: In response to the ESG requirements of stakeholders, improve the environmental protection concept of products and adopt green production to reduce the impact on the environment and climate. In 2023, the Company’s R&D expenses such as the development of power-saving memory modules and product revision to reduce power consumption and improve usage efficiency only accounted for 1–1.5% of the annual revenue.</p>
3. Describe the financial impact of extreme climate events and transformation actions.	After identifying climate-related risks and opportunities, we discussed response strategies with relevant units and assessed the potential financial impacts on Transcend. For example, equipment replacement can reduce energy costs, and we can apply for relevant energy-saving subsidies and incentives from the government. Natural disasters are unavoidable, but by establishing comprehensive emergency response procedures and conducting regular drills, we can reduce the costs of disasters.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company has established the “Risk Management Policy,” which was reported to the 4th session of the Board of Directors on November 6, 2023. The Company also proposed the management strategy and practices. Considering the abnormal global climate,

<p>5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.</p> <p>6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, as well as the indicators and targets used to identify and manage physical and transformation risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</p> <p>8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, and the planning period shall be explained. annual progress; if using carbon offsets or renewable energy certificates (RECs) to achieve Explain the source and volume of carbon reduction credits or the number of RECs.</p> <p>9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans.</p>	<p>and frequent typhoons and earthquakes in Taiwan, the risk of asset loss increases. The Company has long invested in global property insurance to transfer most of the risks to third parties to reduce possible losses caused by climate change.</p> <p>The Company has been investing in global property insurance for a long time. The property insurance in 2023 increased insurance expenses by about NT\$3 million, which accounted for only 0.2% of operating expenses, and the impact on the overall financial position was relatively insignificant.</p> <p>Electricity- saving target: With 2020 as the base year, the target of reducing electricity consumption by 5% by 2026 has been set.</p> <p>Carbon reduction target: Using 2020 as the base year, we set a carbon reduction target of 7% by 2026.</p> <p>The Company has not yet used internal carbon pricing as a planning tool.</p> <p>The Company currently does not set any climate-related goals, but only follows the “Roadmap for Sustainable Development for TWSE/TPEX Listed Companies” and “ISO 14064-1” to minimize carbon emissions and establish a schedule for GHG inventory and assurance progress reporting.</p> <p>The Company follows the “Roadmap for Sustainable Development of Listed/OTC Companies” and “ISO 14064-1” to establish a schedule for greenhouse gas inventory and external assurance processes. We aim to complete external assurance for the parent company by 2028 and external assurance for subsidiaries included in the consolidated statements by 2029.</p>
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3.3.8. Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	v		The "Ethical Corporate Management Best-Practice Principles" of the Company has been approved in the board of directors' meeting in 2014, and the regulations of the "Codes of Ethical Conduct for Directors and Managerial Officers" and "Codes of Ethical Conduct for Employees", etc. have also been approved in the board of directors' meeting in 2013. The Company requests directors and all employees to comply with such provisions accordingly. Please refer to the Company's website: https://tw.transcend-info.com/about/policies	None
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	v		The Company has established the "Ethical Corporate Management Best-Practice Principles", "Codes of Ethical Conduct for Directors and Managerial Officers" and "Codes of Ethical Conduct for Employees", and all of these provisions have covered the operating activities of relatively higher risk of unethical conduct described in the content of all subparagraphs of Paragraph 2 of Article 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and other operating scope. Ethical corporate management and ethical code of conduct are the core guidelines for the Company. The contents of these provisions are published on the Company's website for relevant personnel's review at any time. The Company provides internal and external reporting channels. In case where a violation is found to be true, different level of disciplinary action is imposed depending upon the severity of the violation.	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	v		The Company has established the “Ethical Corporate Management Best-Practice Principles”, “Codes of Ethical Conduct for Directors and Managerial Officers” and “Codes of Ethical Conduct for Employees”. All of these provisions are published on the Company’s website for relevant personnel’s review. The Company also requests all employees and directors to comply with these provisions accordingly.	None
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	v		Prior to engaging in business dealings with suppliers, the Company conducts evaluation and review process on all aspects of the suppliers, and requests the suppliers to provide the “Supplier Ethics Undertaking.” Prior to engaging in business dealings with customers, the Company evaluates the financial and credit status according to the credit investigation policy of the Company. In case where transaction counterparty involves in unethical conducts, the Company may terminate or rescind contracts at any time.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	v		The Company assigns the Financial and Accounting Department and the Administration Department to be the concurrent units responsible for the establishment of ethical corporate management policies and execution of supervision, and according to the job duties and scope of each unit, including the establishment and revision of the “Ethical Corporate Management Best-Practice Principles,” organizing ethical corporate management related propaganda and educational training, etc., in order to ensure the thorough implementation of ethical corporate management principles. Important items and relevant affairs promotion status are reported to the board of directors once annually.	None
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate	v		The Company has established the “Codes of Ethical Conduct for Directors and Managerial Officers”, “Codes of Ethical Conduct for Employees”, “Employee Code of Conduct and Reward and Discipline Management Regulations”, “Regulations	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
communication channels, and implement it?			Governing Procedure for Board of Directors Meetings” and “Audit Committee Charter.” All of these provisions have clearly specified matters requiring recusal in case of encountering the situation of conflict of interest. The Company provides complaint channel, such that in case where any director, managerial officer or employee is verified to have violated the code of ethical conduct, then such violator shall be punished in accordance with the disciplinary measures specified in the code of ethical conduct.	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	v		The Company prepares the financial statements in accordance with the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) and interpretations. For the 2023 consolidated financial statements, the PwC Taiwan has issued the audit report with unqualified opinion. The Company establishes an internal control system for all operating activities. The internal audit unit performs audit work according to the audit plan and also reports to the Audit Committee and board of directors periodically.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	v		To establish the corporate culture of ethical management and sound development, the Company has constructed a proper business operation structure and has established the “Ethical Corporate Management Best-Practice Principles,” and these principles are implemented in the daily operation. The new employees’ orientation training includes ethical management related education courses, and the content mainly covers the courses employee ethical conduct, employee code of conduct, ethics and fair trade and duty of confidentiality, etc. In 2023, two orientation training sessions were held, and a total of 60 people participated in these sessions. The period of each training session is 0.5 hours. The course materials will be updated to Company’s website for employees’s reference after the orientation training. The Company also places the course contents related to internal material information handling operation and insider trading related courses in the Company’s system and website	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			as references for directors, managerial officers and employees.	
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	v		The Company has established the “Regulations for Company’s Whistleblowing Reports on Illegal and Unethical Conducts” and has also set up specific whistleblowing mailbox and employee suggestion box in order to allow internal and external personnel to file complaint or whistleblowing reports to the Company. After the receiving unit clarifies relevant facts and evidence, it is reported to the management level for handling.	None
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	v		The content of the “Regulations for Company’s Whistleblowing Reports on Illegal and Unethical Conducts” established by the Company specifies the handling procedures related to the filing of complaints, investigation and post-investigation measures, and the whistleblower’s identity is kept strictly confidential.	None
(3) Does the company provide proper whistleblower protection?	v		The “Regulations for Company’s Whistleblowing Reports on Illegal and Unethical Conducts” of the Company also specifies that the whistleblower shall not be subject to unfavorable disposal due to the whistleblowing report, and the Company shall provide sufficient protection to all whistleblowers.	None
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	v		The Company has disclosed relevant ethical management principles on the Company’s website and MOPS. The Company has also set up the Ethical Management section on the Company’s website and has disclosed ethical management related information in the annual report. https://tw.transcend-info.com/about/integrity	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the “Ethical Corporate Management Best-Practice Principles” in 2014, having no major difference from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies,” and there have been no major abnormalities in the actual operation.				

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies)				
(1) The Company periodically reviews the update status of the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and timely reviews and conducts evaluation to determine necessary amendments.				
(2) In the provisions of the “Codes of Ethical Conduct for Directors and Managerial Officers”, “Codes of Ethical Conduct for Employees” and the “Employee Code of Conduct and Reward and Discipline Management Regulations,” the Company has specified that unethical conducts are prohibited, conflict of interests shall be avoided and obtaining of improper personal benefits and interests shall be prevented.				
(3) In the “Audit Committee Charter” and “Regulations Governing Procedure for Board of Directors Meetings,” the Company has specified the directors’ recusal system for conflict of interest.				
(4) To implement the education on ethical management, the Company includes the ethical management in the course content of new employees’ orientation training, thereby allowing new employees to understand the Company’s policy and direction on ethical management.				
(5) The Company has established the “Patent Management Regulations” and “Intellectual Property Right Management Control Operation” in order to serve as the basis for the obtaining, protection and management of intangible assets. Company has also periodically introduced the concepts of the intellectual property rights to all employees.				

3.3.9. Corporate Governance Guidelines and Regulations

Please refer to the Company’s website at <http://tw.transcend-info.com/about/policies>

3.3.10. Other Important Information Regarding Corporate Governance

The Company has established the “Procedures for Handling Material Inside Information”. The Company informs all employees via e-mail when newly establishment of the procedures and subsequent amendments, and also makes public announcement through the intranet of the Company for employees’ review and use. All departments and employees handling possible material information and disclosure of such information are required to comply with these procedures as well as laws and regulations. “Procedures for Handling Material Inside Information” has been disclosed on the Company’s website.

Please refer to: <http://tw.transcend-info.com/about/policies>

3.3.11. Implementation of Internal Control Systems

1. Statement of Internal Control Systems

Transcend Information, Inc.
Statement of Internal Control Systems

February 29, 2024

Based on the findings of a self-assessment, Transcend Information, Inc. (Transcend) states the following with regard to its internal control system during the year 2023:

1. Transcend's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Transcend takes immediate remedial actions in response to any identified deficiencies.
3. Transcend evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Transcend has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Transcend believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Transcend's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on February 29, 2024, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Transcend Information, Inc.

Chairman: Shu, Chung-Won

General Manager: Shu, Chung-Won

2. If CPA was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

3.3.12. If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement:
None.

3.3.13. Major resolutions of Shareholders' Meeting, Board of Directors Meetings, Audit Committee meetings and Remuneration Committee meetings in the most recent year and up to the publication date of this Annual Report:

1. Major resolutions of Shareholders' Meeting

Date	Material Decisions	Resolutions and Implementation Status
2023.06.16	(1) Adoption of 2022 Business Report and Financial Statements.	Approved after voting.
	(2) Adoption of the proposal for distribution of 2022 earnings.	Approved after voting. To appropriate legal reserve NT\$245,725,616 and special reserve NT\$167,302,182 from 2022 earnings in accordance with the regulations.

2. Material resolutions of Board of Directors Meetings

Date	Material Decisions	Resolutions and Implementation Status
2023.03.02 (The First Time in 2023)	(1) 2022 Business Report and Financial Statements.	Approved by all presented directors and proposed to Shareholders' meeting for ratification.
	(2) Proposal for distribution of 2022 earnings.	Approved by all presented directors and proposed to Shareholders' meeting for ratification.
	(3) Cash distribution from 2022 retained earnings.	Approved by all presented directors. To appropriate cash dividend NT\$2,059,496,040 (NT\$4.80 per share) from 2022 earnings and submit a report to Shareholders' meeting.
	(4) Cash distribution from capital surplus.	Approved by all presented directors. The capital surplus derived from the issuance of new shares at a premium totaling NT\$343,249,340 will be distributed in cash of NT\$0.80 per share. And submit a report to Shareholders' meeting.
	(5) CPA Independence and Suitability Assessment.	Approved by all presented directors.
	(6) Extension of the period of endorsement and guarantee to subsidiary Transcend Japan Inc.	Approved by all presented directors. The handling department has executed such matter according to the regulations.
	(7) Ratification of the Appointment of the financial and accounting officer.	Approved by all presented directors.
	(8) Ratification of the Appointment of Corporate Governance Officer.	Approved by all presented directors.

2023.05.04 (The Second Time in 2023)	(1) Planned issuance of restricted stock awards by the company	Approved by all presented directors and proposed to Shareholders' meeting for ratification.
	(2) Amendments to "Sustainable Development Best Practice Principles".	Approved by all presented directors.
	(3) Amendments to "Rules of Procedure for Board of Directors Meetings".	Approved by all presented directors.
2023.08.03 (The Third Time in 2023)	Extension of the period of endorsement and (1) guarantee to subsidiary Transcend Japan Inc.	Approved by all presented directors. The handling department has executed such matter according to the regulations.
	Formulation to "Operational Standards for Mutual Financial Business between Related Parties in the Acquisition or Disposal of Assets Process" (2)	Approved by all presented directors.
2023.11.06 (The Fourth Time in 2023)	(1) 2023 Annual Internal Audit Plan.	Approved by all presented directors. The Audit Office is requested to execute such matter according to the regulations.
	(2) Renewal of Directors and Officers' Liability Insurance.	Approved by all presented directors. The handling department has executed such matter according to the regulations.
	(3) 2024 CPA Independence and Suitability Assessment.	Approved by all presented directors.
2024.02.29 (The First Time in 2024)	(1) 2023 Business Report and Financial Statements.	Approved by all presented directors and proposed to Shareholders' meeting for ratification.
	(2) Proposal for distribution of 2023 earnings.	Approved by all presented directors and proposed to Shareholders' meeting for ratification.
	(3) Cash distribution from 2023 retained earnings.	Approved by all presented directors. To appropriate cash dividend NT\$1,930,777,538 (NT\$4.50 per share) from 2023 earnings and submit a report to Shareholders' meeting.
	(4) Cash distribution from capital surplus.	Approved by all presented directors. The capital surplus derived from the issuance of new shares at a premium totaling NT\$214,530,838 will be distributed in cash of NT\$0.50 per share. And submit a report to Shareholders' meeting.
	Extension of the period of endorsement and (5) guarantee to subsidiary Transcend Japan Inc.	Approved by all presented directors. The handling department has executed such matter according to the regulations.
	(6) Election of directors.	Approved by all presented directors and proposed to Shareholders' meeting for election.
	(7) Amendments to "Rules and Procedures of Shareholders' Meeting".	Approved by all presented directors and proposed to Shareholders' meeting for ratification.
2024.05.09 (The	(1) Issuance the first of restricted stock awards by the company	Approved by all presented directors.

Second Time in 2024)	(2) The Qualification Review of the Elected Directors and Independent Directors Candidate for the 2024 Annual Regular Shareholders' Meeting	Approved by all presented directors and proposed to Shareholders' meeting for election.
	(3) To release the prohibition on directors from participation in competing business.	Approved by all presented directors and proposed to Shareholders' meeting for ratification.

3. Material resolutions of Audit Committee Meetings

Date	Material Decisions	Resolutions and Implementation Status
2023.03.02 (The First Time in 2023)	(1) 2022 Business Report and Financial Statements.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(2) Proposal for distribution of 2022 earnings.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(3) Cash distribution from 2022 retained earnings.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion. To appropriate cash dividend NT\$2,059,496,040 (NT\$4.80 per share) from 2022 earnings.
	(4) Cash distribution from capital surplus.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion. The capital surplus derived from the issuance of new shares at a premium totaling NT\$343,249,340 will be distributed in cash of NT\$0.80 per share.
	(5) Extension of the period of endorsement and guarantee to subsidiary Transcend Japan Inc.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(6) Ratification of the Appointment of the financial and accounting officer	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
2023.05.04 (The Second Time in 2023)	Planned issuance of new restricted employee shares by the company	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
2023.08.03 (The Third Time in 2023)	(1) Extension of the period of endorsement and guarantee to subsidiary Transcend Japan Inc.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(2) Formulation to "Operational Standards for Mutual Financial Business between Related Parties in the Acquisition or Disposal of Assets Process"	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
2023.11.06 (The Fourth Time in 2023)	(1) 2024 Annual Internal Audit Plan	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(2) 2024 CPA Independence and Suitability Assessment.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
2024.02.29 (The First Time in 2024)	(1) 2023 Business Report and Financial Statements.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.

2024)	(2) Proposal for distribution of 2023 earnings.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(3) Cash distribution from 2023 retained earnings.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion. To appropriate cash dividend NT\$1,930,777,538 (NT\$4.50 per share) from 2023 earnings.
	(4) Cash distribution from capital surplus.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion. The capital surplus derived from the issuance of new shares at a premium totaling NT\$214,530,838 will be distributed in cash of NT\$0.50 per share.
	(5) Extension of the period of endorsement and guarantee to subsidiary Transcend Japan Inc.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
2024.05.09 (The Second Time in 2024)	(1) Issuance the first of restricted stock awards by the company	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(2) To release the prohibition on directors from participation in competing business.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.

4. Material resolutions of Remuneration Committee Meetings

Date	Material Decisions	Resolutions and Implementation Status
2023.03.02 (The First Time in 2023)	(1) Distribution of 2022 employees' profit sharing bonus and directors' compensation.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(2) Remuneration of managerial officers in 2023.	
	(3) Remuneration of directors in 2023.	
2023.11.06 (The Second Time in 2023)	(1) Remuneration of managerial officers in 2023.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(2) Remuneration of directors in 2023.	
2024.02.29 (The First Time in 2024)	(1) Distribution of 2023 employees' profit sharing bonus and directors' compensation.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(2) Remuneration of managerial officers in 2024.	
	(3) Remuneration of directors in 2024.	
2024.05.09 (The Second Time in 2024)	(1) Remuneration of managerial officers in 2024.	Approved by all presented committee members and proposed to Board of directors' meeting for discussion.
	(2) Remuneration of directors in 2024.	
	(3) Issuance the first of new restricted employee shares by the company	

3.3.14. Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in the Most Recent Year up to the Publication Date of this Annual Report:
None.

3.3.15. Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D in the Most Recent Year and up to the Publication Date of this Annual Report:

April 23, 2024

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
CFO & Corporate Governance Officer	Hsiao, Sheng-Yin	2019/08/01	2023/01/19	Resignation

3.4. Information on CPA fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Remark
Pricewaterhouse Coopers	Chen, Chin-Chang	2023.01.01~2023.12.31	3,670	2,763	6,433	-
	Lin, Yi-Fen					

Note: The non-audit services are for Transfer Pricing Report, New Restricted Employee Shares confident service, Tax Compliance Audit service and other Tax Consulting services.

3.4.1. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed.

Not applicable.

3.4.2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed.

None.

3.5. Replacement of CPA

Not applicable.

3.6. Where the company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed.

None.

3.7. Any transfer of equity interests and/or pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year and during the current fiscal year up to the date of publication of this Annual Report.

None.

3.7.1. Changes in shares held by Directors, Managerial Officers and Major Shareholders

Title	Name	2023		As of April 23, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman and CEO and General manager	Shu, Chung-Won (Note 2)	719,000	-	(5,300,000)	-
Director	Shu, Chung-Cheng	(1,210,000)	-	-	-
Director	Chui, Li-Chu	-	-	-	-
Director	Hsu, Chia-Hsian	(110,000)	-	-	-
Director & Sales Vice General Manager	Chen, Po-Shou	-	-	-	-
Director	Wu, Kuan-De	-	-	-	-
Independent Director	Chen, Yi-Liang	-	-	-	-
Independent Director	Chen, Lo-Min	-	-	-	-
Independent Director	Wang, Yi-Hsin	-	-	-	-
R&D Vice General Manager	Li, Tseng-Ho	-	-	-	-
Administration Vice General Manager	Fang, Wen-Jeng	-	-	-	-
Financial and Accounting Officer & Corporate Governance Officer	Hsiao, Sheng-Yin (Dismissal date: 2023/01/19)	-	-	-	-
	Chi, Wen-Hui (Note 3)	-	-	-	-
Shareholder holding 10% or more of shares	Won Chin Investment Inc.	-	-	-	-

Note 1: The status of the increase/decrease of shares held and pledged shall be based on the period of the directors and managerial officers' term of office.

Note 2: The general manager temporary hold by Shu, Chung-Won, the appointment effected on January 1, 2023.

Note 3: New appointment of Financial and Accounting Officer & Corporate Governance Officer on January 19, 2023, and approved by Board of Directors March 2, 2023.

3.7.2. Shares Trading with Related Parties

Not applicable.

3.7.3. Shares Pledge with Related Parties

Not applicable.

3.8. Relationship information, if among the company's Top 10 shareholders any one is a related party, spouse or a relative within the second degree of kinship of another

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Won Chin Investment Inc. Representative: Shu, Chung-Yu	74,783,600	17.43%	-	-	-	-	Wan An Technology Inc.	Same person as the Chairman
							Wan Min Investment Inc.	Same person as the Chairman
							Wan Chuan Investment Inc.	Same person as the Chairman
							Cheng Chuan Technology Development Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Won Chin
							Ho Cheng Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Won Chin
							Shin Chuang Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Won Chin
Wan An Technology Inc. Representative: Shu, Chung-Yu	34,251,854	7.98%	-	-	-	-	Shumin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Won Chin
							Won Chin Investment Inc.	Same person as the Chairman
							Wan Min Investment Inc.	Same person as the Chairman; Investment of Wan An on Wan Min is evaluated under equity method
							Wan Chuan Investment Inc.	Same person as the Chairman; Investment of Wan An on Wan Chuan is evaluated under equity method

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
							Cheng Chuan Technology Development Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan An
							Ho Cheng Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan An; Investment of Wan An on He Cheng is evaluated under equity method
							Shin Chuang Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan An
							Shumin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan An
Cheng Chuan Technology Development Inc. Representative: Shu, Chung-Cheng	32,971,701	7.68%	-	-	-	-	Won Chin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Cheng Chuan
							Wan An Technology Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Cheng Chuan
							Wan Min Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Cheng Chuan
							Wan Chuan Investment Inc.	The Chairman of the company listed here is a relative within two degrees

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
								of kinship of the Chairman of Cheng Chuan
							Ho Cheng Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Cheng Chuan
							Shin Chuang Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Cheng Chuan
							Shumin Investment Inc.	Same person as the Chairman; Investment of Cheng Chuan on Shumin is evaluated under equity method
Wan Min Investment Inc. Representative: Shu, Chung-Yu	29,726,397	6.93%	-	-	-	-	Won Chin Investment Inc.	Same person as the Chairman
							Wan An Technology Inc.	Same person as the Chairman; Wan Min is an investee of Wan An under equity method
							Wan Chuan Investment Inc.	Same person as the Chairman
							Cheng Chuan Technology Development Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan Min
							Ho Cheng Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan Min
							Shin Chuang Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan Min

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
							Shumin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan Min
Wan Chuan Investment Inc. Representative: Shu, Chung-Yu	29,505,896	6.88%	-	-	-	-	Won Chin Investment Inc.	Same person as the Chairman
							Wan An Technology Inc.	Same person as the Chairman; Wan Chuan is an investee of Wan An under equity method
							Wan Min Investment Inc.	Same person as the Chairman
							Ho Cheng Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan Chuan
							Shin Chuang Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan Chuan
							Cheng Chuan Technology Development Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan Chuan
							Shumin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Wan Chuan
Ho Cheng Investment Inc. Representative: Shu, Chung-Mei	14,426,462	3.36%	-	-	-	-	Shin Chuang Investment Inc.	Same person as the Chairman
							Won Chin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Ho Cheng

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
							Wan An Technology Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Ho Cheng; Ho Cheng is an investee of Wan An under equity method
							Wan Min Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Ho Cheng
							Wan Chuan Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Ho Cheng
							Cheng Chuan Technology Development Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Ho Cheng
							Shumin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Ho Cheng
Shin Chuang Investment Inc. Representative: Shu, Chung-Mei	13,947,294	3.25%	-	-	-	-	Ho Cheng Investment Inc.	Same person as the Chairman
							Won Chin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shin Chuang
							Cheng Chuan Technology Development Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shin Chuang

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
							Wan An Technology Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shin Chuang
							Wan Min Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shin Chuang
							Wan Chuan Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shin Chuang
							Shumin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shin Chuang
Yuanta Taiwan High Dividend Low Volatility ETF	9,865,000	2.30%	-	-	-	-	None	None
HI-JET Incorporation Representative: Yeh, Chia-Wen	6,581,000	1.53%	-	-	-	-	None.	None
Shumin Investment Inc. Representative: Shu, Chung-Cheng	6,437,842	1.50%	-	-	-	-	Won Chin Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shumin
							Wan An Technology Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shumin

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
							Cheng Chuan Technology Development Inc.	Same person as the Chairman; Shumin is an investee of Cheng Chuan under equity method
							Wan Min Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shumin
							Wan Chuan Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shumin
							Ho Cheng Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shumin
							Shin Chuang Investment Inc.	The Chairman of the company listed here is a relative within two degrees of kinship of the Chairman of Shumin

3.9. The total number of shares and total equity stake held in any single enterprise by the company, its directors, managerial officers, and any companies controlled either directly or indirectly by the company.

April 23, 2024; Unit: Shares

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Managerial officers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Taiwan IC Packaging Corporation	21,928,036	12.51%	4,471,641	2.55%	26,399,677	15.06%
Saffire Investment Ltd.	6,600,000	100%	-	-	6,600,000	100%
Transcend Information Inc. (USA)	625,000	100%	-	-	625,000	100%
Transcend Japan Inc.	6,400	100%	-	-	6,400	100%
Transcend Korea Inc.	40,000	100%	-	-	40,000	100%

Note: Invested by the company using the equity method.

4. Capital Overview

4.1. Capital and Shares

4.1.1. Source of Capital

Year and Month	Face Value Per Share (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Source of Capital	Property other than cash as payment for share payment	Other
2021/10	10	500,000,000	5,000,000	429,061,675	4,290,617	Cash establishment	-	-
2024/05	10	500,000,000	5,000,000	429,867,675	4,298,677	New Restricted Employee Shares to 806,000 shares (Note 1)	-	-

Note 1 : The base date for capital increase is May 9, 2024, and the registration change is pending approval by the Ministry of Economic Affairs.

Note 2 : The source is in the last year up to the publication date of this annual report.

Type of Stock	Authorized Capital			Remark
	Shares Outstanding (Note)	Un-issued Shares	Total Shares	
Common Stock	429,867,675	70,132,325	500,000,000	25,000,000 shares are reserved for employee stock options.

Note: Listed Shares.

Information for Shelf Registration: None.

4.1.2. Shareholder Structure

As of April 23, 2024

Shareholders Structure Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	-	19	117	23,032	236	23,404
Shareholding (Shares)	-	19,802,818	259,330,809	93,552,856	56,375,192	429,061,675
Holding Percentage	0.00%	4.62%	60.44%	21.80%	13.14%	100.00%

4.1.3. Shareholding Distribution Status

As of April 23, 2024 (Note 1)

Class of shareholding (Shares)	Number of shareholders	Shareholding (Shares)	Shareholding percentage (%)
1~999	5,239	844,377	0.20%
1,000~5,000	15,112	28,833,732	6.71%
5,001~10,000	1,652	13,092,975	3.05%
10,001~15,000	448	5,696,253	1.33%

15,001~20,000	247	4,544,619	1.06%
20,001~30,000	227	5,818,363	1.36%
30,001~40,000	100	3,595,207	0.84%
40,001~50,000	61	2,865,682	0.67%
50,001~100,000	139	9,898,865	2.31%
100,001~200,000	79	10,851,812	2.53%
200,001~400,000	35	10,362,491	2.42%
400,001~600,000	15	7,285,892	1.70%
600,001~800,000	8	5,296,000	1.23%
800,001~1,000,000	9	8,291,160	1.93%
1,000,001 or over	33	311,784,247	72.66%
Total	23,404	429,061,675	100.00%

Note 1: It refers to the most recent shareholding dispersal base date provided by the stock affairs agent.

Note 2: The Company does not issue preferred shares.

4.1.4. List of Major Shareholders

Shares Name of major shareholders	Shareholding (Shares)	Percentage (%)
Won Chin Investment Inc.	74,783,600	17.43%
Wan An Technology Inc.	34,251,854	7.98%
Cheng Chuan Technology Development Inc.	32,971,701	7.68%
Wan Min Investment Inc.	29,726,397	6.93%
Wan Chuan Investment Inc.	29,505,896	6.88%
Ho Cheng Investment Inc.	14,426,462	3.36%
Shin Chuang Investment Inc.	13,947,294	3.25%
Yuanta Taiwan High Dividend Low Volatility ETF	9,865,000	2.30%
HI-JET Incorporation	6,581,000	1.53%
Shumin Investment Inc.	6,437,842	1.50%
Total	252,497,046	58.85%

4.1.5. Market Price, Net Worth, Earnings, and Dividends per Share in the Past Two Years

Unit: NT\$; Thousand shares

Year		2022	2023	As of March 31, 2024 (Note 1)
Item	Market Price per Share			
	Highest	75.80	84.60	90.60
	Lowest	57.90	65.40	76.80
Market Price per Share	Average	68.34	73.87	81.58
Net Worth per Share	Before distribution	45.57	44.91	42.08
	After distribution	39.97	39.91	42.08
Earnings per Share (EPS)	Weighted Average Shares	429,062	429,062	429,062
	Earnings per Share (EPS)	5.72	4.63	7.52(Note 2)
Dividend per Share	Cash dividend	4.80	4.50	Not applicable
	Cumulative unpaid dividends	-	-	-

Return on Investment (ROI) Analysis	Price-to-earning ratio	11.95	15.95	10.85 (Note 2)
	Price-dividend ratio	14.24	16.42	Not applicable
	Cash dividend yield rate	7.02	6.09	Not applicable

Note 1: The consolidated financial statements of 2024 Q1 have been prepared in accordance to the IFRS and have been reviewed by the CPAs.

Note 2: The calculation of Earnings per Share (EPS) and Price-to-Earnings Ratio for 2024 Q1 have been annualized.

4.1.6. Dividend Policy and Implementation Status

1. Dividend Policy

According to Article 22-1 of the Company's Articles of Incorporation, if the Company has earnings after the annual final accounting, it shall be allocated in the following order:

- (1) To pay taxes.
- (2) To cover accumulated losses, if any.
- (3) To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital.
- (4) To appropriate or reverse special reserve in accordance with the regulations.
- (5) To reserve certain amount, on the premise that there is no effect on the Company's normal operations and no violation of regulations, for maintaining stability of dividends.
- (6) For any remainder, adding on accumulated unappropriated retained earnings, the board of directors shall propose the earnings distribution proposal and shall handle in accordance with the following provision: the board of directors is authorized to distribute dividends and bonuses or legal reserve and capital reserve in whole or in part which be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting in accordance with Section 5 of Article 240 and Section 1 of Article 241 of the Company Act. In case of the dividends and bonuses or legal reserve and capital reserve in whole or in part be distributed in the form of new shares to be issued by the company, shall be proposed to the shareholders' meeting for review and approval by a resolution in accordance with Article 240 of the Company Act.

The Company distributes dividends taking into consideration the Company's economic environment and growth phases, future demands of funds, long-term financial planning, and the cash flows that the stockholders desire. Under the circumstances of no material investment plans and other special situation, the proportion of dividend distributed shall not be less than 80% of after-tax profit, and cash dividends shall account for at least 5% of the total dividend distributed. The Company currently distributes dividend all in cash, and there is no consideration for the distribution of stock dividends.

2. Proposed Distribution of Dividend:

The appropriation for cash dividends from 2023 earnings and cash payment from capital surplus have been approved by the Board of Directors during its meeting on February 29, 2024.

Unit: NT\$

Dividends per Share		year	2023
Cash Dividend	Retained Earnings		4.50
	Capital surplus		0.50

Free Share Assignment	Retained Earnings	0.00
	Capital surplus	0.00
Total		5.00

3. Major Change Expected in the Dividend Policy:

None.

4.1.7. Impacts of free share assignment intended through the current shareholders meeting on the Company's operational performance and earnings per share:
Not applicable.

4.1.8. Compensation for Employees and Directors

1. The percentage or range of compensation for employees and directors based on the Article of Incorporation:

Bases on Article 22 of the Article of Incorporation, where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 1% of the remaining profit for distribution to employees as compensation and no more than 0.2% of the remaining profit for distribution to directors as compensation.

The compensation may be paid in stock or cash. For remuneration in the form of shares, the employees of subsidiaries meeting specific condition are also entitled to the payment. The Board is authorized to decide such qualifications and allocation.

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

If the actual amounts approved by board of directors differ from the estimated amount, the difference will be recorded in the year when board of directors makes the resolution as a change in accounting estimate.

3. Distribution of Compensation of Employees and Directors for 2023 Approved in the Board of Directors Meeting:

The compensation of employees and directors for the year ended December 31, 2023 has been approved by the Board of Directors during its meeting on February 29, 2024.

Unit: NT\$

Compensation of Employees and Directors for 2023	Approved in the Board of Directors Meeting	Estimated Amount
Employee Compensation – in Cash	24,962,283	25,696,351
Directors' Compensation – in Cash	2,300,000	-

Note 1: The difference between the actual amounts approved by board of directors and the estimated amount will be taken as a change in accounting estimate and adjusted in profit or loss for 2024.

Note 2: The Company did not distribute the compensation of employees and directors in stocks.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, additionally the discrepancy, cause, and how it is treated:

Unit: NT\$

Compensation of Employees and Directors for 2022	Approved in the Board of Directors Meeting (Actual distribution Amount)	Estimated Amount
Employee Compensation – in Cash	30,987,026	31,729,233
Directors' Compensation – in Cash	2,300,000	-

Note: The above-mentioned actual distribution of compensation of employees and directors was in line with the resolution of the Board of Directors. The difference between the actual distribution amounts and the estimated amount was taken as a change in accounting estimate and adjusted in profit or loss for 2022.

4.1.9. Buy-back of Treasury Stock

None.

4.2. Status of Corporate Bonds

None.

4.3. Status of Preferred Shares

None.

4.4. Status of Overseas Depositary Receipts

None.

4.5. Status of Employee Stock Option

None.

4.6. Status of New Restricted Employee Shares

(1) Status of New Restricted Employee Shares

As of May 16, 2024

Type of restricted stock awards	First issuance of restricted stock awards in 2023
Effective date and total shares	September 8, 2023 and total shares: 3,000,000 shares
Date of issue	First issue date on May 9, 2024 ; The second issue date has not set yet
Number of new shares from restricted stock awards	806,000 shares
Issue price	None
Shares issued through restricted stock awards as a percentage of current outstanding shares	0.19%
Vesting conditions of restricted stock awards	Employees who, after subscribing for restricted stocks, are still employed as of each grant date and did not have any violation against the Company's employment agreement, employees' code of conduct, the depository agreement, corporate governance best practice principles, ethical corporate management best practice principles, work rules, non-competition and non-disclosure undertaking or other contractual agreements with the Company during the following period as recognized by the Company, shall be vested 100% if having been employed for two years since the grant date of each year, while the vesting unit is one share.
Restricted rights of restricted stock awards	<p>1. Except for succession, employees who subscribed for restricted stocks and have not met vesting conditions shall not sell, pledge, transfer, gift to others, create an encumbrance on or otherwise dispose of the same.</p> <p>2. Attending, submitting proposals, giving speeches, and exercising voting rights and rights of election at a shareholders' meeting are conducted in accordance with the trust and depository agreement. After an employee meets vesting conditions, stock dividends and cash dividends will be transferred from the trust account to the employee's personal account at the TDCC pursuant to the trust and depository agreement (cash dividends are to be transferred to the employee's personal bank account). The unvested stocks of an employee who does not meet vesting conditions will be taken back for free and cancel registration; the stock dividends or cash dividends accrued therefrom, however, are not required to be refunded or repaid by the employee.</p>

	3. Except for the trust requirement in the preceding paragraph, employees who subscribed for restricted stocks pursuant to the Rules and have not met vesting conditions shall have the same rights in, among others, receiving stock dividends, cash dividends and additional paid-in capital and subscribing for new shares upon capital increase by cash as the Company's outstanding common stocks.
Custody of restricted stock awards	Restricted stock awards that are issued will be placed in a trust until vesting conditions are met.
Handling restricted stock award allocated or subscribed to by employees who fail to meet vesting conditions	Restricted stocks that are taken back by the Company for free will be cancelled registration by the Company.
Number of restricted shares taken back or bought back	0 shares
Number of shares with restrictions lifted	0 shares
Number of shares with restrictions not yet lifted	806,000 shares
Number of shares with restrictions not yet lifted as a percentage of current outstanding shares (%)	0.19%
Impact on shareholders equity	No material impact on shareholder equity

(2) Names of managers who have received restricted share awards cumulatively and Top 10 employees in terms of the number of shares they acquired and the status of acquisition

	Title	Name	Shares obtained through restricted stock awards	Shares obtained through restricted stock awards as a percentage of current outstanding shares (Note 1)	Restrictions that were lifted				Restrictions not yet lifted			
					Number of unrestricted shares	Issue price	Issuance amount	Number of unrestricted shares as a percentage of current outstanding shares (Note 1)	Number of unrestricted shares	Issue price	Issuance amount	Number of restricted shares as a percentage of current outstanding shares (Note 1)
Manager	Vice President	Li, Tseng-Ho	89,000	0.02%	0	0	0	0.00%	89,000	0	0	0.02%
	Vice President	Fang, Wen-Jeng										
	Vice President	Chen, Po-Shou										
	CFO & Corporate Governance Officer	Chi, Wen-Hui										
Employees	General Manager of U.S. Branch	Teri Chang	191,000	0.04%	0	0	0	0.00%	191,000	0	0	0.04%
	Factory Director	Wu, Kuan-De										
	Director	Michael Lee										
	Director	Sean Chen										
	Director	Fenny Lin										
	Director	Blue Lan										
	Director	Eric Wang										
	Director	Tedd Lin										
	Director	Shinji Hsu										
	Director	Cloud Hu										

Note 1 : It is calculated based on the change registration of 429,061,675 shares before the capital increase approved by the Ministry of Economic Affairs on October 4, 2021. The base

date for capital increase is May 9, 2024, and the registration change is pending approval by the Ministry of Economic Affairs.

4.7. Status of New Shares Issuance in Connection with Mergers or Acquisitions
None.

4.8. Implementation of the Capital Allocation Plans
Any uncompleted public issue or private placement of securities, or issues and placements that were completed but have not yet fully yielded the planned benefits: None.

5. Operational Highlights

5.1. Business Activities

5.1.1. Business Scope

1. Main areas of business operations

The main areas of business operations of the Company registered on the registration alternation form issued by the Ministry of Economic Affairs are as follows:

- (1) Computers and Peripheral Equipment Manufacturing.
- (2) Data Storage Media Manufacturing and Duplicating.
- (3) Wholesale of Computers and Clerical Machinery Equipment.
- (4) Wholesale of Computer Software.
- (5) Wholesale of Electronic Materials.
- (6) International Trade.
- (7) Information Software Services.
- (8) Electronics Components Manufacturing.
- (9) Restrained Telecom Radio Frequency Equipment and Materials Import.
- (10) Restrained Telecom Radio Frequency Equipment and Materials Manufacturing.
- (11) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue distribution in the Most Recent Two Fiscal Years

Unit: NT\$ thousands

Item	2023		2022	
	Amount	%	Amount	%
FLASH+DRAM products	9,005,185	85.79	10,212,330	84.24
Others	1,490,987	14.21	1,910,020	15.76
Total	10,496,172	100.00	12,122,350	100.00

(1) Main Products

A. DRAM Modules

UDIMM, SODIMM, ECC UDIMM, ECC SODIMM, RDIMM, and the application scope includes memory modules for desktop/notebook computers, memory modules for servers/workstations, memory modules for routers, and memory modules for commercial and industrial applications, etc.

B. Flash Products

SSD with the interface of PATA/SATA/PCIe, form factor including 2.5", M.2, mSATA, mSATA mini, half-slim, and external SSD. Type of memory cards includes CF Card, CFast Card, SD Card and microSD Card, flash memory modules with the interface of PATA/SATA/USB for special industrial application platform, and portable disks complying with the standards of USB 2.0, USB3.0 and USB3.1 specifications.

C. Multimedia Products

Dashcam, body camera, and external DVD writers, etc.

D. Hard Disk Products

Various types of portable hard disk storage devices, and NAS cloud hard disks, etc.

E. Card Readers and Accessories

Various types of card readers, hubs and adapter cards, etc.

(2) New products development

A. DRAM Modules

DRAM modules of higher frequency, DRAM modules of higher capacity, DRAM modules for gaming sports, wide temperature DRAM modules for industrial purposes, and memory modules for servers / workstations / desktop computers / notebook, etc.

B. Flash Products

- i. SSD: Capacity expansion, higher transmission speed, various form factors, high speed portable SSD, high-endurance SSD for embedded products, wide temperature SSD, SSD with power loss protection, and SSD with AES function.
- ii. Memory cards: Memory cards for surveillance cameras, high speed memory cards, memory cards with high Read/Write numbers, wide temperature memory cards for embedded products.
- iii. USB portable disks: Type-C series of portable disks, flash memory portable disks built-in with multiple functions, flash memory portable disks with high speed, flash memory portable disks with ultra-high capacity, and flash portable disks equipped with encryption specification, etc.

C. Multimedia Products

Motorcycle Dashcams, various body cameras, personal portable recording devices and accessories and NAS cloud storage products, etc.

D. Hard Disk Products

2.5,” various types of high capacity SSD (Solid State Disk), various 2.5”/3.5” large capacity portable hard disks of stylish appearance and different functions, Network Attached Storages (NAS) and external DVD writers, etc.

E. Card Readers and Accessories

Type-C interface related peripheral products, such as Hub, card reader, and Docking Station, etc. Card readers equipped with stylish appearance and support the latest memory card specification, and card readers equipped with encryption function. Card readers which are applicable to OTG portable disks, etc.

5.1.2. Industry Overview

1. The Current Status and Development of the Industry

(1) DRAM Memory Industry Overview

Still widely used in industrial applications, and the demand for commercial applications continues to increase. With the broad applications of Internet of Things (IoT) and the increasing need of industrial computers, cloud computers and servers, in conjunction with increase of the applications in the fields of the edge computing, media streaming and auto electronics, etc. The adoption of AI services in various terminal applications has also led to an increase in the capacity of memory modules. The market demand is also shifting from DDR4 to DR5. It is expected to be widely used this year. Transcend will continue to develop modules of higher frequency and larger capacity, and work in the industrial market.

(2) Flash Memory Industry Overview

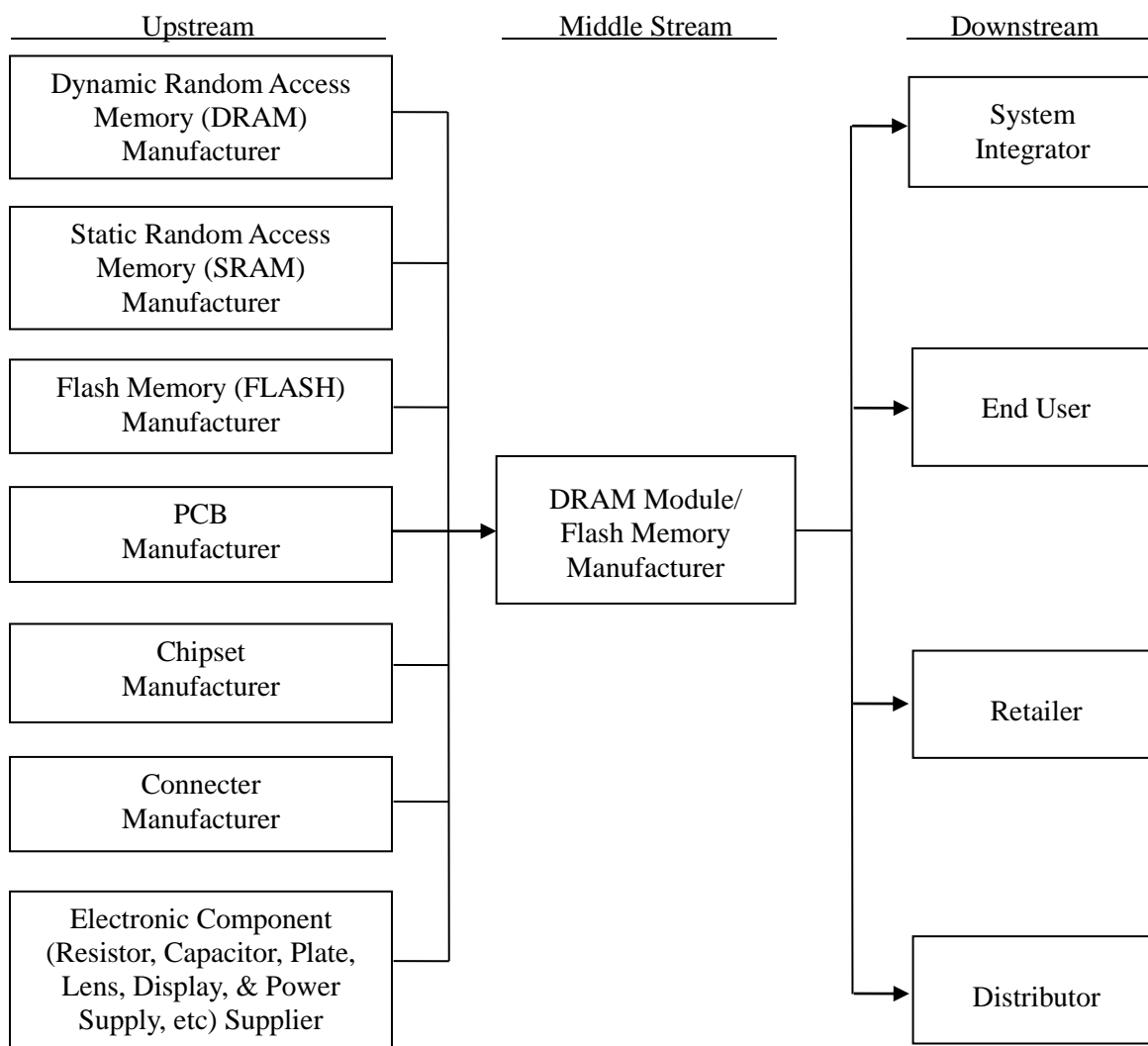
Memory cards are small in size and have a variety of applications. In addition to smart phones, digital cameras and gaming devices used by consumers, the demand of surveillance cameras, network cameras and cloud cameras for commercial use continues to grow such that memory cards are maintained with a certain sales volume; however, the demand for USB portable disks, except for developing countries, has

slowed down due to the development of cloud storage.

SSDs have greater speed than traditional hard disks, and they are also equipped with the advantages of compact, lightweight, energy saving and shock resistant, etc. In terms of price, consumer acceptance has increased significantly. Furthermore, the introduction of USB Type-C as the benchmark device in the market last year further increased the market acceptance of portable SSDs and enabled the rapid growth of this product line. Diverse machine requirements include different form factors and customization demands will also drive the demand for SSDs.

Under the rapid development and the transformation of manufacturing process of TLC and 3D Nand in recent years, the production costs of suppliers have decreased, which is beneficial to the transformation of need and the continuous growth of the demand for Nand flash. Various AI products have been introduced one after another, which has greatly increased the demand for data processing and drove the demand for Flash to grow significantly. Accordingly, for flash products, Transcend will still focus on the development of fields of SSD and industrial applications as the main targets.

2. The Links Between Upstream, Midstream and Downstream of the Industry Supply Chain



3. Development Trends and Competition status of Products

The popularity of 5G infrastructure has driven the rapid development of powerful Internet technologies, such as AI and IoT platform. Such applications bring about massive

amounts of data and the market demand for real-time computing and powerful storage, which will drive the sales of DRAM and Flash. In the past few years, upstream suppliers have experienced significant losses due to declining terminal demand caused by the pandemic, which led to a continuous decline in chip prices. Since the second half of last year, the market has been gradually rebounding from the bottom, with overall market prices showing significant recovery. This has put the inventory management and cost control capabilities of downstream manufacturers to the test.

In general, the consumer market has completely shaken off the stagnation of the past few years and started to recover. With the expectation of price increase, the demand is gradually emerging. Industrial applications are equipped with the characteristics of higher quality, stable and long-term focus on research and development, capability for high customization and flexibility in operation as well as stable supply, etc., the entry barrier is high.

Transcend has deep-rooted in the management of the industrial application market and continue to invest in research and development. Under the ever-changing market environment, the Company has been able to achieve continuous growth. The Company has not only been ranked 62nd by the U.S. Bloomberg Businessweek among Top 100 Technology Company Worldwide but also been ranked by Ministry of Economic Affairs as Top 25 International Brand in Taiwan for the 17th consecutive year, indicating that under such increasingly severe international market, the Company has been able to demonstrate its stable brand development and management strength.

The competitive advantages of the Company are well demonstrated in the following four aspects:

- (1) Supply and Logistics
 - A. Rigorous supply chain management
 - B. Global timely logistics: virtual warehouse
 - C. Excellent inventory management
- (2) Innovation and Production
 - A. Professional internal research, development and design teams
 - B. Own factory manufacturing and rigorous quality control
- (3) Product and Inventory
 - A. Diverse product lines offering a wide range of products
 - B. Professional pre-sale service
 - C. Complete after-sale service
 - D. Global inventory real-time management
- (4) Comprehensive Backend Support
 - A. Rigorous financial and accounting management
 - B. Brand reputation and global marketing support
 - C. Product return and exchange management and repair technical service

As a leading manufacturing well-known for its professional storage media, all employees of the Company continue to pursuit greater achievements. To development of channel service, we also establish a broader vision: with our technology advantages in the products of memory cards, flash memory products, storage equipment products, multimedia products and industrial products, along with the global logistics and marketing network providing quality and professional pre-sale and after-sale services, we have been able to successfully establish a sound brand image and has become the leading manufacturer in global consumer electronics and embedded products.

5.1.3. Technologies, Research and Development Overview

1. A Listing of Research and Development Expenditures as well as Technologies and/or Products Successfully Developed in 2022 and as of the date of this Annual Report

Unit: NT\$ thousands

Year	R&D Expenses	R&D Achievements
2023	132,973	[Portable SSD] The ESD300 is Transcend's smallest portable SSD that delivers a lightning-fast transfer rate of 10 Gbps and a capacious storage capacity of up to 2TB, allowing you to transfer vast amounts of files in the blink of an eye. Compatible with all USB Type-C devices, the ESD300 is a convenient and efficient external storage option that you won't want to miss out on.
		[Portable SSD] The ESD310 is Transcend's smallest portable SSD that delivers a lightning-fast transfer rate of 10 Gbps and a capacious storage capacity of up to 2TB, allowing you to transfer vast amounts of files in the blink of an eye. With the inclusion of both USB Type-A and Type-C connectors in a single drive, the ESD310 is a convenient and efficient external storage option that you won't want to miss out on.
		[Portable SSD] Transcend's ESD265C is a portable solid-state drive featuring a sturdy metallic case in iron gray, unparalleled USB 10Gbps transfer rates, and a USB Type-C port. But most importantly the ESD265C only weighs a mere 31 grams, making it super portable and convenient.
		[Portable SSD] Transcend's ESD360C portable SSD boasts a blazing-fast USB 20Gbps transfer rate and impressive storage capacity. Its credit-card size means you can easily put it in your pocket or wallet. The ESD360C has numerous useful features such as advanced data security capabilities and one-touch auto-backup function, allowing you to safely store client data, meeting records, business contracts, or even your valuable media files.
		[Portable SSD] Transcend's ESD410C portable SSD features blistering speeds and impressive durability. With a transfer rate up to 20Gbps, dealing with large files is virtually worry-free. Compliant with the US military-grade drop test, the compact ESD410C can endure a 3-meter drop and meets IPX5 standard, securing data inside with a high-level of protection, suitable for outdoor photographers, travelers, and content creators.
		[Portable SSD] The ESD320A is Transcend's miniature portable SSD that delivers a lightning-fast transfer rate of 10 Gbps and a generous storage capacity of up to 2TB, allowing you to transfer vast amounts of files in the blink of an eye. With a retractable USB Type-A connector, the ESD320A is a convenient and efficient external storage option that you won't want to miss out on.
		[Portable SSD] The ESD330C is Transcend's miniature portable SSD that delivers a lightning-fast transfer rate of 10 Gbps and a generous storage capacity of up to 2TB, allowing you to transfer vast amounts of files in the blink of an eye. With a retractable USB Type-C connector, the ESD330C is a convenient and efficient external storage option that you won't want to miss out on.
		[SSD] MSA470P is a Power Loss Protection (PLP) SSD. During unexpected power outages, the built-in tantalum capacitor provides power to the controller and DRAM cache, ensuring data integrity and storage reliability.
		[SSD] Upgrade your computer performance to a whole new level with PCIe SSD 115S. Boasting the slick PCIe Gen 3x4 interface and slim M.2

Year	R&D Expenses	R&D Achievements
		2280 size, the PCIe SSD 115S is the perfect speedy and sizable companion for your desktops, laptops, and ultrabooks.
		[SSD] Transcend's PCIe Gen 4x4 M.2 SSD MTE410S has a compact form factor and high-quality 3D NAND flash, making it easy to upgrade Ultrabooks, lightweight notebooks, tablets, and handheld gaming PCs. It is designed with multiple firmware optimization technologies, such as SLC caching and the LDPC ECC mechanism, which help to improve both storage reliability and extend the drive lifespan. The MTE410S is a fantastic choice for boosting the performance of modern work platforms.
		[SSD] Transcend's U.2 SSD UTE210T is built by the 112-layer 3D NAND flash, an 8-channel controller, and a PCIe Gen 4x4 interface, setting new benchmarks in data transfer efficiency. Its built-in DRAM cache enables fast random read and write speeds, while the anti-sulfur resistor guarantees high storage reliability in harsh conditions. The UTE210T also features superior heat dissipation, enabling high-speed operations without the risk of overheating.
		[SSD] Transcend's M.2 SSD MTE712P is a Power Loss Protection (PLP) SSD. During unexpected power outages, the built-in tantalum capacitor provides power to the controller and DRAM cache, ensuring data integrity and storage reliability. The MTE712P also complies with the TCG (Trusted Computing Group) Opal 2.0 standards. Data is protected using the hardware-based AES 256-bit encryption and LBA (Logical Block Address) sector-specific permissions.
		[SSD] Transcend's MTE460T PCIe M.2 SSD features a PCIe Gen 3x2 interface and 112-layer 3D NAND flash, delivering breakthrough density that greatly improves storage efficiency. In addition, the 30μ" gold finger PCB, Corner Bond technology, and anti-sulfur resistors guarantee its reliability in harsh conditions. Transcend's MTE460T is also 100% chamber tested in-house for extended operating temperatures of -20°C~75°C. Wide-temp capability (-40°C~85°C) can also be provided upon request, optimizing stability in extreme environments.
		[SSD] Transcend's MTE760T is a self-encrypting drive (SED) that complies with the TCG Opal 2.0 standards. Data is protected using the hardware-based AES 256-bit encryption and LBA (Logical Block Address)sector-specific permissions.
		[SSD] Transcend's MTE480T is a self-encrypting drive (SED) that complies with the TCG Opal 2.0 standards. Data is protected using the hardware-based AES 256-bit encryption and LBA (Logical Block Address)sector-specific permissions.
		[SSD] Transcend's M.2 SSD MTS970P is a Power Loss Protection (PLP) SSD. During unexpected power outages, the built-in tantalum capacitor provides power to the controller and DRAM cache, ensuring data integrity and storage reliability.
		[SSD] Introducing Transcend's SSD910T 2.5" Enterprise SSD, designed for large data centers and high-performance servers. With high-quality 3D NAND flash, a SATA III 6Gb/s interface, and a DRAM cache, it delivers rapid transfer speeds for handling massive data loads. Experience high Quality of Service (QoS), ultra-low latency, and optimal endurance, resulting in incredibly fast loading times. The integrated Power Loss Protection (PLP) ensures data integrity, even during power fluctuations. Upgrade to Transcend's SSD910T for unmatched performance in web servers and media streaming applications.

Year	R&D Expenses	R&D Achievements
		<p>[SSD] Transcend's SSD470N features a SATA III 6Gb/s interface and state-of-the-art 3D NAND technology, which allows 112 layers of 3D NAND flash chips to be vertically stacked. Compared to 3D NAND at 96 layers, this density breakthrough greatly improves storage efficiency. Transcend's SSD470N comes with a powerful controller and a DRAM cache, ensuring data can be written to the flash over extended periods without compromising performance. The SSD470N is fully tested in-house to guarantee reliability in mission-critical applications, boasting an endurance rating of 3K Program/Erase cycles and an extended operating temperature ranging from -20°C ~75°C.</p> <p>[Enclosure] Transcend's CM10G is an enclosure designed specifically for M.2 PCIe or SATA SSDs. By following the tool-free installation guide, you can turn an M.2 PCIe/SATA SSD into a portable USB 10Gbps external drive to harness the full potential of your system.</p> <p>[Memory Module] DDR5 5600 U-DIMM/ SO-DIMM/ ECC-DRMM/ R-DIMM memory modules are suitable to industrial desktop computers and notebook computers.</p> <p>[Body Camera] Transcend's DrivePro 20B is a simple and compact POV camera designed for outdoor and mobile recording. Embedded with a STARVIS™ image sensor, this POV camera offers Full HD 1080P recording at 60fps for crystal clear sharpness and night images even in low light. IP68 rated, it is designed to withstand various weather conditions, and is resistant to water, dust, heat, and shocks, suitable for outdoor recording. The built-in Wi-Fi connectivity allows live streaming of footage on mobile devices via the free DrivePro App. Its small and portable size makes it easy to carry around, ideal for delivery men, law enforcement personnel, scooter riders, and cyclists.</p>

2024 Q1	39,053	[SSD] Transcend's MTS570P is a Power Loss Protection (PLP) SSD. During unexpected power outages, the built-in tantalum capacitors provide power to the controller and DRAM cache, ensuring data integrity and storage reliability.
		[Memory Card] Transcend's CFexpress 860 Type B memory card features blazing-fast speeds, sustained write performance, and high storage capacity for professional filmmakers and video editors. Countless files can be stored and smooth 8K RAW video can be shot without compromising video quality—ultimately making it an ideal choice for capturing outdoor recreation, wildlife, action shots, and many other kinds of incredible content.
		[Memory Card] CFexpress 900 Type B memory card boasts outstanding read and write speeds, enabling uninterrupted high-quality video recording and high-speed continuous shooting. Photographers can focus on shooting without any burden, capturing rich details in the scenes.
		[Memory Card] To meet the high data transfer demands of Ultra High Definition filmmaking, Transcend's CFast 610 Memory Cards feature incredible read and write speeds. CFast 610 memory cards are designed to support high-end cameras and recorders from leading manufacturers, making them well-suited for professional cinematographers shooting high-resolution.
The above information for the year 2023 has been summarized for the period from January 1 to December 31, 2023. The information for year 2024 has been summarized for the period from January 1 to March 31, 2024.		

2. Ongoing R&D Projects

Product Line	Ongoing Projects	Current Progress	Expected Mass Production Time	Key Success Factors
DRAM Products	DRAM modules of higher frequency, DRAM modules of higher capacity, DRAM modules for gaming sports, and wide temperature DRAM modules for embedded products, etc.	Development in progress	Some products have entered the mass production stage, and others under development progress are expected to enter the mass production stage starting from 2024.	<ul style="list-style-type: none"> (1) Specialized specification for different fields (2) Increase of data transmission speed (3) Increase of product reliability and compatibility, increase of operating temperature
Flash Products	Capacity expansion, higher transmission speed, various form factors, high speed USB portable disks, SSD with high R/W numbers, wide temperature SSD for embedded products, SSD for special purposes such as power failure protector and encryption function.	Development in progress	Some products have entered the mass production stage, and others under development progress are expected to enter the mass production stage starting from 2024.	<ul style="list-style-type: none"> (1) Increase of access capacity and R/W speed (2) Increase of data security and encryption level (3) Compact and light with great portability (4) Implementation of new memory manufacturing process
Strategy Products	Storage devices with various new specifications/interface s, dual lens Dash Cam, body camera equipment and accessories, and other peripheral application products.	Development in progress	Some products have entered the mass production stage, and others under development progress are expected to enter the mass production stage starting from 2024.	<ul style="list-style-type: none"> (1) Product specifications and functions with unique characteristics in comparison to other products in the market (2) Proper control of product mass production and market launch schedule (3) Completeness of accessories (4) Exclusive functions for regional market and special groups (5) Increase of data security and encryption level (6) Simplify product complexity
The R&D budget for the ongoing projects accounts for approximately 80% of the total R&D budget in 2024. And the R&D budget is estimated to account for 1.0%–1.5% of the whole-year revenue in 2024.				

5.1.4. Long-term and Short-term Business Development Plans

1. Short-term Business Development Plan

(1)Embedded Business Management

The Company has focused on embedded market and invested a great amount of resources in the development of embedded products for a long period of time, and the Company has always adopted the business philosophy of excellent quality and customer-oriented approach; consequently, the Company has been able to successfully gain customers' trust and support and became the leading brand in the embedded field. Transcend further actively invests in the embedded products business and copes with the development trend of industrial computer and automation, etc., thereby expanding the business performance in the embedded field.

(2)Adjustment of R&D Department

The Company is equipped with a complete R&D team, and in the future, the Company will continue to actively recruit outstanding R&D talents in order to continuously develop and launch comprehensive and multi-function product series based on the attitude of pursuit for excellence and perfection, in order to provide quality products to consumers and to establish brand loyalty, to satisfy the market trend and to meet consumer demands, as well as to effectively reduce cost and improve production efficiency at the same time.

2. Long-term Business Development Plan

(1)Brand Management and Channel Planning

A. Global Comprehensive Planning

The Company establishes its headquarters in Taipei, and subsidiaries or service centers are also established in Germany, the Netherlands, United Kingdom, United States, Japan, Hong Kong, Beijing, Shanghai, Shenzhen and South Korea. The Company's products are sold in more than 130 countries, and more than 80% of the Company's customers are from markets outside Taiwan. To continue to enhance the planning and establishment of sales channel, collaborate with online and offline global channel distributors/retailers closely, and deep-rooted in 3 channel systems (traditional IT channel, camera channel and Telecommunication Channel), the Company will continue to establish sales points at all major areas worldwide, thereby raising the brand image and visibility of the Company.

B. Investment in Marketing Activities

The Company promotes the market with the own brand of "Transcend." ,and has always been active in the development of marketing activities. Through collaboration with local channel distributors/retailers in different regions, the Company provides the marketing budget and organizes various marketing activities, such as online and offline advertisement, new product launch, product media testing, distributor training and contest and show, etc., while matching with the local customs and culture, thereby achieving local market development and expand the brand of Transcend. Consequently, maximum marketing effect through limited resources can be achieved.

C. Deep-rooted in Local Market

The Company recruits outstanding talents at overseas subsidiaries and implements the strategy of recruiting local sales specialists and management personnel in order to develop the market in depth and to enhance management performance through the local talent's language advantages and cultural understanding. The Company also engage in close collaboration with local channel distributors/retailers to develop marketing channels.

(2) Continue to Optimize Operational System

A. Completeness and Diversity of Product Lines

The greatest advantage of the Company lies in the diversity of products capable of satisfying the one-stop shopping demand of customers. The product lines of the Company include standard and special memories, various types of flash memory cards, portable disks, SSDs, portable hard disks, Dashcam, body cameras, and personal cloud storage devices, with the number of product types reaching more than 2,000.

B. Product Customization Service and Comprehensive Embedded Solution

The Company provides complete product customization service to satisfy demands of different customer groups. Plentiful embedded product lines demonstrating diverse solutions for embedded purposes. In addition, the Company upholds the principle of excellence and perfection to continuously optimize the quality control system. The Company will continue to collaborate with outsourcing wafer packaging vendors equipped with ISO/IATF16949 certification, in order to ensure the best protection for customers and to push the Company's products to the global market.

For diverse and comprehensive product functions, the Company aims to satisfy the purchase characteristics of different consumer groups through various sales channels in order to further expand the depth and breadth of the sales level, thereby achieving the benefit of economics of scale and increasing the global market share.

(3) Complete Pre-Sale and After-Sale service

Since customers emphasize the after-sale service and product quality, rather than mere price difference, brand value becomes apparent when products are of excellent quality. The function and performance differences among memory products are reducing; therefore, the Company aims to demonstrate the strength and to differentiate from the competitors through kind product consultation and complete after-sale service while continuously improving the product quality, thereby establishing the brand recognition and trust of Transcend among distributors and users.

In the industrial application market, which differs from traditional retail markets, there is a need for long-term stable supply. Amidst the rapid evolution of DRAM/Flash production processes, Transcend provides a professional pre-sales service team to assist customers in selecting suitable products to meet the requirements of quality, product performance, and long-term stable supply.

5.2. Markets and Overview of Production and Sales

5.2.1. Market Analysis

1. Main Products and Sales Region

The Company has diverse and comprehensive products. The product lines of the Company cover channel products and embedded products, including special and standard memories, various types of small flash memory cards, portable disks, portable hard disks, Dashcam, body camera and personal cloud storage devices, etc. Under the complete global planning, the Company has 12 business locations worldwide and Taiwan as the main production base, and the region of sales further includes all global markets. Through comprehensive sales strategy and excellent quality, the brand of Transcend is promoted worldwide.

Sales region in the last two years :

Unit: NT\$ thousands

Area	2023		2022	
	Amount	%	Amount	%
Taiwan	2,282,102	21.74	2,803,950	23.13
Asia	3,631,219	34.59	3,805,341	31.39
Americas	1,408,222	13.42	2,038,051	16.81
Europe	2,544,180	24.24	2,741,912	22.62
Others	630,449	6.01	733,096	6.05
Total	10,496,172	100.00	12,122,350	100.00

2. Market Share

Regarding the DRAM memory industry and the flash memory industry, due to the fine product categories (SDRAM, DDR, DDR2, DDR3, DDR4, DDR5, flash memory card, portable disk, Dashcam, body camera, personal cloud storage device, and SSD, etc.), and due to the difference between the contract market and spot market, the market share cannot be estimated precisely. According to the results of various market survey institutions, the global market share of Transcend continues to increase. Looking into the future, the Company will continue to increase the market share and achieve the goal of reasonable profit through continuous effort.

3. Future Market Demand/Supply Conditions and Growth Potential

(1) DRAM Module

DRAM module carrying rate continues to increase, the shipping ratio for the mainstream 8GB/16GB modules continue to rise. As the quantity of cloud computers, servers and data centers increases, the shipping volume of 16GB/32GB module is expected to grow rapidly. With the popularization of the new DDR5, a new wave of demand will drive performance growth.

(2) Flash Products

As the application of SSD becomes more popular, including broad applications in portable hard disks and built-in storage devices of handheld video recorders, the consumption volume of SSD will continue to increase. Regarding the field of embedded products, applications related to AI and data center in 2023 have grown, and the demand for workstation and server have increased. All of these applications require massive data storage; therefore, the data storage demand will continue to increase, which will further drive the shipping volume of SSD.

For memory cards, the applications will continue to be widely used as storage medium for channel products, such as 3C consumer electronics of smart phones, digital video recorders, tablet computers, Notebook, Ultrabook, multimedia players, gaming devices, surveillance cameras, home care cameras and automobile navigators, etc. In addition, with the continuous shipping of new applications, it is expected that there will still be a stable demand for memory cards.

4. The Company's Competitive Niche

(1) Internationalization of sales network, distribution of market channels

Since the establishment, the Company has been committed to the own brand management and channel planning and continuously exerts efforts in differentiating the Company from traditional domestic professional OEM manufacturer. In terms of

the sales and marketing strategies, the Company aims to establish the brand image of high quality for the brand of “Transcend,” and in the professional storage field, the Company targets the “End Customers,” supply distributors, system operators and retail market, thereby reducing the channel gap and allowing both the Company and customers to obtain greater profits. In addition, with the continuous improvement of the Company’s position in the industry and through providing comprehensive product lines and complete after-sale service system, the Company is able to increase customer sales continuously, including strategic collaboration with international front line channel operators. Presently, the Company has over 5,000 loyal customers worldwide and has established a solid and stable sales network with cooperation of subsidiaries in various countries.

(2) Establish brand image, deep-rooted in local market

“Transcend” is one of the few successful domestic brands that have received high praise internationally. For both domestic and international memory product markets, Transcend is the brand representing stability and high quality, and such brand image has been deep-rooted in the mind of consumers. Through advertising on social media, internet, magazines, newspapers, and large outdoor signage, as well as new release, sports event sponsorship, and public welfare activity engagement, Transcend's brand image can be nurtured, which is beneficial to the improvement of the brand awareness; nevertheless, the Company still values excellent product and quality service as the most essential factors to achieve high brand value. Furthermore, through the Transcend online shopping website, the Company is able to obtain the comments and feedback from the end consumers directly, thereby using such comments and feedback as the reference for product and service improvement.

(3) Utilize purchase advantage effectively, expand product competitiveness

The Company has been established for more than thirty years, and the type and quantity of purchase items are enormous and continue to increase. Through excellent partnership with upstream vendors of DRAM and NAND Flash established for a long period of time over the past years, the Company is able to achieve the best cost structure, thereby increasing the product price competitiveness. In addition, through the in-depth collaboration with the upstream vendors, the Company is able to introduce new products in the market faster than competitors, in order to seize the business opportunities in the market effectively and to become the leading brand in the market.

(4) Continue to develop strategy products, strengthen brand value

The Company started the business based on the niche memory modules, following which the Company then entered the standard memory module and flash memory market. As the Company’s planning in the global traditional sales channel becomes more complete, the Company actively engages in the development of strategic products of Dash Cam, body camera, external portable hard disks, card readers, personal cloud storage device and SSDs, etc., such that through diverse product series along with the addition of other sales channels, the Company is able to satisfy the purchase characteristics of different consumer groups and to further expand the depth and breadth of sales level.

5. Favorable and Unfavorable Factors for Future Development and Response to Such Factors
Favorable Factors

(1) Complete product lines, diverse product types

With more than thirty years of development, the Company invests great research and

development budget and human resource for the establishment of complete product lines, and the main products include various memories, digital memory cards, USB portable disks, external hard disks, card readers, personal cloud storage devices, Dashcam, body camera and SSDs, etc. There are more than 1000 types of products available for all kinds of electronic product applications, thereby satisfying the customers' demand of "one-stop shopping."

With more than thirty years of experience and qualified technical personnel, the R&D team of the Company also synchronizes with the market trend, and will continue to develop and launch innovative products satisfying the market demands.

(2) Establish brand image, deep-rooted in local market

Over the past years, the Company has invested important resources in both product appearance design and product packaging continuously, in order to design and provide products meeting the global trend. In addition, the Company has received great recognition with numerous international industrial design awards, and also provides multi-language instruction manuals and product catalogues for various countries in order to be deep-rooted in the local market. Accordingly, the Company has successfully obtained great support from consumers on the Company's products.

(3) Internationalization of sales network, distribution of market channels

The Company is devoted to the own brand management and marketing, and customers around the globe are considered to be the market for the Company. Through the establishment of international market channels and after extensive years of market development and deep-rooted in new emerging markets and countries, the Company has accumulated more than 5,000 loyal customers worldwide, and through the cooperation of branch offices in various countries, the Company has established a solid and stable sales network. The overseas customers of the Company accounts for nearly 80%, demonstrating the solid international sales network of the Company.

(4) Equipped with comprehensive global logistics management capability

The Company has established subsidiaries or sales offices at Germany, the Netherlands, the United Kingdom, the United States, Japan, Hong Kong, Beijing, Shanghai, Shenzhen and South Korea. Due to the great number of product types, customers are widely distributed worldwide. To effectively control inventory and to manage the sales targets, the Company and all overseas sales offices are established with computer information system with complete functions. Accordingly, the headquarters is able to sufficiently and promptly understand the order receipt and inventory status of all overseas sales offices through network, in order to reduce the cost associated with overstock and to successful delivery, thereby improving product image and competitiveness.

(5) Increase product value with outstanding industrial design

Transcend has already realized the importance of industrial design, and the Company is staffed with a professional industrial design team in pursuit of outstanding industrial design in order to improve product value. In recent years, the Company has received numerous important industrial grant awards of Germany iF design award, reddot design award, Japan Good Design award, etc., and also received the honor of "Taiwan Excellence Award" for the nineteen years, a remarkable record achieved by the Company.

(6) Professional and dedicated R&D team

The Company has established a professional and dedicated R&D team for each product, whether standard products in large quantities or highly customized products,

the Company's own R&D team is able to promptly satisfy all aspects of demands of customers in terms of the product compatibility, reliability and yield rate, etc., thereby establishing an irreplaceable team and strength that cannot be overcome or surpassed by operators in the same industry.

Unfavorable Factors and Actions

(1) Violent price fluctuation of critical raw materials of DRAM chips, affecting operational stability

The prices of the critical raw materials of DRAM, NAND Flash chips of the Company fluctuate violently, and if a downstream operator cannot effectively manage the chip supply sources and control the inventory, then under the situation where the demand for chips is higher than supply and the market price surges, such operator would not be able to handle customers' strong demand and to provide sufficient products. Furthermore, when the chips are under the condition of supply over demand and the market price plunges, then the production cost and overstock cost would become overly high due to the high purchase price of the original raw materials. Consequently, market price fluctuation often results in the control difficulty of the sales price and cost, such that the stability of the operation is affected in certain extent.

→ Action

The Company has constructed a complete information system, and the inventory level can be reasonably controlled and enhanced through the assistance of such system. Furthermore, the Company focuses on the operation and long-term collaboration relationship with the suppliers and customers, and the Company also appropriately controls risks and adjusts strategies according to the market condition periodically, thereby ensuring reasonable price and maintaining a health inventory level.

(2) Low entrance barrier for standard memory card products and flash memory card products, leading to price war

Most of the operators in the same industry expand production capacity to seek high revenue; however, the market demand is not as optimistic as expected. To fill up the production capacity gap newly created, a lot of the operators are lowering their prices for competition, or even selling products for minimum profit or no profit, leading to the situation of chaotic market prices that is unfavorable to the product development and promotion. Unless a company is able to manage niche products and channels, or is equipped with brand value, it would be difficult to achieve stable development. Transcend is equipped with both of these characteristics and values them as the long-term goal.

→ Action

In addition to standard products, for DRAM and NAND Flash related products, the Company also offers special products at a certain ratio. The Company also develops numerous industrial control products and strategic products in order to increase the difference from the competitors and to improve profitability while providing the one-stop shop service to customers.

5.2.2. Main Usage and Manufacturing Processes of Main Products

1. Main Products and Their Main Usage

(1) Digital memory card/USB portable disk products

For flash memory card/USB portable disk, the main application is to increase the data

storage memory capacity of various digital equipment, such as multimedia mobile phones, digital cameras, tablets, PC/NB, surveillance cameras, gaming devices and smart phones.

(2) Solid State Drive (SSD)

The company's main products are SSDs. SSD is equipped with the characteristics that are absent in traditional hard disks, and such characteristics include shock resistant, high Read/Write speed, quiet and low power consumption, etc. Presently, for both notebook computers and desktop computers, the ratio of SSD has increased significantly, and the individual upgrades with SSD made by end users in the after-market also indicate great popularity. As the price of SSD becomes widely accepted by consumers, flash memories are expected to have the greatest popularity and application in the future.

(3) Memory products

The memory modules are another main products, its function is to expand the computer data processing capacity and to increase the processing speed, and the main applications include personal computer system, network system, industrial computers, as well as equipment, such as desktop computers, notebook computers, laser printers, servers, workstations, routers and fax machines.

(4) Dashcam

As the global automotive market continues to grow, consumers focus more on the personal driving safety. Transcend continued to launch a variety of Dashcam and kept develop in the Dashcam market.

(5) Body Camera

In addition to the automotive market, Transcend has launched Body Camera, which is the best partner for military and police security. The Company continuously launched new models and achieves further growth in the security and surveillance market.

(6) Storage equipment

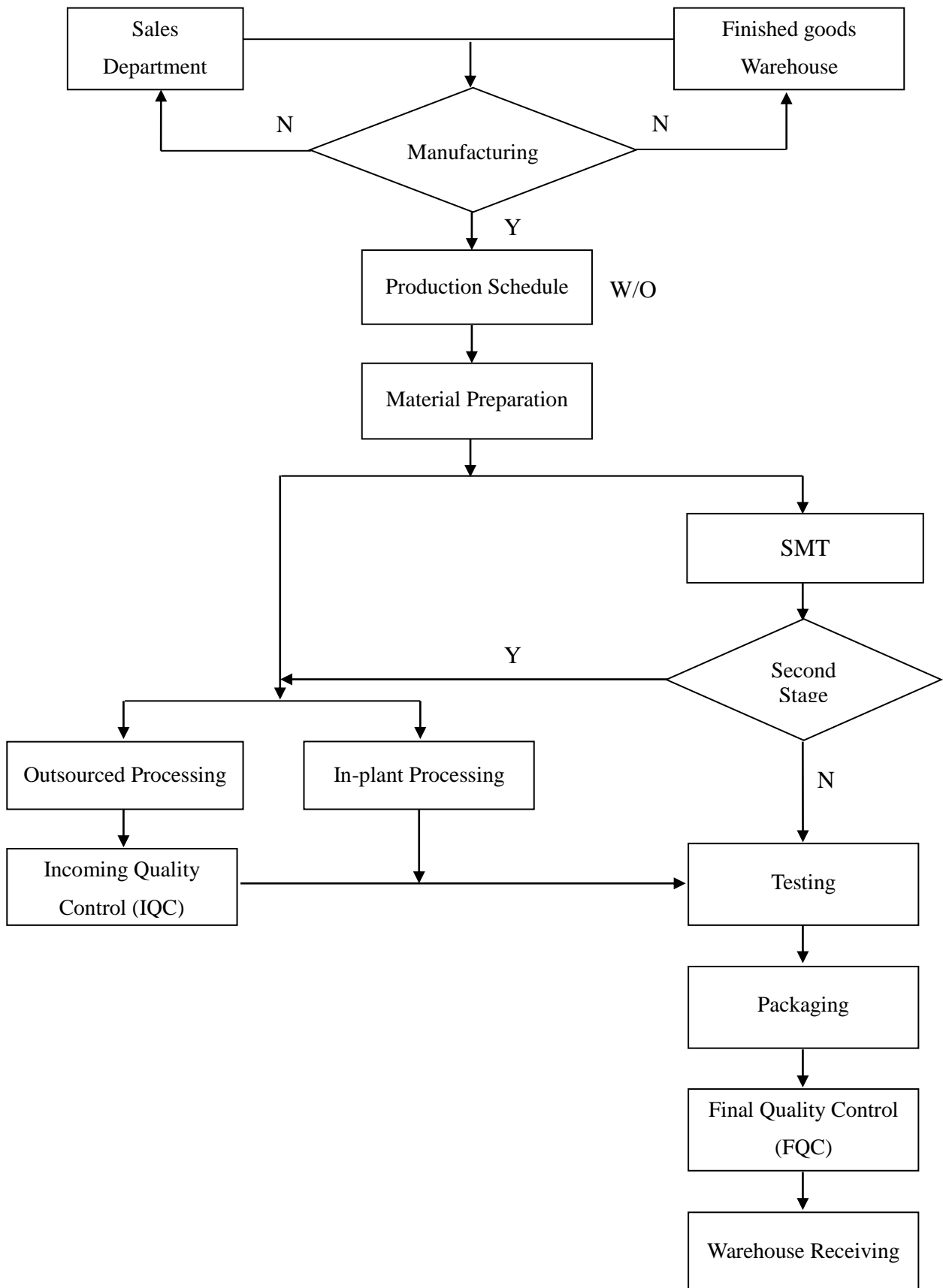
To satisfy the demand for information and personnel mobility, portable hard disks are equipped with the characteristics of compact size, high capacity and portability. The personal data portability and the design of confidentiality and security are increased in order to provide a comprehensive portable data solution for professionals in various sectors. As the industrial control application demand increases, Transcend launches numerous storage products satisfying different industrial applications, such as SSD, flash memory modules and industrial grade CF/SD memory cards.

(7) Accessories and card readers

As the popularity of digital camera, smartphones and multimedia devices increase, the demand for transmitting and exchanging videos, music and various multimedia data effectively and swiftly among personal computers and other portable devices are increasing. Transcend launches various types of portable card readers and adapters, providing direct and convenient access interfaces, such that they offer the best choices to users having the preference of using high speed memory cards for transmission of digital data, music and photos. In addition, in view of the great popularity of smartphones and tablets nowadays, Transcend further launches high speed products and OTG/Type-C flash drives products, allowing users to enjoy faster transmission speed and achieving greater convenience in cross-platform data transmission, also making the overall storage product series more complete.

2. Main Products and Their Manufacturing Processes

Flow Chart of Manufacturing Processes



5.2.3. Supply Status of Major Raw Materials

Major Raw Materials	Purchasing Strategy and Supply Situation
DRAM	The Company maintains long-standing and positive cooperative relationships with major suppliers in the industry, and has signed memorandums of cooperation. Even in cases where resources are concentrated on new processes by the original manufacturers, we are able to secure stable supply, ensuring seamless delivery to downstream customers.
Nand Flash	The Company maintains excellent relationship with leading operators in the industry. In addition to obtaining stable supply source and cost advantages through purchase strategy, the Company has established long-term technical collaboration relationship with suppliers in order to maintain strong competitiveness for, NAND FLASH related products of the Company.
Hard Drive	The demand in the hard drive market has increased due to the rise in NAND Flash prices. However, suppliers have reduced production, leading to limited output despite strong demand. Consequently, prices have been adjusted upwards. Nevertheless, our company maintains close cooperation with key suppliers, ensuring clear advantages in terms of supply, quality, and cost.
Controller	The Company selects cooperating partners carefully, and all of the cooperating partners are well-known operators with excellent company structure, thereby ensuring the product quality and cost advantages.
PCB	All of the cooperating partners of the Company are global top hundred PCB suppliers, and the Company also places orders according to the capacity and competitive advantage of suppliers, such that the effects of quality and cost can be achieved at the same time while maintaining stable product supply.
Optical Disk Device	The overall market for optical drive indicates slow decline. The Company and suppliers are long-term partners, and adopts the strategic collaboration method to ensure the quality, stable supply and price competitiveness.
Mechanical Part	Most of the designs of mechanical parts are customized. The Company is able to select stable long-term cooperating partners through detailed cost structure analysis and comparison in order to maintain stable quality and to continue to contact new suppliers for cost comparison, thereby ensuring price competitiveness.

5.2.4. Company Names, Amount and Percentage of Major Suppliers and Customers which were commanding 10%-plus Share of annual order volume in the Last Two Years

1. Major Suppliers

Unit: NT\$ thousands

Item	2022				2023				2024(as of March 31, 2024) (Note 3)			
	Company Name	Amount	Ratio to Annual Net Supplies (%)	Relation with Transcend	Company Name	Amount	Ratio to Annual Net Supplies (%)	Relation with Transcend	Company Name	Amount	Ratio to Quarterly Net Supplies (%)	Relation with Transcend
1	A	1,772,896	29.13	None	A	2,664,300	30.88	None	A	902,456	38.47	None
2	B	1,404,055	23.07	None	B	2,581,645	29.93	None	C	431,804	18.41	None
3	C	643,842	10.58		C	961,972	11.15	None	B	376,853	16.07	None
	Others	2,265,766	37.22		Others	2,418,741	28.04		Others	634,487	27.05	
	Net Total Supplies	6,086,559	100.00		Net Total Supplies	8,626,658	100.00		Net Total Supplies	2,345,600	100.00	

Note 1: Due to the restrictions of commercial confidentiality and non-disclosure of contracts, the names of suppliers are shown by codes.

Note 2: Changes of increase/decrease were due to the business needs.

Note 3: The financial statements of 2024 Q1 have already been reviewed by the CPAs.

2. Major Customers

The sales income of one customer from the company between 2023 and 2022 did not show 10% of the consolidated net operating income.

5.2.5. Production in the Last Two Years

Unit: 1,000 pieces; NT\$ thousands

Major Products	2023			2022		
	Capacity	Quantity	Capacity	Quantity	Capacity	Amount
FLASH+DRAM Products	18,670	15,840	6,612,172	20,837	17,174	7,336,326
Others	1,376	1,132	1,131,087	1,969	1,788	1,511,642
Total	20,046	16,972	7,743,259	22,806	18,962	8,847,968

5.2.6. Sales in the Last Two Years

Unit: 1,000 pieces; NT\$ thousands

Major Products	2023				2022			
	Local		Export		Local		Export	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
FLASH+DRAM Products	5,312	2,492,310	13,147	6,512,875	4,762	2,515,514	14,634	7,696,816
Others	158	311,639	1,127	1,179,348	190	288,436	1,383	1,621,584
Total	5,470	2,803,949	14,274	7,692,223	4,952	2,803,950	16,017	9,318,400

5.3. The Number of Employees, Average Service Year, Average Age and Educational Level Distribution Ratio in Last Two Years and up to the Publication Date of this Annual Report

Year		2022	2023	As of April 23, 2024
Number of Employee	Direct	618	609	592
	Indirect	584	568	562
	Total	1,202	1,177	1,154
Average Age		39.4	40.2	40.4
Average Years of		10.1	10.8	11.0
Education	Ph.D.	0.0%	0.0%	0.0%
	Masters	14.0%	14.2%	14.2%
	Bachelor's Degree	60.2%	59.9%	60.0%
	Senior High	22.4%	22.6%	22.6%
	Below Senior	3.4%	3.3%	3.2%

5.4. Environmental Protection Expenditures

For all selected raw materials, auxiliary materials and packaging materials, internal professional personnel has performed product compliance inspection in order to ensure that the products comply with the international environmental protection laws and regulations.

The main manufacturing processes of the Company's products include component mounting, board cutting, assembly, testing, packaging and sales to the customer end. During the manufacturing process, no waste gas or wastewater is discharged, and only industrial wastes are generated from the process. The industrial wastes are collected and classified according to their properties, and qualified supplier approved by the Environmental Protection Administration is entrusted to handle the cleaning and disposal of the wastes. The qualification certificate of the supplier entrusted is reviewed rigorously, and testing and reporting are performed in accordance with the laws and regulations in order to ensure that the industrial wastes are properly handled.

1. Any losses and disposition suffered by the company in the most recent fiscal year and up to this Annual Report publication date due to environmental pollution incidents: One.

Arbitration date	Order number of the ruling	Violation of laws and regulations	Content of Violation	Adjudicating Authority	Punishment content
December 11, 2023	21-112-120205	Article 40, Paragraph 3 of the Air Pollution Control Act	Diesel vehicles entered the Municipal Air Quality Maintenance Zone without having obtained an expiry date of "Superior" or higher self-management badge of the same grade.	Taipei City	A fine of NT\$1,000 is imposed.

2. Current and future countermeasures and possible expenditures: The Company has completed the regular inspection and passed the inspection by the end of November 2023. Inspections are scheduled to be conducted in November every year to avoid further fines for environmental pollution in the future.

3. Material Environmental Protection Expenditures: None.

5.5. Labor Relations

- 5.5.1. Implementation of various employee welfare measures, continuing education, training, and retirement systems, and maintenance of the collective bargaining agreement and various employee rights::

1. Employee benefit plans:

- (1) Insurance: To provide greater living protection to employees, in addition to the enrollment of labor and health insurances for employees according to the laws, the Company plans the group insurance for employees, and it covers term life insurance, accidental injury insurance, hospitalization and medical insurance, and cancer health insurance, etc. For employees traveling on business trips, additional business travel safety insurance is applied in order to provide greater protection to employees.

- (2) Entertainment activities: The Company has established the Employees' Welfare Committee

according to the laws, and the activities of year-end party, family day and sports contest, etc., are organized annually in order to achieve physical and mental relaxation and to achieve coherence. Furthermore, the activity center is also installed with various fitness and recreation facilities, such as, table football, table tennis, snooker, fitness room and other equipment for employees' use during their free time. Employees are also encouraged to participate in club activities and to establish friendship and communication through club activities.

- (3) Other benefits: Employees' health is considered a fundamental aspect for the Company's development. In addition to providing annual health examination to employees, the Company also sets up basketball courts, fitness room, ping pong table, billiards table and foosball table to provide diverse sports and recreation facilities. Employees are offered with the employee discount prices for the purchase of the Company's products for own use. The employee cafeteria and café also offer meals at discount prices to employees. The Company irregularly provides gifts and issues marriage and maternity cash gift and funeral consolation money. Furthermore, through cross-industry alliance with other vendors, the Company provides more preferential information to the living of employees.

2. Employee continuing education and training:

As the Company is in the highly competitive technology industry, talents are the key factors determining the success of a corporate. Transcend has also valued talents as the most powerful and significant backup to the company. Through various learning methods of professional competence improvement courses, work transfer, overseas business trips and trade shows, etc., arranged by the Company, Transcend is able to cultivate employees equipped with functions of greater diversity and depth, thereby achieving the goals of the organization.

In terms of the training courses, each year, the Company organizes orientation training for new employees and also organizes competence improvement courses for professional abilities of personnel in each departments, as well as organizes or assigns personnel to participate in relevant external trainings according to laws and regulations.

3. Retirement systems:

To meet the requirements specified by the laws and regulations, the Company contributes 6% of the insured monthly salary and deposits into the pension personal account at the Bureau of Labor Insurance monthly for new employees on-board since July 1, 2005 and existing employees who chose the new retirement pension system. For existing employees who chose the old retirement pension system and maintained their service years under the old system, the Company appropriates an appropriate pension reserve and deposits in the dedicated account at Bank of Taiwan, and the Supervisory Committee members are responsible for the supervision of the reserve fund.

4. Other labor agreements:

The agreements between the labor and management of the Company are handled in accordance with the Labor Standards Act, and are explained in conjunction with the personnel management regulations upon the time when employees joining the Company for service. Relevant regulations are added or revised depending upon the operational needs of the Company.

5.5.2. Any Losses due to Labor Disputes and Any Estimated Losses and Countermeasures

1. Any losses and disposition suffered by the company in the most recent fiscal year and up to this Annual Report publication date due to labor disputes:

(1)According to the result of the 2023 labor inspection, a total of 1 violation was found.

Date of punishment: 2023/04/24

Punishment No.: Taipei City Labor No.11260083031

Violated rules and regulations: Paragraph 1 of Article 24 of the Labor Standards Act and Paragraph 6 of Article 30 of the Labor Standards Act

Violated contents of regulations: extended working hours without additional wages as required and did not register the attendance of workers on a daily basis to the minute.

Amount of fine: NTD 120,000

2. Any estimated losses and countermeasures: Based on the results of the 2023 labor inspection, the Company enhanced the promotion of working hours and overtime application, and added a working hour reminder system to remind employees to pay attention to their working hours and apply for overtime when needed.

5.6. Information Security Management

5.6.1. Information Security Management Strategy and Structure

1. Information Security Risk Management Structure

The Company established the “Information Security Execution Team” in May 2019 to be responsible for the establishment of policies, execution, recording and review of information security events and information security accidents, and to also accept the annual information cycle supervision of the Auditing Office. The Administrative Vice President concurrently acts as the information officer to take the role of convener in order to convene meetings annually, and to also report information security governance status to the board of directors.

2. Information Security Policy

To improve the information security management system, and to ensure the confidentiality, legality, reliability and integrity of the Company’s information, personnel, assets, software and hardware, the Company establishes the information security policy according to the ISMS information security management system, and the objective is to reduce information risk to the acceptable level through control methods, in order to improve the information security risk management of the Company.

Information security control measures:

- (1) Establish information asset list, and perform classification control according to the information risk assessment.
- (2) All new employees are required to participate in the information security education and training, in order to improve employees’ understanding and concept on the information security. In addition, educational promotion on information security precautions are also executed periodically.
- (3) The internal and external networks of the Company are installed with firewall, and employees are prohibited to use private network equipment to connect to the external network or intranet of the Company.
- (4) Mainframes of confidentiality are installed in an isolated network environment. For database and file access, use authorities are established and remote backup is performed periodically.
- (5) Perform information asset inspection operation and system abnormality drill periodically, in order to maintain the system reliability.

- (6) Establish information security event management standard and information security event reporting procedure.
- (7) All employees using information provided by the Company to perform relevant information job duties and suppliers with business dealings or visitors shall bear the responsibility and obligation to protect the information assets obtained or used, and it is prohibited to perform access, modification or illegal disclosure without authorization.
- (8) Personal computers shall be installed with anti-virus software and updated with the latest virus codes. In addition, software management policy shall be established, and any unauthorized software shall be prohibited from use.
- (9) Employees possessing accounts, passwords and authorizations provided by the Company shall bear the custody responsibility properly and shall also update passwords periodically according to the request.
- (10) All employees of the Company shall comply with the laws and regulations as well as the requirements of the information security policy of the Company. The supervising unit shall bear the supervision responsibility, implement the system and improve employees' understanding on the information security and legal concepts.

3. Specific Management Plan

- (1) It is necessary to identify the information security event root cause and adopt an effective strategy, as well as establishing the method and procedure to improve future incident handling according to the information security incident classification.
- (2) The information security execution team proposes the information security incident statistical information according to the internal audit information cycle requirements of the Auditing Office, in order to facilitate the continuous improvement of the information security management system.
- (3) Important information security event handling result shall be periodically summarized, and under condition where no personal privacy and trade secret is involved, announcement can be published on the monthly report or intranet to describe the incident occurrence cause, process, handling method, improvement and precaution recommendations, etc., in order to use it as reference information for information security education and information security event prevention.
- (4) Based on the consideration that information security risk is a new emerging type of risk, the Company is currently under the evaluation stage. In the future, the Company will continue to improve the information security system management and will also conduct information security evaluation periodically. Through repetitive drills and continuous review and improvement, the information security hazard awareness of employees and response capability of information security handling personnel of the Company can be enhanced, thereby preventing occurrence of information security events.

4. Information Security Management Resources

The Administrative Vice President concurrently acts as the information officer to take the role of convener in order to convene meetings in regularly every year, to review report records and to review information security policy and future development direction. In addition, the information security governance status has been reported to the board of directors on November 06, 2023.

Please refer to the Company's website for details:

https://tw.transcend-info.com/about/information_security_management

5.6.2. Losses, possible impacts and countermeasures as a result of major information security incidents in the last year up to the publication date of this annual report, state the reasons if losses cannot be reasonably estimated: None.

5.7. Important Contracts

Agreement	Counterparty	Contract Period	Major Contents	Restrictions
Lease	Won Chin Investment Inc.	2022.6.12-2027.6.11	Land Lease Contract	None
Lease	Cheng Chuan Technology Development Inc.	2022.6.12-2027.6.11	Land Lease Contract	None
License	Intel Corporation	2014.4.18-	Thunderbolt Technology License Agreement	None
License	Memory Technologies LLC	2019.12.26-2024.12.31	MEMORY PATENT LICENSE AGREEMENT	None

6. Financial Information

6.1. Condensed Balance Sheet and Statement of Comprehensive Income for the Most Recent Five Years – Based on IFRS

6.1.1. Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note 1)					As of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023 (Note 3)	
Current assets		15,411,700	14,615,264	16,773,957	16,254,872	16,395,267	16,605,087
Property, Plant and Equipment		2,438,154	2,282,324	1,942,013	1,580,372	1,509,348	1,514,397
Intangible assets		-	-	-	-	-	-
Other assets		3,350,936	3,840,034	3,722,531	3,693,198	4,384,666	5,097,687
Total assets		21,200,790	20,737,622	22,438,501	21,528,442	22,289,281	23,217,171
Current liabilities	Before distribution	1,501,579	1,837,754	2,401,653	1,426,767	2,702,840	4,825,066
	After distribution	3,432,357	3,146,392	4,976,023	3,829,512	4,848,149	4,825,066
Non-current liabilities		292,363	227,842	202,013	551,139	317,731	335,018
Total liabilities	Before distribution	1,793,942	2,065,596	2,603,666	1,977,906	3,020,571	5,160,084
	After distribution	3,724,720	3,374,234	5,178,036	4,380,651	5,165,880	5,160,084
Equity attributable to shareholders of the parent		19,406,848	18,672,026	19,834,835	19,550,536	19,268,710	18,057,087
Capital stock		4,307,617	4,290,617	4,290,617	4,290,617	4,290,617	4,290,617
Capital surplus	Before distribution	4,346,854	3,945,369	3,730,914	3,387,781	3,044,619	2,830,088
	After distribution	3,960,698	3,730,838	3,387,665	3,044,532	2,830,088	2,830,088
Retained earnings	Before distribution	10,999,853	10,553,284	12,003,819	12,229,955	12,163,837	11,034,364
	After distribution	9,455,231	9,459,177	9,772,698	10,170,459	10,233,059	11,034,364
Other equity interest		(130,902)	(117,244)	(190,515)	(357,817)	(230,363)	(97,982)
Treasury stock		(116,574)	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	19,406,848	18,672,026	19,834,835	19,550,536	19,268,710	18,057,087
	After distribution	17,476,070	17,363,388	17,260,465	17,147,791	17,123,401	18,057,087

Note 1: 2019–2023 financial statements have been audited and certified by CPAs.

Note 2: The financial statements of 2024 Q1 have been reviewed by the CPAs.

Note 3: For the proposal for distribution of 2023 earnings, in accordance with the provisions of the Articles of Incorporation, the proposal on the distribution of earnings in cash and the proposal on the cash distribution from capital surplus have been approved by the board of directors' meeting through special resolution. The remaining distribution items have not been approved through the resolution of the shareholders' meeting; therefore, no adjustment has been made.

6.1.2. Condensed Consolidated Balance Sheet - Parent Company Only

Item \ Year		Financial Summary for The Last Five Years (Note 1)					As of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023 (Note 3)	
Current assets		14,532,387	13,722,813	15,783,618	14,578,379	15,709,830	Not Applicable
Property, Plant and Equipment		1,644,401	1,540,175	1,435,144	1,374,912	1,316,764	
Intangible assets		-	-	-	-	-	
Other assets		5,256,311	5,686,690	5,511,805	5,707,881	5,414,924	
Total assets		21,433,099	20,949,678	22,730,567	21,661,172	22,441,518	
Current liabilities	Before distribution	1,810,735	2,114,521	2,746,155	1,604,918	2,904,798	
	After distribution	3,741,513	3,423,159	5,320,525	4,007,663	5,050,107	
Non-current liabilities		215,516	163,131	149,577	505,718	268,010	
Total liabilities	Before distribution	2,026,251	2,277,652	2,895,732	2,110,636	3,172,808	
	After distribution	3,957,029	3,586,290	5,470,102	4,513,381	5,318,117	
Equity attributable to shareholders of the parent		19,406,848	18,672,026	19,834,835	19,550,536	19,268,710	
Capital stock		4,307,617	4,290,617	4,290,617	4,290,617	4,290,617	
Capital surplus	Before distribution	4,346,854	3,945,369	3,730,914	3,387,781	3,044,619	
	After distribution	3,960,698	3,730,838	3,387,665	3,044,532	2,830,088	
Retained earnings	Before distribution	10,999,853	10,553,284	12,003,819	12,229,955	12,163,837	
	After distribution	9,455,231	9,459,177	9,772,698	10,170,459	10,233,059	
Other equity interest		(130,902)	(117,244)	(190,515)	(357,817)	(230,363)	
Treasury stock		(116,574)	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	19,406,848	18,672,026	19,834,835	19,550,536	19,268,710	
	After distribution	17,476,070	17,363,388	17,260,465	17,147,791	17,123,401	

Note 1: 2019–2023 financial statements have been audited and certified by CPAs.

Note 2: Pursuant to Article 7 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers (adopting the International Financial Reporting Standards), the Company is not required to prepare the parent company only financial statements of 2024 Q1; therefore, the Company provides no financial information for 2024 Q1.

Note 3: For the proposal for distribution of 2023 earnings, in accordance with the provisions of the Articles of Incorporation, the proposal on the distribution of earnings in cash and the proposal on the cash distribution from capital surplus have been approved by the board of directors' meeting through special resolution. The remaining distribution items have not been approved through the resolution of the shareholders' meeting; therefore, no adjustment has been made.

6.1.3. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	13,496,186	11,446,696	14,314,815	12,122,350	10,496,172	2,732,286
Gross profit	3,087,531	2,470,096	4,175,686	2,722,743	3,044,605	896,591
Profit from operations	1,781,010	1,211,936	2,891,794	1,506,705	1,889,646	597,229
Non-operating income (expenses)	308,733	290,445	236,860	1,849,572	581,188	388,419
Profit before income tax	2,089,743	1,502,381	3,128,654	3,356,277	2,470,834	985,648
Profit from continuing operations	1,728,967	1,197,735	2,533,294	2,454,344	1,984,835	806,949
Loss from discontinued	-	-	-	-	-	-
Profit for the year	1,728,967	1,197,735	2,533,294	2,454,344	1,984,835	806,949
Other comprehensive income (loss), net of taxes	(32,117)	12,175	(61,923)	(164,389)	135,997	126,737
Total comprehensive income for the year	1,696,850	1,209,910	2,471,371	2,289,955	2,120,832	933,686
Profit attributable to shareholders of the parent	1,728,967	1,197,735	2,533,294	2,454,344	1,984,835	806,949
Profit attributable to non-controlling interest	-	-	-	-	-	-
Total Comprehensive income attributable to Shareholders of the parent	1,696,850	1,209,910	2,471,371	2,289,955	2,120,832	933,686
Total Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share (Note 3)	4.01	2.79	5.90	5.72	4.63	1.88
Earnings per share (Note 4)	4.01	2.79	5.90	5.72	4.63	1.88

Note 1: 2019–2023 financial statements have been audited and certified by CPAs.

Note 2: The financial statements of 2024 Q1 have been reviewed by the CPAs.

Note 3: It is calculated based on the outstanding weighted average number of shares.

Note 4: It is calculated based on number of shares after retroactive adjustment.

6.1.4. Condensed Statement of Comprehensive Income - Parent Company Only

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	12,860,887	10,937,519	13,747,158	11,386,995	9,879,469	Not Applicable
Gross profit	2,521,479	1,982,871	3,586,255	2,115,053	2,457,403	
Profit from operations	1,871,034	1,315,135	2,883,281	1,455,913	1,825,657	
Non-operating income (expenses)	173,005	146,157	233,678	1,611,060	644,875	
Profit before income tax	2,044,039	1,461,292	3,116,959	3,066,973	2,470,532	
Profit from continuing operations	1,728,967	1,197,735	2,533,294	2,454,344	1,984,835	
Loss from discontinued operations		-	-	-	-	
Profit for the year	1,728,967	1,197,735	2,533,294	2,454,344	1,984,835	
Other comprehensive income (loss), net of taxes	(32,117)	12,175	(61,923)	(164,389)	135,997	
Total comprehensive income for the year	1,696,850	1,209,910	2,471,371	2,289,955	2,120,832	
Profit attributable to shareholders of the parent	1,728,967	1,197,735	2,533,294	2,454,344	1,984,835	
Profit attributable to non-controlling interest	-	-	-	-	-	
Total Comprehensive income attributable to Shareholders of the parent	1,696,850	1,209,910	2,471,371	2,289,955	2,120,832	
Total Comprehensive income attributable to non-controlling interest	-	-	-	-	-	
Earnings per share (Note 3)	4.01	2.79	5.90	5.72	4.63	
Earnings per share (Note 4)	4.01	2.79	5.90	5.72	4.63	

Note 1: 2019–2023 financial statements have been audited and certified by CPAs.

Note 2: Pursuant to Article 7 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers (adopting the International Financial Reporting Standards), the Company is not required to prepare the parent company only financial statements of 2024 Q1; therefore, the Company provides no financial information for 2024 Q1.

Note 3: It is calculated based on the outstanding weighted average number of shares.

Note 4: It is calculated based on number of shares after retroactive adjustment.

6.1.5. Auditors' Opinions from 2019 to 2023

Year	CPA Firm	CPA	Audit Opinion
2019	Pricewaterhouse Coopers	Lin Chun-Yao, Chou Chien-Hung	Unqualified Opinion
2020	Pricewaterhouse Coopers	Lin Chun-Yao, Chou Chien-Hung	Unqualified Opinion
2021	Pricewaterhouse Coopers	Lin Chun-Yao, Chen Chin-Chang	Unqualified Opinion
2022	Pricewaterhouse Coopers	Chen Chin-Chang, Lin Yi-Fan	Unqualified Opinion
2023	Pricewaterhouse Coopers	Chen Chin-Chang, Lin Yi-Fan	Unqualified Opinion

6.2. Financial Analysis for the Most Recent Five Years – Based on IFRS

6.2.1. Consolidated Financial Analysis

Item \ Year		Financial Analysis for the Last Five Years (Note 2)					As of March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Financial structure	Debt Ratio (%)	8.46	9.96	11.60	9.19	13.55	22.23
	Ratio of long-term capital to property, plant and equipment (%)	807.96	828.10	1,031.76	1271.96	1297.68	1214.48
Solvency	Current ratio (%)	1,026.37	795.28	698.43	1139.28	606.59	344.14
	Quick ratio (%)	432.06	313.12	225.62	314.26	419.94	225.26
	Interest earned ratio (times)	1,121.51	738.18	2,507.93	1,702.10	745.23	1,510.42
Operating performance	Accounts receivable turnover (times)	7.44	7.85	9.36	8.53	8.51	8.84
	Average collection period	49	47	39	43	43	41
	Inventory turnover (times)	3.96	3.41	2.26	2.10	1.80	1.33
	Accounts payable turnover (times)	9.11	8.05	7.83	9.81	6.39	4.16
	Average days in sales	92	107	162	174	203	274
	Property, plant and equipment turnover (times)	5.36	4.85	6.78	6.88	6.79	7.23
	Total assets turnover (times)	0.63	0.55	0.66	0.55	0.48	0.48
Profitability	Return on total assets (%)	8.04	5.72	11.74	11.17	9.07	14.20
	Return on stockholders' equity (%)	8.78	6.29	13.16	12.46	10.23	17.30
	Pre-tax income to paid-in capital (%)	Profit from operations	41.35	28.25	67.40	35.12	44.04
		Profit before income tax	48.51	35.02	72.92	78.22	57.59
	Profit ratio (%)	12.81	10.46	17.70	20.25	18.91	29.53
	Earnings per share (NT\$) (Note 1)	4.01	2.79	5.90	5.72	4.63	7.52
Cash flow	Cash flow ratio (%)	69.36	(13.52)	101.81	358.17	48.61	1.71
	Cash flow adequacy ratio (%)	84.50	65.18	62.14	75.20	62.55	62.27
	Cash reinvestment ratio (%)	(6.19)	(12.99)	6.31	14.61	(3.70)	0.44
Leverage	Operating leverage	1.69	1.98	1.41	1.75	1.58	1.50
	Financial leverage	1.00	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. Debt ratio: An increase in the purchase amount in 2023 resulted in a corresponding increase in accounts payable at the end of the period; because of this, the debt ratio increased compared to last year.
2. Current ratio: An increase in the purchase amount in 2023 resulted in a increase in accounts payable at the end of the period; because of this, the current ratio decreased as compared to last year.
3. Quick ratio: The quick ratio was up from last year due to the increase in liquid assets due to the higher liquidity of time deposits within 3 months.
4. Interest earned ratio (times): An increase in interest expenses in 2023 resulted in the interest earned ratio decreasing as compared to last year.
5. Accounts payable turnover (times): An increase in the purchase amount in response to market conditions in 2023 resulted in an increase in average accounts payable; the accounts payable turnover dscreased as compared to last year.
6. Pre-tax income to paid-in capital-Profit from (%): An increase in gross profit in 2023 resulted in an increase in profit from operations; the ratio of pre-tax income to paid-in capital increased as compared to last year.
7. Pre-tax income to paid-in capital-Profit before income tax (%): A decrease in non-operating income in 2023 resulted in a decrease in profit before income tax; the ratio of pre-tax income to paid-in capital decreased as compared to last year.
8. Cash flow: An adjustment of inventory in response to market conditions in 2023 was the main cause of a increase of inventory and decrease of net cash flows from operating activities; all financial ratios related to cash flow decreased compared to last year.

Note 1: It was calculated based on the outstanding weighted average number of shares.

Note 2: 2019–2023 financial statements have been audited and certified by CPAs.

Note 3: The financial statements of 2024 Q1 have been reviewed by the CPAs.

1. Financial Structure

- (1) $\text{Debt Ratio} = \text{total liabilities} / \text{total assets}$
- (2) $\text{Ratio of long-term capital to property, plant and equipment} = (\text{total shareholders' equity} + \text{non-current liabilities}) / \text{net value of property, plant and equipment}$

2. Liquidity

- (1) $\text{Current ratio} = \text{current assets} / \text{current liabilities}$
- (2) $\text{Quick ratio} = (\text{current assets} - \text{inventory} - \text{pre-paid expense}) / \text{current liabilities}$
- (3) $\text{Interest earned ratio} = \text{earning before income tax and interest expense} / \text{interest expense of the term}$

3. Operating Performance

- (1) $\text{Accounts receivables (including accounts receivables and notes receivables due to business) turnover} = \text{Net sales} / \text{average balance of accounts receivables (including accounts receivables and notes receivables due to business)}$
- (2) $\text{Average collection period} = 365 / \text{accounts receivables turnover}$
- (3) $\text{Inventory turnover} = \text{Cost of goods sold} / \text{average inventory}$
- (4) $\text{Accounts payable (including accounts payables and notes payables due to business) turnover} = \text{cost of goods sold} / \text{average balance of accounts payables (including accounts payables and notes payables due to business)}$
- (5) $\text{Average days in sales} = 365 / \text{inventory turnover}$
- (6) $\text{Property, plant and equipment turnover} = \text{net sales} / \text{average net value of property, plant and equipment}$
- (7) $\text{Total assets turnover} = \text{net sales} / \text{average total assets}$

4. Profitability

- (1) $\text{Return on Assets} = [\text{profit (loss) for the year} + \text{interest expense} \times (1 - \text{tax rate})] / \text{average total assets}$
- (2) $\text{Return on stockholders' equity} = \text{profit (loss) for the year} / \text{average total stockholders' equity}$
- (3) $\text{Profit ratio} = \text{profit (loss) for the year} / \text{net sales}$
- (4) $\text{Earnings per share} = (\text{Profit (loss) attributable to shareholders of the parent} - \text{preferred stock dividends}) / \text{weighted average share outstanding}$

5. Cash Flow

- (1) $\text{Cash flow ratio} = \text{Cash inflow generated from operations} / \text{current liabilities}$
- (2) $\text{Cash flow adequacy ratio} = \text{Cash inflow generated from operations of the most recent five years} / (\text{capital expenditure} + \text{increased amount of inventory} + \text{cash dividends}) \text{ of the most recent five years}$
- (3) $\text{Cash reinvestment ratio} = (\text{Cash inflow generated from operations} - \text{cash dividends}) / (\text{gross value of property, plant and equipment} + \text{long-term investment} + \text{other assets} + \text{working capital})$

6. Leverage

- (1) $\text{Operating leverage} = (\text{net sales} - \text{variable business costs and expenses}) / \text{Profit (loss) from operations}$
- (2) $\text{Financial leverage} = \text{Profit from operations} / (\text{Profit from operations} - \text{interest expense})$

6.2.2. Parent Company Only Financial Analysis

Item \ Year			Financial Analysis for the Last Five Years (Note 2)					As of March 31, 2024 (Note 3)
			2019	2020	2021	2022	2023	
Financial structure	Debt Ratio (%)		9.45	10.87	12.74	9.74	14.14	Not applicable
	Ratio of long-term capital to property, plant and equipment (%)		1,193.28	1,222.92	1,392.50	1,458.73	1,483.69	
Solvency	Current ratio (%)		802.57	648.98	574.75	908.36	540.82	
	Quick ratio (%)		325.76	245.75	170.69	185.64	370.67	
	Interest earned ratio (times)		3,024.73	1,776.57	12,827.99	2,476.36	1,356.95	
Operating performance	Accounts receivable turnover (times)		7.67	8.50	10.45	8.89	7.83	
	Average collection period		48	43	35	41	47	
	Inventory turnover (times)		4.12	3.55	2.34	2.14	1.82	
	Accounts payable turnover (times)		6.66	5.89	5.97	6.77	4.93	
	Average days in sales		89	103	156	171	200	
	Property, plant and equipment turnover (times)		7.66	6.87	9.24	8.10	7.34	
	Total assets turnover (times)		0.59	0.52	0.63	0.51	0.45	
Profitability	Return on total assets (%)		7.93	5.66	11.60	11.06	9.01	
	Return on stockholders' equity (%)		8.78	6.29	13.16	12.46	10.23	
	Pre-tax income to paid-in capital (%)	Profit from operations	43.44	30.65	67.20	33.93	42.55	
		Profit before income tax	47.45	34.06	72.65	71.48	57.58	
	Profit ratio (%)		13.44	10.95	18.43	21.55	20.09	
	Earnings per share (NT\$) (Note 1)		4.01	2.79	5.90	5.72	4.63	
Cash flow	Cash flow ratio (%)		47.98	(11.99)	89.74	298.75	34.67	
	Cash flow adequacy ratio (%)		82.60	62.32	60.46	72.98	62.24	
	Cash reinvestment ratio (%)		(7.42)	(13.61)	6.64	12.88	(5.28)	
Leverage	Operating leverage		1.30	1.45	1.21	1.40	1.31	
	Financial leverage		1.00	1.00	1.00	1.00	1.00	

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. Debt ratio: An increase in the purchase amount in 2023 resulted in a corresponding increase in accounts payable at the end of the period; the debt ratio increased as compared to last year.
2. Current ratio: An increase in the purchase amount in 2023 resulted in a corresponding increase in accounts payable at the end of the period; the current ratio decreased as compared to last year.
3. Quick ratio: The quick ratio was up from last year due to the increase in liquid assets due to the higher liquidity of time deposits within 3 months.
4. Interest earned ratio (times): A decrease in net profit before income tax and an increase in interest expenses in 2023 resulted in the interest earned ratio decreased as compared to last year.
5. Accounts payable turnover (times): An increase in purchasing in response to market conditions in 2023 resulted in an increase in the average accounts payable; the accounts payable turnover decreased as compared to last year.
6. Pre-tax income to paid-in capital (%): An increase in gross profit in 2023 resulted in an increase in profit from operations; the ratio of pre-tax income to paid-in capital increased as compared to last year.
7. Cash flow: An adjustment of inventory in response to market conditions in 2023 was the main cause of an increase of inventory and decrease of net cash flows from operating activities; all financial ratios related to cash flow decreased compared to last year.

Note 1: It was calculated based on the outstanding weighted average number of shares.

Note 2: 2019–2023 financial statements have been audited and certified by CPAs.

Note 3: Pursuant to Article 7 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers (adopting the International Financial Reporting Standards), the Company is not required to prepare the parent company only financial statements of 2024 Q1; therefore, the Company provides no financial information for 2024 Q1.

1. Financial Structure

- (1) Debt Ratio = $\text{total liabilities} / \text{total assets}$
- (2) Ratio of long-term capital to property, plant and equipment = $(\text{total shareholders' equity} + \text{non-current liabilities}) / \text{net value of property, plant and equipment}$

2. Liquidity

- (1) Current ratio = $\text{current assets} / \text{current liabilities}$
- (2) Quick ratio = $(\text{current assets} - \text{inventory} - \text{pre-paid expense}) / \text{current liabilities}$
- (3) Interest earned ratio = $\text{earning before income tax and interest expense} / \text{interest expense of the term}$

3. Operating Performance

- (1) Accounts receivables (including accounts receivables and notes receivables due to business) turnover = $\text{Net sales} / \text{average balance of accounts receivables (including accounts receivables and notes receivables due to business)}$
- (2) Average collection period = $365 / \text{accounts receivables turnover}$
- (3) Inventory turnover = $\text{Cost of goods sold} / \text{average inventory}$
- (4) Accounts payable (including accounts payables and notes payables due to business) turnover = $\text{cost of goods sold} / \text{average balance of accounts payables (including accounts payables and notes payables due to business)}$
- (5) Average days in sales = $365 / \text{inventory turnover}$
- (6) Property, plant and equipment turnover = $\text{net sales} / \text{average net value of property, plant and equipment}$
- (7) Total assets turnover = $\text{net sales} / \text{average total assets}$

4. Profitability

- (1) Return on Assets = $[\text{profit (loss) for the year} + \text{interest expense} \times (1 - \text{tax rate})] / \text{average total assets}$
- (2) Return on stockholders' equity = $\text{profit (loss) for the year} / \text{average total stockholders' equity}$
- (3) Profit ratio = $\text{profit (loss) for the year} / \text{net sales}$
- (4) Earnings per share = $(\text{Profit (loss) attributable to shareholders of the parent} - \text{preferred stock dividends}) / \text{weighted average share outstanding}$

5. Cash Flow

- (1) Cash flow ratio = $\text{Cash inflow generated from operations} / \text{current liabilities}$
- (2) Cash flow adequacy ratio = $\text{Cash inflow generated from operations of the most recent five years} / (\text{capital expenditure} + \text{increased amount of inventory} + \text{cash dividends}) \text{ of the most recent five years}$
- (3) Cash reinvestment ratio = $(\text{Cash inflow generated from operations} - \text{cash dividends}) / (\text{gross value of property, plant and equipment} + \text{long-term investment} + \text{other assets} + \text{working capital})$

6. Leverage

- (1) Operating leverage = $(\text{Net sales} - \text{variable business costs and expenses}) / \text{Profit (loss) from operations}$
- (2) Financial leverage = $\text{Profit from operations} / (\text{Profit from operations} - \text{interest expense})$

6.3. Audit Committee's Review Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements and Earnings Distribution Proposal. Transcend Corporation's Financial Statements have been audited and certified by Mr. Chin-Chang Chen and Mr. Yi-Fan Lin, the CPA of the Pricewaterhouse Coopers. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of Transcend Corporation. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

The Audit Committee of Transcend Information, Inc.

Chairman of the Audit Committee: WANG, YI-HSIN

February 29, 2024

6.4. Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022,
and Independent Auditors' Report

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
REPRESENTATION LETTER

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

Very truly yours,

TRANSCEND INFORMATION, INC.
Chairman: SHU, CHUNG-WON

February 29, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23000331

To the Board of Directors and Shareholders of Transcend Information, Inc.

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Independent 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Valuation of inventories

Description

Refer to Notes 4(14), 5(2) and 6(5) to the consolidated financial statements for the information on the Group's inventory accounting policy, estimates and assumptions and allowance for inventory valuation losses.

The percentage of the Group's inventories to total assets is material and the Group applies judgements and estimates in determining the net realizable value of inventories at the balance sheet date. The Group mainly produces DRAM and flash memory. As these products have a short life cycle and belong to a highly competitive industry, the market prices change frequently. Since the Group's inventories and the allowance for inventory valuation losses are material to the financial statements, the valuation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of the Group's operations and industry. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.
- B. Obtained an understanding of the Group's operations and industry. Assessed the reasonable inventory count plan and observed the annual physical count of material inventory storage location in order to assess the effectiveness of internal controls over inventory.
- C. Obtained relevant evaluation reports of inventory and tested the logic and accuracy of information to assess the reasonableness of allowance for inventory valuation losses.

Estimation of allowance for sales discounts

Description

In consideration of business volume, the Group provides a variety of business incentives to specific customers or products, and based on that, the Group can estimate the allowance for sales discounts monthly. Refer to Notes 4(26) and 6(4) to the consolidated financial statements for the information on the estimation of allowance for sales discounts.

Since the contracts are numerous and the result could affect the net revenue in the consolidated financial statements, the estimation of allowance for sales discounts has been identified as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of the Group's procedures in respect of the above key audit matter: consolidated financial statements, the esObtained an understanding of the Group's procedures in procedures and interviewed management to assess the appropriateness of sales allowance contracts and internal control over estimation of allowance.
- B. Obtained the evaluation list of allowance for sales discounts, and tested material sales allowance contracts and recalculated it to assess the reasonableness of allowance determined by the Group.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Transcend Information, Inc. as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came

into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent 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 judgement and professional skepticism throughout the audit. We also:

- A. 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.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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.

- E. 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.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chen, Ching-Chang Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 29, 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 Standards on Auditing of the Republic of China, and their applications in practice.

As the consolidated 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.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

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

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,858,719	8	\$	3,187,312	15
1136	Financial assets at amortised cost - current	6(3)		8,130,839	37		8,611,357	40
1150	Notes receivable, net	6(4)		323	-		867	-
1170	Accounts receivable, net	6(4)		1,247,331	6		1,217,936	6
1200	Other receivables			113,104	1		77,626	-
130X	Inventories	6(5)		5,003,689	22		3,143,064	14
1479	Other current assets			41,262	-		16,710	-
11XX	Total current assets			16,395,267	74		16,254,872	75
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)		461,734	2		51,463	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)		626,628	3		524,939	3
1535	Financial assets at amortised cost - non-current	6(3)		301,602	1		-	-
1550	Investments accounted for using equity method	6(7)		105,138	-		136,710	1
1600	Property, plant and equipment, net	6(8) and 8		1,509,348	7		1,580,372	7
1755	Right-of-use assets	6(9) and 7		168,708	1		196,190	1
1760	Investment property, net	6(11)		2,580,696	12		2,593,931	12
1840	Deferred income tax assets	6(23)		80,796	-		137,774	1
1900	Other non-current assets	6(12)		59,364	-		52,191	-
15XX	Total non-current assets			5,894,014	26		5,273,570	25
1XXX	Total assets							
			\$	22,289,281	100	\$	21,528,442	100

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and equity		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current liabilities								
2170	Accounts payable		\$	1,791,770	8	\$	472,677	2
2180	Accounts payable - related parties	7		39,913	-		27,442	-
2200	Other payables			301,355	2		271,948	2
2230	Current income tax liabilities			494,669	2		581,546	3
2280	Lease liabilities - current	7		52,944	-		47,806	-
2300	Other current liabilities			22,189	-		25,348	-
21XX	Total current liabilities			2,702,840	12		1,426,767	7
Non-current liabilities								
2570	Deferred income tax liabilities	6(23)		173,377	1		376,447	2
2580	Lease liabilities - non-current	7		101,640	1		132,962	-
2600	Other non-current liabilities	6(13)		42,714	-		41,730	-
25XX	Total non-current liabilities			317,731	2		551,139	2
2XXX	Total liabilities			3,020,571	14		1,977,906	9
Equity attributable to shareholders of parent								
	Share capital	6(14)						
3110	Common stock			4,290,617	19		4,290,617	20
	Capital surplus	6(15)						
3200	Capital surplus			3,044,619	13		3,387,781	16
	Retained earnings	6(16)						
3310	Legal reserve			5,303,693	24		5,057,967	24
3320	Special reserve			357,817	2		190,514	1
3350	Unappropriated retained earnings			6,502,327	29		6,981,474	32
	Other equity interest	6(17)						
3400	Other equity interest		(	230,363)	(1)	(	357,817)	(2)
3XXX	Total equity			19,268,710	86		19,550,536	91
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	22,289,281	100	\$	21,528,442	100

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			For the years ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7		\$ 10,496,172	100	\$ 12,122,350	100
5000 Operating costs	6(5)(22) and 7		(7,451,567)	(71)	(9,399,607)	(77)
5900 Gross profit			<u>3,044,605</u>	<u>29</u>	<u>2,722,743</u>	<u>23</u>
Operating expenses	6(22)					
6100 Sales and marketing expenses			(742,597)	(7)	(750,015)	(6)
6200 Administrative expenses			(279,454)	(3)	(329,213)	(3)
6300 Research and development expenses			(132,973)	(1)	(137,105)	(1)
6450 Expected credit impairment gain	6(4)		65	-	295	-
6000 Total operating expenses			<u>(1,154,959)</u>	<u>(11)</u>	<u>(1,216,038)</u>	<u>(10)</u>
6900 Operating profit			<u>1,889,646</u>	<u>18</u>	<u>1,506,705</u>	<u>13</u>
Non-operating income and expenses						
7100 Interest income	6(3)(19)		394,761	4	114,926	1
7010 Other income	6(6)(10)(11)(20)		78,703	1	82,483	1
7020 Other gains and losses	6(2)(21)		133,172	1	1,643,836	13
7050 Finance costs	6(9)		(3,320)	-	(1,973)	-
7060 Share of (loss) profit of associates and joint ventures accounted for using the equity method	6(7)		(22,128)	-	10,300	-
7000 Total non-operating income and expenses			<u>581,188</u>	<u>6</u>	<u>1,849,572</u>	<u>15</u>
7900 Profit before income tax			<u>2,470,834</u>	<u>24</u>	<u>3,356,277</u>	<u>28</u>
7950 Income tax expense	6(23)		(485,999)	(5)	(901,933)	(8)
8200 Profit for the year			<u>\$ 1,984,835</u>	<u>19</u>	<u>\$ 2,454,344</u>	<u>20</u>
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311 (Loss) gain on remeasurements of defined benefit plans	6(13)		(\$ 2,159)	-	\$ 5,185	-
8316 Unrealized gain (loss) on financial assets at fair value through other comprehensive income	6(6)(17)		173,465	1	(170,069)	(1)
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	6(7)		1,524	-	(219)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations	6(17)		(46,041)	-	892	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(17)(23)		9,208	-	(178)	-
8300 Other comprehensive income (loss) for the year			<u>\$ 135,997</u>	<u>1</u>	<u>(\$ 164,389)</u>	<u>(1)</u>
8500 Total comprehensive income			<u>\$ 2,120,832</u>	<u>20</u>	<u>\$ 2,289,955</u>	<u>19</u>
Net profit attributable to:						
8610 Shareholders of parent			<u>\$ 1,984,835</u>	<u>19</u>	<u>\$ 2,454,344</u>	<u>20</u>
Comprehensive income attributable to:						
8710 Shareholders of parent			<u>\$ 2,120,832</u>	<u>20</u>	<u>\$ 2,289,955</u>	<u>19</u>
Earnings per share (in dollars)	6(24)					
9750 Basic earnings per share			<u>\$ 4.63</u>		<u>\$ 5.72</u>	
9850 Diluted earnings per share			<u>\$ 4.62</u>		<u>\$ 5.71</u>	

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent								
		Capital Reserves				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
Notes	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings			Total equity
<u>For the year ended December 31, 2022</u>										
	\$ 4,290,617	\$ 3,691,432	\$ 4,354	\$ 35,128	\$ 4,803,503	\$ 117,244	\$ 7,083,072	(\$ 197,932)	\$ 7,417	\$ 19,834,835
	-	-	-	-	-	-	2,454,344	-	-	2,454,344
6(6)(17)	-	-	-	-	-	-	4,966	714	(170,069)	(164,389)
	-	-	-	-	-	-	2,459,310	714	(170,069)	2,289,955
<u>Appropriations and distribution of 2021 earnings</u>										
6(16)	-	-	-	-	254,464	-	(254,464)	-	-	-
	-	-	-	-	-	-	(2,231,121)	-	-	(2,231,121)
	-	-	-	-	-	73,270	(73,270)	-	-	-
	-	(343,249)	-	-	-	-	-	-	-	(343,249)
<u>Net loss on disposal of financial assets at fair value through other comprehensive income</u>										
6(6)(17)	-	-	-	-	-	-	(2,053)	-	2,053	-
	-	-	116	-	-	-	-	-	-	116
	\$ 4,290,617	\$ 3,348,183	\$ 4,470	\$ 35,128	\$ 5,057,967	\$ 190,514	\$ 6,981,474	(\$ 197,218)	(\$ 160,599)	\$ 19,550,536
<u>For the year ended December 31, 2023</u>										
	\$ 4,290,617	\$ 3,348,183	\$ 4,470	\$ 35,128	\$ 5,057,967	\$ 190,514	\$ 6,981,474	(\$ 197,218)	(\$ 160,599)	\$ 19,550,536
	-	-	-	-	-	-	1,984,835	-	-	1,984,835
6(6)(17)	-	-	-	-	-	-	(635)	(36,833)	173,465	135,997
	-	-	-	-	-	-	1,984,200	(36,833)	173,465	2,120,832
<u>Appropriations and distribution of 2022 earnings</u>										
6(16)	-	-	-	-	245,726	-	(245,726)	-	-	-
	-	-	-	-	-	-	(2,059,496)	-	-	(2,059,496)
	-	-	-	-	-	167,303	(167,303)	-	-	-
	-	(343,249)	-	-	-	-	-	-	-	(343,249)
<u>Net gain on disposal of financial assets at fair value through other comprehensive income</u>										
6(6)(17)	-	-	-	-	-	-	9,178	-	(9,178)	-
	-	-	87	-	-	-	-	-	-	87
	\$ 4,290,617	\$ 3,004,934	\$ 4,557	\$ 35,128	\$ 5,303,693	\$ 357,817	\$ 6,502,327	(\$ 234,051)	\$ 3,688	\$ 19,268,710

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,470,834	\$ 3,356,277
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(21)	(38,186)	8,271
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(7)	22,128	(10,300)
Expected credit impairment gain	6(4)	(65)	(295)
Gain on disposal of non-current assets held for sale	6(21)	-	(1,324,180)
Loss on disposal of property, plant and equipment	6(21)	2	448
Depreciation	6(22)	158,441	194,624
Interest income	6(19)	(394,761)	(114,926)
Interest expense	6(9)	3,320	1,973
Dividend income	6(6)(20)	(21,134)	(35,592)
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		-	1,517,305
Notes receivable		544	1,632
Accounts receivable	(	( 29,347)	(404,838)
Other receivables	(	( 28,291)	(93,247)
Inventories	(	( 1,860,625)	(2,631,761)
Other current assets	(	( 24,552)	(3,265)
Changes in liabilities relating to operating activities			
Accounts payable		1,319,093	(892,158)
Accounts payable - related parties		12,471	(24,799)
Other payables		29,407	(14,220)
Other current liabilities	(	( 3,159)	(63,258)
Net defined benefit liability	(	( 884)	(827)
Other non-current liabilities		-	546
Cash inflow generated from operations		1,615,236	5,727,102
Dividends received		19,874	35,592
Interest received		388,531	103,776
Income tax paid	(	( 709,760)	(756,207)
Net cash flows provided by operating activities		1,313,881	5,110,263
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss - non-current		-	41,155
Acquisition of financial assets at fair value through profit or loss - non-current	(	( 372,085)	-
Proceeds from disposal of financial assets at amortised cost		4,592,690	3,113,029
Acquisition of financial assets at amortised cost	(	( 4,413,471)	(6,150,167)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	71,776	6,179
Acquisition of financial assets at fair value through other comprehensive income		-	(71,611)
Proceeds from disposal of non-current assets held for sale		-	1,800,796
Proceeds from disposal of property, plant and equipment		-	162
Acquisition of property, plant and equipment	6(25)	(24,173)	(38,325)
Decrease in guarantee deposits paid		1,893	-
Acquisition of right-of-use assets		-	(692)
Acquisition of investment property	6(11)	(489)	(4,082)
Increase in other non-current assets	(	( 11,978)	(5,262)
Dividends received	6(7)	10,968	21,885
Net cash flows used in investing activities	(	( 144,869)	(1,286,933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received	(	( 291)	-
Payment of lease liabilities	(	( 49,430)	(55,289)
Cash dividends paid (including cash payment from capital surplus)	6(16)	(2,402,745)	(2,574,370)
Expired unclaimed dividends recognized as capital surplus		87	116
Net cash flows used in financing activities	(	( 2,452,379)	(2,629,543)
Effect of exchange rate changes	(	( 45,226)	(24,581)
Net (decrease) increase in cash and cash equivalents	(	( 1,328,593)	(1,169,206)
Cash and cash equivalents at beginning of year		3,187,312	2,018,106
Cash and cash equivalents at end of year		\$ 1,858,719	\$ 3,187,312

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

TRANSCEND INFORMATION, INC. 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

Transcend Information, Inc. (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are manufacturing, processing and sales of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 29, 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:

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

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

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

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

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

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

4. SUMMARY OF 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.

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets 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 obligations.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized 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 shareholders of the parent and to the non-controlling interests. Total comprehensive income is attributed to the shareholders 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 recognized 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 recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Transcend Information, Inc.	Saffire Investment Ltd. (Saffire)	Investment holdings	100	100	
	Transcend Japan Inc. (Transcend Japan)	Import and wholesale of computer memory modules	100	100	
	Transcend Information Inc. (Transcend USA)	Import and wholesale of computer memory modules	100	100	
	Transcend Korea Inc. (Transcend Korea)	Import and wholesale of computer memory modules	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holdings	100	100	
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Import and wholesale of computer memory modules	100	100	
	Transcend Information Trading GmbH (Transcend Germany)	Import and wholesale of computer memory modules	100	100	
	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacture and sales of blank medium such as memory expansion cards and external storage devices, and other disk drives and lease of self-owned buildings	100	100	
	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesale, agent, import and export, retail and related services of expansion memory modules, external storage devices and related storage equipment and components	100	100	
	Transcend Information (H.K) Ltd. (Transcend HK)	Import and wholesale of computer memory modules	100	100	

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

D. Adjustment 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.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are 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 group entities 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 recognized in other comprehensive income.

(5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realized, 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 realized 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.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as 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.

Otherwise they are classified as non-current liabilities.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize 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 recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized 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.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognized 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 recognized in profit or loss when the asset is derecognized or impaired.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

For financial assets at amortised cost and accounts receivable that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all

reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor) - operating leases

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

(14) Inventories

Inventories are stated at the lower of cost and net realizable 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 actual operating capacity). It excludes borrowing costs. The item by item approach is used in applying the

lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(15) 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 recognized at cost.

B. The Group'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 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 recognize 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 recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted

by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(16) 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 recognized 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 derecognized. 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	8 ~ 50 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	3 ~ 5 years
Office equipment and others	2 ~ 5 years

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

- A. Leases are recognized 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 recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

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

- 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 recognized as an adjustment to the right-of-use asset.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 55 years.

(19) Impairment of non-financial assets

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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) 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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(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 recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 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 recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. 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 realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(24) 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 shares that have been issued, the consideration paid, excluding any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders.

(25) 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.

(26) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells computer software and hardware, computer peripheral equipment, and computer component products. When the right of control is transferred to the customer, sales revenue is recognized. 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 revenue is recognized based on contract price, net of sales returns, volume discounts and estimated sales discounts. The goods are often sold with volume discounts based on aggregate sales over a one-month period. Sales discounts and allowances are estimated and provided for based on customer contracts, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date and recognized as allowance for sales discounts. No element of financing is deemed present as the sales are made with a credit term of 30-60 days after monthly billing, which is consistent with market practice.
- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(27) 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 Chairmen of 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

Investment property

The Group uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own use portion accounts for an insignificant portion of the property.

(2) Critical accounting estimates and assumptions

Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. The valuation of inventories is based on recent market price and demand of products in the future specific period, thus there might be significant changes in the valuation.

As of December 31, 2023, the carrying amount of inventories was \$5,003,689.

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	\$ 441	\$ 173
Checking accounts and demand deposits	1,603,099	2,519,575
Time deposits	<u>255,179</u>	<u>667,564</u>
	<u>\$ 1,858,719</u>	<u>\$ 3,187,312</u>

- A. The aforementioned time deposits pertain to high liquidity investments with maturity within three months.
- B. 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.
- C. The Group has no cash and cash equivalents pledged to others.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 433,566	\$ 61,481
Valuation adjustments	28,168	(10,018)
	<u>\$ 461,734</u>	<u>\$ 51,463</u>

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

	For the years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 38,186	(\$ 17,262)
Financial products	-	8,991
	<u>\$ 38,186</u>	<u>(\$ 8,271)</u>

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

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with original maturity of more than three months	<u>\$ 8,130,839</u>	<u>\$ 8,611,357</u>
Non-current items:		
Corporate bonds	<u>\$ 301,602</u>	<u>\$ -</u>

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

	For the years ended December 31,	
	2023	2022
Interest income	<u>\$ 352,396</u>	<u>\$ 87,929</u>

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. The Group transacts time deposits with reputable domestic and foreign banks. The issuers of ordinary corporate bonds which the Group invested are well-known domestic and foreign enterprises. The Group's counterparties have good credit quality, so the Group expects that the probability of counterparty default is remote. The impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 323	\$ 867
Accounts receivable	\$ 1,247,793	\$ 1,218,446
Less: Loss allowance	(462)	(510)
	<u>\$ 1,247,331</u>	<u>\$ 1,217,936</u>

A. As of December 31, 2023 and 2022, the estimated sales discounts and allowances were \$105,415 and \$92,122, respectively. Since the sales discounts and allowances met the requirements for offset of financial liabilities and financial assets, the net amounts were shown under accounts receivable.

B. The ageing analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 1,009,865	\$ 962,635
Up to 30 days	225,142	238,088
31 to 90 days	1,701	8,809
91 to 180 days	2,687	5,776
Over 180 days	8,721	4,005
	<u>\$ 1,248,116</u>	<u>\$ 1,219,313</u>

The above ageing analysis was based on past due date.

C. The Group has credit insurance that covers accounts receivable from major customers. Should bad debts occur, the Group will receive 90% of the losses resulting from non-payment.

D. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of notes receivable and accounts receivable from contracts with customers amounted to \$1,625,783.

E. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$323 and \$867, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,247,331 and \$1,217,936, respectively.

- F. The Group classifies customers' accounts receivable in accordance with the credit rating of the customer. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- G. The Group wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group has no written-off financial assets that are still under recourse procedures.
- H. The Group used forecastability, historical and timely information to assess the loss rate of accounts receivable. As of December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>				
Expected loss rate	0.002%~0.384%	0.011%~38%	25%~100%	
Total book value	\$ 1,009,542	\$ 229,530	\$ 8,721	\$ 1,247,793
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>				
Expected loss rate	0.003%~0.523%	0.017%~38%	25%~100%	
Total book value	\$ 961,768	\$ 252,673	\$ 4,005	\$ 1,218,446

- I. The balance of allowance for loss and movements are as follows:

	<u>2023</u>	<u>2022</u>
At January 1	\$ 510	\$ 800
Reversal of impairment	(65)	(295)
Effect of exchange rate changes	17	5
At December 31	<u>\$ 462</u>	<u>\$ 510</u>

- J. The Group does not hold any collateral as security.

(5) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,107,777	(\$ 119,316)	\$ 3,988,461
Work in progress	423,938	(511)	423,427
Finished goods	594,886	(3,085)	591,801
	<u>\$ 5,126,601</u>	<u>(\$ 122,912)</u>	<u>\$ 5,003,689</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,743,592	(\$ 446,816)	\$ 2,296,776
Work in progress	285,227	(6,256)	278,971
Finished goods	601,619	(34,302)	567,317
	<u>\$ 3,630,438</u>	<u>(\$ 487,374)</u>	<u>\$ 3,143,064</u>

A. The cost of inventories recognized as expense for the year:

For the years ended December 31,		
	2023	2022
Cost of goods sold	\$ 7,816,029	\$ 8,964,753
(Gain on reversal of) loss on decline in market value of inventory	(364,462)	434,854
	<u>\$ 7,451,567</u>	<u>\$ 9,399,607</u>

The gain on reversal of decline in market value of inventory for the year ended December 31, 2023 arose from the clearance of inventories which were previously provided with allowance and the recovery in the net realizable value of certain inventories.

B. No inventories were pledged to others.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 621,815	\$ 684,413
Others	<u>1,125</u>	<u>1,125</u>
	622,940	685,538
Valuation adjustments	<u>3,688</u>	<u>(160,599)</u>
	<u>\$ 626,628</u>	<u>\$ 524,939</u>

- A. The Group 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 \$626,628 and \$524,939 as at December 31, 2023 and 2022, respectively.
- B. For the years ended December 31, 2023 and 2022, the Group disposed equity investments whose fair value were \$71,776 and \$6,179, respectively and the cumulative gains (losses) on disposal was transferred to retained earnings in the amount of \$9,178 and (\$2,053), respectively.
- C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income (loss)	<u>\$ 173,465</u>	<u>(\$ 170,069)</u>
Cumulative gains (loss) reclassified to retained earnings due to derecognition	<u>\$ 9,178</u>	<u>(\$ 2,053)</u>
Dividend income recognized in profit or loss		
Held at end of year	\$ 18,584	\$ 35,592
Derecognized during the year	<u>2,550</u>	<u>-</u>
	<u>\$ 21,134</u>	<u>\$ 35,592</u>

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(7) Investments accounted for using equity method

<u>Investee Company</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan IC Packaging Corporation	\$ 105,138	\$ 136,710

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

<u>Associate name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>December 31, 2023</u>	<u>December 31, 2022</u>		
Taiwan IC Packaging Corporation	Taiwan	12.51%	12.50%	Note	Equity method

Note: Taiwan IC Packaging Corporation is engaged in IC packaging and testing and is the upstream supplier in the IT and semiconductor industries. In order to reach synergy of vertical integration, Taiwan IC Packaging Corporation processes the raw materials provided by the Group into relevant semi-finished goods.

B. The Group held a 12.51% equity interest in Taiwan IC Packaging Corporation, and is the company's largest single shareholder. However, the Group does not hold the majority of the voting power during the shareholders' meeting of Taiwan IC Packaging Corporation and the Group does not serve as corporate director of Taiwan IC Packaging Corporation, which indicate that the Group has no control ability to direct the relevant activities of Taiwan IC Packaging Corporation. In addition, the Company's chairman is the same with Taiwan IC Packaging Corporation; hence, the Group has significant influence over Taiwan IC Packaging Corporation.

C. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>Taiwan IC Packaging Corporation</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 996,963	\$ 1,218,268
Non-current assets	1,129,944	1,151,953
Current liabilities	(174,106)	(167,786)
Non-current liabilities	(73,302)	(75,327)
Total net assets	<u>\$ 1,879,499</u>	<u>\$ 2,127,108</u>
Share in associate's net assets	\$ 235,125	\$ 265,889
Net equity differences	<u>(129,987)</u>	<u>(129,179)</u>
	<u>\$ 105,138</u>	<u>\$ 136,710</u>

Statement of comprehensive income

	Taiwan IC Packaging Corporation	
	For the years ended December 31,	
	2023	2022
Revenue	\$ 861,693	\$ 1,223,212
(Loss) profit for the year from continuing operations	(\$ 176,992)	\$ 84,128
Total comprehensive (loss) income	(\$ 178,367)	\$ 96,327
Dividends received from associates	\$ 10,968	\$ 21,885

D. Share of profit (loss) of associates accounted for using the equity method is as follows:

	For the years ended December 31,	
Investee Company	2023	2022
Taiwan IC Packaging Corporation	(\$ 20,604)	\$ 10,081

E. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was \$317,957 and \$242,305 as of December 31, 2023 and 2022, respectively.

(8) Property, plant and equipment

	2023						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>At January 1</u>							
Cost	\$ 711,572	\$ 1,204,122	\$ 345,956	\$ 28,079	\$ 30,619	\$ 20,663	\$ 2,341,011
Accumulated depreciation	-	(450,034)	(250,796)	(21,649)	(22,396)	(15,764)	(760,639)
	<u>\$ 711,572</u>	<u>\$ 754,088</u>	<u>\$ 95,160</u>	<u>\$ 6,430</u>	<u>\$ 8,223</u>	<u>\$ 4,899</u>	<u>\$ 1,580,372</u>
 At January 1	\$ 711,572	\$ 754,088	\$ 95,160	\$ 6,430	\$ 8,223	\$ 4,899	\$ 1,580,372
Additions (including transfers)	-	5,510	16,005	-	3,503	2,067	27,085
Disposals	-	-	-	-	(2)	-	(2)
Depreciation charge	-	(31,174)	(47,275)	(3,855)	(4,536)	(3,582)	(90,422)
Net exchange differences	(5,608)	(2,098)	3	-	17	1	(7,685)
At December 31	<u>\$ 705,964</u>	<u>\$ 726,326</u>	<u>\$ 63,893</u>	<u>\$ 2,575</u>	<u>\$ 7,205</u>	<u>\$ 3,385</u>	<u>\$ 1,509,348</u>
 <u>At December 31</u>							
Cost	\$ 705,964	\$ 1,187,112	\$ 194,519	\$ 22,360	\$ 32,057	\$ 7,257	\$ 2,149,269
Accumulated depreciation	-	(460,786)	(130,626)	(19,785)	(24,852)	(3,872)	(639,921)
	<u>\$ 705,964</u>	<u>\$ 726,326</u>	<u>\$ 63,893</u>	<u>\$ 2,575</u>	<u>\$ 7,205</u>	<u>\$ 3,385</u>	<u>\$ 1,509,348</u>

	2022						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
At January 1							
Cost	\$ 712,136	\$ 2,227,274	\$ 383,459	\$ 27,859	\$ 32,077	\$ 48,096	\$ 3,430,901
Accumulated depreciation	-	(1,146,125)	(268,788)	(16,915)	(21,226)	(35,834)	(1,488,888)
	<u>\$ 712,136</u>	<u>\$ 1,081,149</u>	<u>\$ 114,671</u>	<u>\$ 10,944</u>	<u>\$ 10,851</u>	<u>\$ 12,262</u>	<u>\$ 1,942,013</u>
At January 1	\$ 712,136	\$ 1,081,149	\$ 114,671	\$ 10,944	\$ 10,851	\$ 12,262	\$ 1,942,013
Additions (including transfers)	-	7,259	41,205	-	1,477	800	50,741
Disposals	-	-	(121)	-	(6)	(483)	(610)
Transfers to non-current assets held for sale	-	(285,968)	(2,182)	(18)	(235)	(2,023)	(290,426)
Depreciation charge	-	(54,674)	(58,517)	(4,525)	(4,020)	(5,697)	(127,433)
Net exchange differences	(564)	6,322	104	29	156	40	6,087
At December 31	<u>\$ 711,572</u>	<u>\$ 754,088</u>	<u>\$ 95,160</u>	<u>\$ 6,430</u>	<u>\$ 8,223</u>	<u>\$ 4,899</u>	<u>\$ 1,580,372</u>
At December 31							
Cost	\$ 711,572	\$ 1,204,122	\$ 345,956	\$ 28,079	\$ 30,619	\$ 20,663	\$ 2,341,011
Accumulated depreciation	-	(450,034)	(250,796)	(21,649)	(22,396)	(15,764)	(760,639)
	<u>\$ 711,572</u>	<u>\$ 754,088</u>	<u>\$ 95,160</u>	<u>\$ 6,430</u>	<u>\$ 8,223</u>	<u>\$ 4,899</u>	<u>\$ 1,580,372</u>

A. The relevant assets of the Group recognized as property, plant and equipment are all for self-use.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 11 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 certain store locations and offices. Low-value assets comprise equipment such as printers and water dispensers.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 128,309	\$ 165,858
Buildings	38,288	28,506
Transportation equipment (business vehicles)	2,111	1,826
	<u>\$ 168,708</u>	<u>\$ 196,190</u>
	For the years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 37,549	\$ 37,689
Buildings	16,584	15,962
Transportation equipment (business vehicles)	785	670
	<u>\$ 54,918</u>	<u>\$ 54,321</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$27,665 and \$196,118, respectively. Details are provided in Note 7(2)E.
- E. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,320	\$ 1,973
Expense on short-term lease contracts	7,653	8,052
Expense on leases of low-value assets	1,334	1,472

- F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$58,417 and \$64,813, respectively.

(10) Leasing arrangements - lessor

- A. The Group leases various assets including land and buildings. 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. 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 recognized rent income in the amounts of \$57,569 and \$46,891, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
2024	\$ 37,444	2023	\$ 56,162
2025	19,815	2024	36,136
2026	12,518	2025	21,247
2027	776	2026	12,061
2028	-	2027	776
	<u>\$ 70,553</u>		<u>\$ 126,382</u>

(11) Investment property

	<u>2023</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 466,845	\$ 2,735,571
Accumulated depreciation	-	(141,640)	(141,640)
	<u>\$ 2,268,726</u>	<u>\$ 325,205</u>	<u>\$ 2,593,931</u>
At January 1	\$ 2,268,726	\$ 325,205	\$ 2,593,931
Additions	-	489	489
Depreciation charge	-	(13,101)	(13,101)
Net exchange differences	-	(623)	(623)
At December 31	<u>\$ 2,268,726</u>	<u>\$ 311,970</u>	<u>\$ 2,580,696</u>
<u>At December 31</u>			
Cost	\$ 2,268,726	\$ 465,607	\$ 2,734,333
Accumulated depreciation	-	(153,637)	(153,637)
	<u>\$ 2,268,726</u>	<u>\$ 311,970</u>	<u>\$ 2,580,696</u>

	2022		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 461,381	\$ 2,730,107
Accumulated depreciation	-	(128,019)	(128,019)
	<u>\$ 2,268,726</u>	<u>\$ 333,362</u>	<u>\$ 2,602,088</u>
At January 1	\$ 2,268,726	\$ 333,362	\$ 2,602,088
Additions	-	4,082	4,082
Depreciation charge	-	(12,870)	(12,870)
Net exchange differences	-	631	631
At December 31	<u>\$ 2,268,726</u>	<u>\$ 325,205</u>	<u>\$ 2,593,931</u>
<u>At December 31</u>			
Cost	\$ 2,268,726	\$ 466,845	\$ 2,735,571
Accumulated depreciation	-	(141,640)	(141,640)
	<u>\$ 2,268,726</u>	<u>\$ 325,205</u>	<u>\$ 2,593,931</u>

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	For the years ended December 31,	
	2023	2022
Rental income from investment property	<u>\$ 57,569</u>	<u>\$ 46,891</u>
Direct operating expenses arising from investment property that generated rental income	<u>\$ 12,400</u>	<u>\$ 12,169</u>
Direct operating expenses arising from investment property that did not generate rental income	<u>\$ 701</u>	<u>\$ 701</u>

B. The fair value of the investment property held by the Group was \$5,053,643 and \$5,047,960 as of December 31, 2023 and 2022, respectively. The aforementioned fair values were assessed based on the transaction prices of similar properties in the same area and are categorized within Level 3 in the fair value hierarchy.

C. No investment property was pledged to others.

(12) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits paid	\$ 32,995	\$ 34,888
Prepayment for business facilities	10,520	2,912
Others	15,849	14,391
	<u>\$ 59,364</u>	<u>\$ 52,191</u>

(13) Pensions

A. Defined benefit plan

(a) The Company has 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 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 contributes 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 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 will make contributions for the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 38,359	\$ 36,584
Fair value of plan assets	(29,693)	(29,193)
Net defined benefit liability	<u>\$ 8,666</u>	<u>\$ 7,391</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	\$ 36,584	(\$ 29,193)	\$ 7,391
Current service cost	493	-	493
Interest expense (income)	512	(419)	93
	<u>37,589</u>	<u>(29,612)</u>	<u>7,977</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(195)	(195)
Change in financial assumptions	397	-	397
Experience adjustments	<u>1,957</u>	<u>-</u>	<u>1,957</u>
	<u>2,354</u>	<u>(195)</u>	<u>2,159</u>
Pension fund contribution	-	(1,470)	(1,470)
Paid pension	<u>(1,584)</u>	<u>1,584</u>	<u>-</u>
Balance at December 31	<u>\$ 38,359</u>	<u>(\$ 29,693)</u>	<u>\$ 8,666</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	\$ 38,857	(\$ 25,454)	\$ 13,403
Current service cost	550	-	550
Interest expense (income)	291	(196)	95
	<u>39,698</u>	<u>(25,650)</u>	<u>14,048</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,071)	(2,071)
Change in financial assumptions	(2,630)	-	(2,630)
Experience adjustments	<u>(484)</u>	<u>-</u>	<u>(484)</u>
	<u>(3,114)</u>	<u>(2,071)</u>	<u>(5,185)</u>
Pension fund contribution	-	(1,472)	(1,472)
Balance at December 31	<u>\$ 36,584</u>	<u>(\$ 29,193)</u>	<u>\$ 7,391</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and 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 has no right to participate in managing and operating that fund and hence the Company is 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:

	For the years ended December 31,	
	2023	2022
Discount rate	1.300%	1.400%
Future salary increases rate	1.625%	1.625%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 1,005)	\$ 1,045	\$ 1,015	(\$ 982)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 1,023)	\$ 1,065	\$ 1,038	(\$ 1,002)

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 plan of the Company for the year ending December 31, 2024 amount to \$1,467.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 10.76 years.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Transtech Shanghai and Transcend Hong Kong have defined contribution plans. 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 a certain percentage of employees’ monthly salaries and wages, ranging from 12.5% to 20%. Other than the monthly contributions, the Group has no further obligations.
- (c) Transcend Japan, Transcend Korea, Transcend USA, Transcend Europe and Transcend Germany have defined contribution plans. Monthly contributions are based on a certain percentage of employees’ monthly salaries and wages and are recognized as pension costs accordingly. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$40,590 and \$40,500, respectively.

(14) Share capital

As of December 31, 2023, the Company’s authorized capital was \$5,000,000, consisting of 500 million shares of ordinary stock (including 25 million shares reserved for employee stock options), and the paid-in capital was \$4,290,617 with par value of \$10 per share. All proceeds from shares issued have been collected. The Company’s ordinary shares outstanding at the beginning and at the end of the period were 429,062 thousand shares for the years ended December 31, 2023 and 2022.

(15) 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 capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus shall not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company's normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is the distributable earnings to be appropriated as resolved by stockholders at the stockholders' meeting. The Board of Directors is authorized by the shareholders to resolve the appropriation of cash dividends and cash payment from capital surplus by a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, which will then be reported to the shareholders.
- B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of shareholders. Cash dividends shall account for at least 5% of the total dividends distributed.
- C. 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.
- D. 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.

- E. (a) The appropriations of earnings and cash payment from capital surplus for the years ended December 31, 2022 and 2021 have been resolved by the shareholders during their meeting on June 16, 2023 and June 17, 2022, respectively. Details are summarized below:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 245,726		\$ 254,464	
Special reserve	167,303		73,270	
Cash dividends	2,059,496	\$ 4.80	2,231,121	\$ 5.20
	<u>\$ 2,472,525</u>		<u>\$ 2,558,855</u>	
	Amount	Cash payment per share (in dollars)	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	<u>\$ 343,249</u>	\$ 0.80	<u>\$ 343,249</u>	\$ 0.80

Actual distribution of retained earnings for 2022 and 2021 were in agreement with the amounts resolved by the Board of Directors and shareholders.

- (b) The appropriations of earnings and cash payment from capital surplus for the year ended December 31, 2023 as proposed by the Board of Directors on February 29, 2024 are as follows:

	For the year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 199,337	
Reversal of special reserve	(127,454)	
Cash dividends	1,930,778	\$ 4.50
	<u>\$ 2,002,661</u>	
	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	<u>\$ 214,531</u>	\$ 0.50

As of February 29, 2024, the above appropriations of 2023 earnings have not yet been resolved by the shareholders.

(17) Other equity items

	2023		
	Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 160,599)	(\$ 197,218)	(\$ 357,817)
Revaluation adjustment	173,465	-	173,465
Revaluation transferred to retained earnings	(9,178)	-	(9,178)
Currency translation differences	-	(46,041)	(46,041)
Effect from income tax	-	9,208	9,208
At December 31	<u>\$ 3,688</u>	<u>(\$ 234,051)</u>	<u>(\$ 230,363)</u>
	2022		
	Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	\$ 7,417	(\$ 197,932)	(\$ 190,515)
Revaluation adjustment	(170,069)	-	(170,069)
Revaluation transferred to retained earnings	2,053	-	2,053
Currency translation differences	-	892	892
Effect from income tax	-	(178)	(178)
At December 31	<u>(\$ 160,599)</u>	<u>(\$ 197,218)</u>	<u>(\$ 357,817)</u>

(18) Operating revenue

	For the years ended December 31,	
	2023	2022
Sales revenue	<u>\$ 10,496,172</u>	<u>\$ 12,122,350</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

For the year ended December 31, 2023	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	<u>\$ 2,282,102</u>	<u>\$ 3,631,219</u>	<u>\$ 1,408,222</u>	<u>\$ 2,544,180</u>	<u>\$ 630,449</u>	<u>\$ 10,496,172</u>
For the year ended December 31, 2022	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	<u>\$ 2,803,950</u>	<u>\$ 3,805,341</u>	<u>\$ 2,038,051</u>	<u>\$ 2,741,912</u>	<u>\$ 733,096</u>	<u>\$ 12,122,350</u>

B. Contract assets and liabilities

The Group has no revenue-related contract assets and liabilities.

(19) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 37,351	\$ 23,550
Interest income from financial assets measured at amortised cost	352,396	87,929
Other interest income	5,014	3,447
	<u>\$ 394,761</u>	<u>\$ 114,926</u>

(20) Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 57,569	\$ 46,891
Dividend income	21,134	35,592
	<u>\$ 78,703</u>	<u>\$ 82,483</u>

(21) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net currency exchange gain	\$ 89,591	\$ 320,239
Net gain (loss) on financial assets at fair value through profit or loss	38,186 (	8,271)
Gain on disposal of non-current assets held for sale	-	1,324,180
Loss on disposals of property, plant and equipment	(2) (	448)
Others	5,397	8,136
	<u>\$ 133,172</u>	<u>\$ 1,643,836</u>

(22) Expenses by nature

	For the years ended December 31,	
	2023	2022
Wages and salaries	\$ 1,094,968	\$ 1,127,443
Labor and health insurance fees	120,723	120,044
Pension costs	41,176	41,145
Other personnel expenses	53,207	54,914
Depreciation charges (including investment property and right-of-use assets)	158,441	194,624

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$25,696 and \$31,729, respectively, and recognized in salary expenses; while no directors' remuneration was accrued.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 0% of distributable profit for the year ended December 31, 2023. The employees' compensation and directors' remuneration as resolved by the Board of Directors were \$24,962 and \$2,300, respectively, and the employees' compensation will be distributed in the form of cash.
- D. The differences between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2022 financial statements by \$742 and (\$2,300), respectively, have been adjusted in profit or loss for 2023. The employees' compensation and directors' remuneration had been fully paid.

- E. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current income tax:		
Current income tax on profits for the year	\$ 626,894	\$ 758,410
Prior year income tax overestimation	(4,011)	(13,543)
Total current income tax	<u>622,883</u>	<u>744,867</u>
Deferred income tax:		
Origination and reversal of temporary differences	(136,884)	157,066
Total deferred income tax	<u>(136,884)</u>	<u>157,066</u>
Income tax expense	<u>\$ 485,999</u>	<u>\$ 901,933</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Financial statements translation differences of foreign operations	(\$ 9,208)	\$ 178

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Income tax calculated by applying statutory rate to the profit before tax	\$ 510,936	\$ 981,142
Effects from tax exemption and items disallowed by tax regulation	(14,021)	(6,458)
Temporary differences not recognized as deferred tax assets	(6,262)	-
Changes in assessment of realizability of deferred income tax assets	-	(64,893)
Prior year income tax overestimation	(4,011)	(13,543)
Effect from investment tax credits	(1,830)	(1,990)
Withholding tax in other countries	1,187	7,675
Income tax expense	<u>\$ 485,999</u>	<u>\$ 901,933</u>

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

	2023			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
<u>Deferred income tax assets</u>				
Amount of allowance for bad debts that exceed the limit for tax purpose	\$ 282	(\$ 282)	\$ -	\$ -
Pension provision amount in excess of appropriation amount	4,809	(177)	-	4,632
Unused compensated absences	1,746	(322)	-	1,424
Unrealized sales discounts and allowances	16,043	2,975	-	19,018
Unrealized gross profit from sales	987	2,245	-	3,232
Unrealized loss on market value decline and obsolete and slow-moving inventories	97,475	(72,892)	-	24,583
Financial statements translation differences of foreign operations	10,887	-	9,208	20,095
Others	5,545	2,267	-	7,812
Total	<u>\$ 137,774</u>	<u>(\$ 66,186)</u>	<u>\$ 9,208</u>	<u>\$ 80,796</u>
<u>Deferred income tax liabilities</u>				
Unrealized exchange gain	(\$ 23,027)	\$ 19,101	\$ -	(\$ 3,926)
Net gain on investment accounted for using equity method	(353,332)	183,967	-	(169,365)
Others	(88)	2	-	(86)
Total	<u>(\$ 376,447)</u>	<u>\$ 203,070</u>	<u>\$ -</u>	<u>(\$ 173,377)</u>

	2022			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
<u>Deferred income tax assets</u>				
Amount of allowance for bad debts that exceed the limit for tax purpose	\$ 350	(\$ 68)	\$ -	\$ 282
Pension provision amount in excess of appropriation amount	4,974	(165)	-	4,809
Royalty fees	2,171	(2,171)	-	-
Unused compensated absences	1,165	581	-	1,746
Unrealized sales discounts and allowances	9,536	6,507	-	16,043
Unrealized gross profit from sales	2,152	(1,165)	-	987
Unrealized loss on market value decline and obsolete and slow-moving inventories	10,562	86,913	-	97,475
Financial statements translation differences of foreign operations	11,065	-	(178)	10,887
Others	5,380	165	-	5,545
Total	<u>\$ 47,355</u>	<u>\$ 90,597</u>	<u>(\$ 178)</u>	<u>\$ 137,774</u>
<u>Deferred income tax liabilities</u>				
Unrealized exchange gain	(\$ 929)	(\$ 22,098)	\$ -	(\$ 23,027)
Net gain on investment accounted for using equity method	(127,762)	(225,570)	-	(353,332)
Others	(93)	5	-	(88)
Total	<u>(\$ 128,784)</u>	<u>(\$ 247,663)</u>	<u>\$ -</u>	<u>(\$ 376,447)</u>

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

(24) Earnings per share

For the year ended December 31, 2023			
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,984,835	429,062	\$ 4.63
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,984,835	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	391	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,984,835	429,453	\$ 4.62
For the year ended December 31, 2022			
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,454,344	429,062	\$ 5.72
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,454,344	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	554	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,454,344	429,616	\$ 5.71

(25) Supplemental cash flow information

Investing activities with partial cash payments

	For the years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 27,085	\$ 50,741
Less: Transfers from prepayment for business facilities	(2,912)	(12,416)
Cash paid during the year	<u>\$ 24,173</u>	<u>\$ 38,325</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Taiwan IC Packaging Corporation (Taiwan IC Packaging)	Associate accounted for using equity method
Won Chin Investment Inc. (Won Chin)	Other related party
Cheng Chuan Technology Development Inc. (Cheng Chuan)	Other related party
Transcend H.K. Ltd.	Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Sales of goods		
— Taiwan IC Packaging	<u>\$ 1,100</u>	<u>\$ 1,309</u>

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to Taiwan IC Packaging is 30 days after delivery. The credit term to third parties is 30 to 60 days after monthly billings.

B. Purchases

	For the years ended December 31,	
	2023	2022
Purchases of goods		
— Taiwan IC Packaging	<u>\$ 195,954</u>	<u>\$ 221,258</u>

The purchase prices charged by related parties are approximate to those charged by third parties. The payment term from Taiwan IC Packaging is 30 days after monthly billings. The payment term from third parties is 30 to 45 days after monthly billings.

C. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
— Taiwan IC Packaging	<u>\$ 39,913</u>	<u>\$ 27,442</u>

The payables to related parties arise mainly from purchase transactions, and information on the payment term is provided in Note 7(2) B. The payables bear no interest.

D. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables:		
— Taiwan IC Packaging	<u>\$ -</u>	<u>\$ 4</u>

Other payables to related parties arise mainly from miscellaneous purchases. The payables bear no interest.

E. Leasing arrangements – lessee

- (a) The Company renewed a land lease contract with its related party, Won Chin and Cheng Chuan, with a lease term of 5 years from June 12, 2022 to June 11, 2027. The annual rental payment is \$38,484 (excluding tax), which was determined based on the appraisal results of Yungcheng Real Estate Appraisers Firm and CCIS Real Estate Joint Appraisers Firm and renewed at \$1,350 (including tax) in dollar per square feet/month (tax included) after having a three-party negotiation. Rent is paid on the contract date and becomes payable on the same date each following year until the end of the lease. As of December 31, 2023 and 2022, the balance of related right-of-use assets amounted to \$128,309 and \$165,858 while lease liabilities amounted to \$113,163 and \$149,825, respectively.
- (b) The Group entered into an office lease contract with its related party, Transcend H.K. Ltd., with a lease term of 1 year from June 1, 2022 to May 31, 2023 and renewed the contract for 1 year on June 1, 2023. The monthly rental payment is HKD \$50 in thousand, which was determined by reference to the surrounding market quoted price. The Group recognized rental expenses of \$2,387 and \$2,284 for the years ended December 31, 2023 and 2022, respectively.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other employee benefits	<u>\$ 20,709</u>	<u>\$ 68,967</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value		Pledge purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment	\$ 112,175	\$ 121,700	Collateral for general credit limit granted by financial institutions

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2023, except for the provision of endorsements and guarantees mentioned in Note 13(1) B, there are no other significant commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Information on distribution of 2023 earnings and cash dividends from capital surplus is provided in Note 6(16) E(b).

12. OTHERS

(1) Capital risk 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's own funds are currently sufficient, daily operations can create stable cash inflows, and there are no significant capital expenditure plans in the short term. Except for obtaining loans to reduce the exchange rate exposure, the Group has sufficient funds to cover its own needs. Debt financing is not necessary.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 461,734	\$ 51,463
Financial assets at fair value through other comprehensive income	626,628	524,939
Financial assets at amortised cost		
Cash and cash equivalents	1,858,719	3,187,312
Financial assets at amortised cost	8,432,441	8,611,357
Notes receivable	323	867
Accounts receivable	1,247,331	1,217,936
Other receivables	113,104	77,626
Guarantee deposits paid	32,995	34,888
	<u>\$ 12,773,275</u>	<u>\$ 13,706,388</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable (including related parties)	\$ 1,831,683	\$ 500,119
Other payables (including related parties)	301,355	271,948
Guarantee deposits received	34,048	34,339
	<u>\$ 2,167,086</u>	<u>\$ 806,406</u>
Lease liabilities	<u>\$ 154,584</u>	<u>\$ 180,768</u>

B. Financial risk management policies

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 cooperation 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 operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currencies: JPY, KRW, USD, EUR and RMB, etc.). 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	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 192,283	30.71	\$ 5,905,011
	RMB : NTD	82,598	4.327	357,402
	EUR : NTD	4,182	33.98	142,104
	JPY : NTD	791,457	0.2172	171,904
	KRW : NTD	1,669,630	0.0239	39,904
	USD : EUR	5,849	0.9038	179,623
	GBP : EUR	4,295	1.1521	168,149
Financial liabilities	USD : NTD	\$ 51,792	30.71	\$ 1,590,532
	RMB : NTD	62,252	4.327	269,364
December 31, 2022				
	Foreign currency	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 254,448	30.71	\$ 7,814,098
	RMB : NTD	23,994	4.408	105,766
	EUR : NTD	5,372	32.72	175,772
	JPY : NTD	474,455	0.2324	110,263
	KRW : NTD	1,728,885	0.0246	42,531
	USD : EUR	5,905	0.9385	181,343
	GBP : EUR	1,950	1.13	72,326
Financial liabilities	USD : NTD	\$ 13,052	30.71	\$ 400,827
	RMB : NTD	97,981	4.408	431,900

- iii. The information on 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 is provided in Note 6(21).
- iv. Sensitivity analysis relating to foreign exchange rate risks is primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Group's net income will decrease or increase by \$43,145 and \$74,133 for the years ended December 31, 2023 and 2022, respectively.

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss and other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in listed and unlisted equity securities 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, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$6,266 and \$5,249, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's principal interest-bearing assets are cash and cash equivalents and financial assets at amortised cost. Cash and cash equivalents are due within twelve months. Financial assets at amortised cost are maintained at fixed rates. Therefore, it is assessed that there is no significant cash flow interest rate risk.
- ii. The Group has not used any financial instruments to hedge its interest rate risk.

(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 receivables based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard

payment and delivery terms and conditions are offered. To control internal risk, the Group 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 determines that the default occurs when the contract payments are past due over 180 days.
- iv. 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. For details of credit risk in relation to accounts receivable and notes receivable, refer to Note 6(4).

(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 monetary funds, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2023 and 2022, the Group held money market position of \$10,451,292 and \$11,850,132, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group's non-derivative financial liabilities are analysed based on the remaining period at the balance sheet date to the contractual maturity date and all the Group's financial liabilities expire within one year.

(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 and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in non-hedging derivatives is included 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, financial products and investment property is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, accounts payable (including related parties), other payables (including related parties), guarantee deposits received, and lease liabilities are approximate to their fair values.

D. The related information on 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 are as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 461,734	\$ -	\$ -	\$ 461,734
Financial assets at fair value through other comprehensive income				
Equity securities	<u>625,503</u>	<u>-</u>	<u>1,125</u>	<u>626,628</u>
	<u>\$ 1,087,237</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 1,088,362</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 51,463	\$ -	\$ -	\$ 51,463
Financial assets at fair value through other comprehensive income				
Equity securities	<u>523,814</u>	<u>-</u>	<u>1,125</u>	<u>524,939</u>
	<u>\$ 575,277</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 576,402</u>

- E. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed stocks classified as financial assets at fair value through other comprehensive income and beneficiary certificates classified as financial assets at fair value through profit or loss.
- F. For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2.
- G. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- H. The financial products purchased for the year ended December 31, 2022 were categorised as Level 3.
- I. Financial 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 and frequently review the fair value.
- J. The qualitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement is as follows: financial products are income investments, and the judgements of their valuation technique and significant unobservable inputs are based on the cash flow of individual contract.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the Company's paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

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

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the years ended December 31,	
	2023	2022
Segment revenue	\$ 10,496,172	\$ 12,122,350
Segment income	\$ 1,984,835	\$ 2,454,344

(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.

(4) Information on products and services

All external customer revenue comes from sale of electronic products. Refer to Note 6(18)A for details.

(5) Geographical information

For details of geographical information of the Group's revenue, refer to Note 6(18)A. The information on the Group's non-current assets is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Non-current assets</u>	<u>Non-current assets</u>
Taiwan	\$ 4,030,403	\$ 4,127,633
Asia	195,171	190,780
America	49,261	59,828
Europe	43,281	44,443
Total	<u>\$ 4,318,116</u>	<u>\$ 4,422,684</u>

(6) Major customer information

There was no revenue from a single customer which accounted for more than 10% of the Group's total revenue for the years ended December 31, 2023 and 2022.

Transcend Information, Inc. and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being	Limit on	Maximum	Outstanding	Amount of	Ratio of	Ceiling on total	Provision of	Provision of	Provision of	Footnote		
			endorsed/guaranteed	endorsements/ guarantees	outstanding endorsement/ guarantee			Outstanding endorsement/ guarantee		accumulated				endorsements/ guarantees by parent	endorsements/ guarantees to the party in
			Relationship with the endorser/ guarantor	provided for a single party	amount as of December 31, 2023 (Note 4)			amount at December 31, 2023 (Note 5)		Actual amount drawn down				endorsements/ guarantees secured with collateral	guarantee amount to net asset value of the endorser/ guarantor company	amount of endorsements /guarantees provided (Note 7)	company to subsidiary (Note 8)	company parent	Mainland China
0	Transcend Taiwan	Transcend Japan Inc.	2	\$ 3,853,742	\$ 461,800 (JPY2,000,000) (In thousands)	\$ 434,400 (JPY2,000,000) (In thousands)	\$ -	-	2	\$ 7,707,484	Y	-	-	-	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (a) The Company is '0'.
- (b) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (a) Having business relationship
- (b) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (c) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (d) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (e) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (f) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Not exceeding 20% of the Company's net asset value. (\$19,268,710*20%=\$3,853,742)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of December 31, 2023 is JPY\$2,000,000 (In thousands).

Note 5: The amount was approved by the Board of Directors.

Note 6: The actual amount of endorsement drawn down is \$0.

Note 7: Not exceeding 40% of the Company's net asset value. (\$19,268,710*40%=\$7,707,484)

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

Transcend Information, Inc. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Taiwan	Stocks							
	TrendForce Corporation	-	Financial assets at fair value through other comprehensive income - non-current	60,816	\$ 1,125	1	\$ 1,125	-
	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	"	1,758,000	105,304	-	105,304	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	420,000	249,060	-	249,060	-
	MediaTek Inc.	-	"	40,000	40,600	-	40,600	-
	Fubon Financial Holding Co., Ltd.	-	"	1,176,384	76,230	-	76,230	-
	Cathay Financial Holding Co. Ltd.	-	"	216,323	9,897	-	9,897	-
	Yuanta Financial Holding Co., Ltd.	-	"	121,272	3,347	-	3,347	-
	CTBC Financial Holding Co., Ltd	-	"	100,000	2,835	-	2,835	-
	Formosa Plastics Corporation	-	"	262,000	20,750	-	20,750	-
	ASUSTek Computer Inc.	-	"	240,000	117,480	-	117,480	-
					<u>\$ 626,628</u>			
	Beneficiary certificates							
	Yuanta/P-shares Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - non-current	2,057,000	\$ 278,620	-	\$ 278,620	-
	Yuanta/P-shares Taiwan Dividend Plus ETF "		"	1,197,000	44,768	-	44,768	-
	Fubon FTSE TWSE Taiwan 50 ETF		"	1,440,000	111,096	-	111,096	-
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		"	1,250,000	27,250	-	27,250	-
					<u>\$ 461,734</u>			

Transcend Information, Inc. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Taiwan	Corporate bonds							
	TSMC Arizona Corporation U.S. dollar-denominated corporate	-	Financial assets at amortised cost - non-current	1,850,000	\$ 56,287	-	\$ 56,287	-
	International Business Machines Corporation U.S. dollar-denominated corporate bonds	-	"	2,250,000	68,485	-	68,485	-
	Meta Platforms, Inc. U.S. dollar- denominated corporate bonds	-	"	1,650,000	47,825	-	47,825	-
	PAYPAL HOLDINGS, INC. U.S. dollar-denominated corporate	-	"	1,100,000	33,185	-	33,185	-
	Intel Corporation U.S. dollar- denominated corporate bonds	-	"	2,000,000	60,352	-	60,352	-
	Mercedes-Benz Finance North America LLC U.S. dollar-denominated corporate bonds	-	"	250,000	7,754	-	7,754	-
	Toyota Motor Credit Corporation U.S. dollar-denominated corporate bonds	-	"	900,000	27,714	-	27,714	-
					<u>\$ 301,602</u>			

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Transcend Information, Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note)		Notes/accounts receivable (payable)		Footnote
			Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	Sales	\$ 920,055	9	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	\$ 355,439	26	-
"	Transcend Japan Inc.	The Company’s subsidiary	"	477,224	5	"	"	"	156,821	11	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	488,648	5	"	"	"	83,998	6	-
"	Transcend Information Inc.	The Company’s subsidiary	"	676,850	7	"	"	"	30,476	2	-
"	Transcend Korea Inc.	The Company’s subsidiary	"	328,522	3	"	"	"	39,904	3	-
"	Transcend Information Trading GmbH	Subsidiary of Memhiro	"	307,547	3	"	"	"	-	-	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH	Controlled by the same ultimate parent company	"	126,511	21	30 days after delivery	"	7 to 60 days after delivery to third parties	5,548	10	-
Transcend Information, Inc.	Taiwan IC Packaging Corporation	Associate accounted for using equity method	(Purchase)	(195,954)	(2)	30 days after monthly billings	"	30 to 45 days after monthly billings to third parties	(39,913)	(2)	-

Note: The Company's sales to subsidiaries were equivalent to subsidiaries' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries' purchases from the Company.

Transcend Information, Inc. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31,		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			2023	Turnover rate	Amount	Action taken		
Transcend Information, Inc.	Transcend Japan Inc.	The Company's subsidiary	\$ 156,821	3.64	\$ -	-	\$ 76,862	-
"	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	355,439	4.01	-	-	294,195	-
Transcend Information (Shanghai), Ltd.	Transcend Information, Inc.	Ultimate parent company	252,679	-	252,679	-	-	-

Transcend Information, Inc. and Subsidiaries
Significant inter-company transactions during the period
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	
0	Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	1	Sales	\$ 920,055	There is no significant difference in unit price from those to third parties. 9
"	"	Transcend Japan Inc.	"	"	477,224	" 5
"	"	Transcend Information Europe B.V.	"	"	488,648	" 5
"	"	Transcend Information Inc.	"	"	676,850	" 6
"	"	Transcend Information Trading GmbH	"	"	307,547	" 3
"	"	Transcend Korea Inc.	"	"	328,522	" 3
"	"	Transtech Trading (Shanghai) Co., Ltd.	"	Accounts receivable	355,439	120 days after monthly billings 2
"	"	Transcend Information (Shanghai), Ltd.	"	Accounts payable	(252,679)	120 days after monthly billings (1)
1	Transcend Information Europe B.V.	Transcend Information Trading GmbH	3	Sales	126,511	There is no significant difference in unit price from those to third parties. 1

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (a) Parent company is "0".
- (b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (a) Parent company to subsidiary.
- (b) Subsidiary to parent company.
- (c) Subsidiary to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Transcend Information, Inc. and Subsidiaries

Information on investees

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Transcend Information, Inc.	Saffire Investment Ltd.	B.V.I.	Investment holdings	\$ 216,829	\$ 216,829	6,600,000	100	\$ 851,409	\$ 29,135	\$ 29,135	
	Transcend Japan Inc.	Japan	Wholesale of computer memory modules and peripheral products	89,103	89,103	6,400	100	93,799	47,778	47,778	
	Transcend Information Inc.	United States of America	Wholesale of computer memory modules and peripheral products	38,592	38,592	625,000	100	178,826	308,147	308,147	
	Transcend Korea Inc.	Korea	Wholesale of computer memory modules and peripheral products	6,132	6,132	40,000	100	12,894	4,704	4,704	
	Taiwan IC Packaging Corporation	Taiwan	Packaging of Semi-conductors	354,666	354,666	21,928,036	12.51	105,138	(176,992)	(22,128)	
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investment holdings	173,702	173,702	8,277,609	100	812,830	26,962	26,962	
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Wholesale of computer memory modules and peripheral products	1,693	1,693	100	100	250,857	6,827	6,827	
	Transcend Information Trading GmbH	Germany	Wholesale of computer memory modules and peripheral products	2,288	2,288	-	100	131,736	4,230	4,230	
	Transcend Information (H.K.) Ltd.	Hong Kong	Wholesale of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	11,161	1,399	1,399	

Table 7

Transcend Information, Inc. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income (loss) of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings	\$ 150,787	2	\$ 150,787	-	-	\$ 150,787	\$ 4,291	100	\$ 4,291	\$ 322,804	\$ 2,281,608	Note 4
Transtech Trading (Shanghai) Co., Ltd.	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components	16,310	2	16,310	-	-	16,310	9,162	100	9,162	66,556	-	-
		Investment amount approved by the Investment	Ceiling on investments in Mainland China										
		Commission of the Ministry of Economic Affairs	imposed by the Investment Commission of										
		(MOEA)	MOEA										
		<u>\$ 167,097</u>	<u>\$ 167,097</u>	<u>\$ 11,561,226</u>									

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (Memhiro Pte Ltd.), which then invested in Mainland China.
- (3) Others.

Note 2: The gain and loss on investment recognized for the year was based on the financial statements that were audited by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: For the year ended December 31, 2023, Transcend Information (Shanghai), Ltd. remitted back gain on investments of \$817,580 (RMB 187,800 thousand) which was based on the exchange rate of RMB 1=4.35.

Transcend Information, Inc. and Subsidiaries

Major shareholders information

December 31, 2023

Table 8

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Won Chin Investment Inc.	74,783,600	17.42
Wan An Technology Inc.	34,149,854	7.95
Cheng Chuan Technology Development Inc.	32,971,701	7.68
Wan Min Investment Inc.	29,726,397	6.92
Wan Chuan Investment Inc.	29,505,896	6.87

6.5. Financial Statements of Parent Company Only for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23000329

To the Board of Directors and Shareholders of Transcend Information, Inc.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing 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 Independent Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Valuation of inventories

Description

Refer to Notes 4(13), 5(2) and 6(5) to the parent company only financial statements for the information on the Company's inventory accounting policy, estimates and assumptions and allowance for inventory valuation losses.

The percentage of the Company's inventories to total assets is material and the Company applies judgements and estimates in determining the net realizable value of inventories at the balance sheet date. The Company mainly produces DRAM and flash memory. As these products have a short life cycle and belong to a highly competitive industry, the market prices change frequently. Since the Company's inventories and the allowance for inventory valuation losses are material to the financial statements, the valuation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of the Company's operations and industry. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.
- B. Obtained an understanding of the Company's inventory control procedures.

Reviewed annual inventory count plan and observed the annual physical count of material inventory storage location in order to assess the effectiveness of internal controls over inventory.

- C. Obtained relevant evaluation reports of inventory and tested the logic and accuracy of information to assess the reasonableness of allowance for inventory valuation losses.

Estimation of allowance for sales discounts

Description

In consideration of business volume, the Company provides a variety of business incentives to specific customers or products, and based on that, the Company can estimate the allowance for sales discounts monthly. Refer to Notes 4(25) and 6(4) to the parent company only financial statements for the information on the estimation of allowance for sales discounts.

Since the contracts are numerous and the result could affect the net revenue in the parent company only financial statements, the estimation of allowance for sales discounts has been identified as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of the Company's operations, industry and the procedures to recognize allowance for sales discounts.
- B. Obtained an understanding of the Company's sales procedures and interviewed management to assess the appropriateness of sales allowance contracts and internal control over estimation of allowance.
- C. Obtained the evaluation list of allowance for sales discounts, and tested material sales allowance contracts and recalculated it to assess the reasonableness of allowance determined by the Company.

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

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

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

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

Independent 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 judgement and professional skepticism throughout the audit. We also:

- A. 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.

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

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

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

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

Chen, Chin-Chang Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 29, 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 Standards on Auditing of the Republic of China and their applications in practice.

As the parent company only 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.

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

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

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,214,553	5	\$	1,812,082	9
1136	Financial assets at amortised cost - current	6(3)		8,060,820	36		8,527,800	39
1150	Notes receivable, net	6(4)		323	-		867	-
1170	Accounts receivable, net	6(4)		689,554	3		720,973	3
1180	Accounts receivable - related parties	7		688,923	3		423,847	2
1200	Other receivables			112,946	1		21,627	-
130X	Inventories	6(5)		4,940,866	22		3,069,913	14
1479	Other current assets			1,845	-		1,270	-
11XX	Total current assets			15,709,830	70		14,578,379	67
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)		461,734	2		51,463	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)		626,628	3		524,939	3
1535	Financial assets at amortised cost - non-current	6(3)		301,602	1		-	
1550	Investments accounted for using equity method	6(7)		1,242,066	6		2,252,378	10
1600	Property, plant and equipment	6(8)		1,316,764	6		1,374,912	6
1755	Right-of-use assets	6(9) and 7		128,309	1		165,858	1
1760	Investment property, net	6(11)		2,547,461	11		2,555,793	12
1840	Deferred income tax assets	6(23)		69,255	-		126,380	1
1900	Other non-current assets	6(12)		37,869	-		31,070	-
15XX	Total non-current assets			6,731,688	30		7,082,793	33
1XXX	Total assets		\$	22,441,518	100	\$	21,661,172	100

(Continued)

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

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

Liabilities and equity			Notes	December 31, 2023		December 31, 2022		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2170	Accounts payable		\$	1,790,529	8	\$	471,713	3
2180	Accounts payable - related parties	7		298,728	2		443,591	2
2200	Other payables			266,495	1		209,400	1
2220	Other payables - related parties	7		16,683	-		17,692	-
2230	Current income tax liabilities			491,425	2		422,774	2
2280	Lease liabilities - current	7		37,187	-		36,662	-
2300	Other current liabilities			3,751	-		3,086	-
21XX	Total current liabilities			2,904,798	13		1,604,918	8
Non-current liabilities								
2570	Deferred income tax liabilities	6(23)		173,377	1		376,445	2
2580	Lease liabilities - non-current	7		75,976	-		113,163	-
2600	Other non-current liabilities	6(13)		18,657	-		16,110	-
25XX	Total non-current liabilities			268,010	1		505,718	2
2XXX	Total liabilities			3,172,808	14		2,110,636	10
Equity								
	Share capital	6(14)						
3110	Common stock			4,290,617	19		4,290,617	20
	Capital surplus	6(15)						
3200	Capital surplus			3,044,619	13		3,387,781	16
	Retained earnings	6(16)						
3310	Legal reserve			5,303,693	24		5,057,967	23
3320	Special reserve			357,817	2		190,514	1
3350	Unappropriated retained earnings			6,502,327	29		6,981,474	32
	Other equity interest	6(17)						
3400	Other equity interest		(	230,363)	(1)	(	357,817)	(2)
3XXX	Total equity			19,268,710	86		19,550,536	90
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	22,441,518	100	\$	21,661,172	100

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

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			For the years ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 9,879,469	100	\$ 11,386,995	100
5000	Operating costs	6(5)(22) and 7	(7,409,205)	(75)	(9,278,593)	(81)
5900	Gross profit		2,470,264	25	2,108,402	19
5910	Unrealized profit from sales		(16,316)	-	(3,455)	-
5920	Realized profit from sales		3,455	-	10,106	-
5950	Realized gross profit		2,457,403	25	2,115,053	19
	Operating expenses	6(22)				
6100	Sales and marketing expenses		(317,083)	(3)	(314,858)	(3)
6200	Administrative expenses		(181,690)	(2)	(207,177)	(2)
6300	Research and development expenses		(132,973)	(2)	(137,105)	(1)
6000	Total operating expenses		(631,746)	(7)	(659,140)	(6)
6900	Operating profit		1,825,657	18	1,455,913	13
	Non-operating income and expenses					
7100	Interest income	6(3)(19)	374,837	4	96,934	1
7010	Other income	6(6)(10)(11)(20)	78,703	1	82,483	1
7020	Other gains and losses	6(2)(21) and 7	145,851	2	217,979	2
7050	Finance costs	6(9)	(1,822)	-	(1,239)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	6(7)				
			47,306	-	1,214,903	10
7000	Total non-operating income and expenses		644,875	7	1,611,060	14
7900	Profit before income tax		2,470,532	25	3,066,973	27
7950	Income tax expense	6(23)	(485,697)	(5)	(612,629)	(6)
8200	Profit for the year		\$ 1,984,835	20	\$ 2,454,344	21
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	(Loss) gain on remeasurements of defined benefit plan	6(13)	(\$ 2,159)	-	\$ 5,185	-
8316	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	6(6)(17)	173,465	2	(170,069)	(1)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)	1,524	-	(219)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(7)(17)	(46,041)	(1)	892	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(17)(23)	9,208	-	(178)	-
8300	Other comprehensive income (loss) for the year		\$ 135,997	1	(\$ 164,389)	(1)
8500	Total comprehensive income		\$ 2,120,832	21	\$ 2,289,955	20
	Earnings per share (in dollars)	6(24)				
9750	Basic earnings per share		\$ 4.63		\$ 5.72	
9850	Diluted earnings per share		\$ 4.62		\$ 5.71	

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

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Capital Reserves				Retained Earnings			Other Equity Interest		
	Notes	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Total equity
For the year ended December 31, 2022											
Balance at January 1, 2022		\$ 4,290,617	\$ 3,691,432	\$ 4,354	\$ 35,128	\$ 4,803,503	\$ 117,244	\$ 7,083,072	(\$ 197,932)	\$ 7,417	\$ 19,834,835
Net income for the year		-	-	-	-	-	-	2,454,344	-	-	2,454,344
Other comprehensive income (loss)	6(6)(17)	-	-	-	-	-	-	4,966	714	(170,069)	(164,389)
Total comprehensive income (loss)		-	-	-	-	-	-	2,459,310	714	(170,069)	2,289,955
Appropriations and distribution of 2021 earnings	6(16)										
Legal reserve		-	-	-	-	254,464	-	(254,464)	-	-	-
Cash dividends		-	-	-	-	-	-	(2,231,121)	-	-	(2,231,121)
Special reserve		-	-	-	-	-	73,270	(73,270)	-	-	-
Cash payment from capital surplus		-	(343,249)	-	-	-	-	-	-	-	(343,249)
Net loss on disposal of financial assets at fair value through other comprehensive income	6(6)(17)	-	-	-	-	-	-	(2,053)	-	2,053	-
Expired unclaimed dividends recognized as capital surplus		-	-	116	-	-	-	-	-	-	116
Balance at December 31, 2022		\$ 4,290,617	\$ 3,348,183	\$ 4,470	\$ 35,128	\$ 5,057,967	\$ 190,514	\$ 6,981,474	(\$ 197,218)	(\$ 160,599)	\$ 19,550,536
For the year ended December 31, 2023											
Balance at January 1, 2023		\$ 4,290,617	\$ 3,348,183	\$ 4,470	\$ 35,128	\$ 5,057,967	\$ 190,514	\$ 6,981,474	(\$ 197,218)	(\$ 160,599)	\$ 19,550,536
Net income for the year		-	-	-	-	-	-	1,984,835	-	-	1,984,835
Other comprehensive income (loss)	6(6)(17)	-	-	-	-	-	-	(635)	(36,833)	173,465	135,997
Total comprehensive income (loss)		-	-	-	-	-	-	1,984,200	(36,833)	173,465	2,120,832
Appropriations and distribution of 2022 earnings	6(16)										
Legal reserve		-	-	-	-	245,726	-	(245,726)	-	-	-
Cash dividends		-	-	-	-	-	-	(2,059,496)	-	-	(2,059,496)
Special reserve		-	-	-	-	-	167,303	(167,303)	-	-	-
Cash payment from capital surplus		-	(343,249)	-	-	-	-	-	-	-	(343,249)
Net gain on disposal of financial assets at fair value through other comprehensive income	6(6)(17)	-	-	-	-	-	-	9,178	-	(9,178)	-
Expired unclaimed dividends recognized as capital surplus		-	-	87	-	-	-	-	-	-	87
Balance at December 31, 2023		\$ 4,290,617	\$ 3,004,934	\$ 4,557	\$ 35,128	\$ 5,303,693	\$ 357,817	\$ 6,502,327	(\$ 234,051)	\$ 3,688	\$ 19,268,710

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

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,470,532	\$ 3,066,973
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealized profit from sales		16,316	3,455
Realized profit from sales		(3,455)	(10,106)
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(21)	(38,186)	17,262
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(7)	(47,306)	(1,214,903)
Depreciation	6(22)	127,671	154,169
Interest income	6(19)	(374,837)	(96,934)
Interest expense	6(9)	1,822	1,239
Dividend income	6(6)(20)	(21,134)	(35,592)
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		-	1,508,314
Notes receivable		544	1,632
Accounts receivable		31,419	416,616
Accounts receivable - related parties	(	265,076)	(148,118)
Other receivables	(	84,132)	(94,758)
Inventories	(	1,870,953)	(2,544,650)
Other current assets	(	575)	(110)
Changes in liabilities relating to operating activities			
Accounts payable		1,318,816	(892,131)
Accounts payable - related parties	(	144,863)	(16,940)
Other payables		57,095	(42,967)
Other payables - related parties	(	1,009)	(261)
Other current liabilities		665	(65,182)
Net defined benefit liability	(	884)	(827)
Other non-current liabilities		-	1,322
Cash inflow generated from operations		1,172,470	5,286,841
Dividends received		19,874	35,592
Interest received		368,607	85,784
Income tax paid	(	553,781)	(613,516)
Net cash flows provided by operating activities		1,007,170	4,794,701
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss - non-current		-	41,155
Acquisition of financial assets at fair value through profit or loss - non-current	(	372,085)	-
Proceeds from disposal of financial assets at amortised cost		4,573,010	3,100,000
Acquisition of financial assets at amortised cost	(	4,407,329)	(6,147,400)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	71,776	6,179
Acquisition of financial assets at fair value through other comprehensive income		-	(71,611)
Capital reduction and return of shares of investment accounted for using the equity method	6(7)	-	985,589
Acquisition of property, plant and equipment	6(25)	(20,241)	(35,790)
Increase in guarantee deposits paid	(	135)	-
Acquisition of right-of-use assets		-	(692)
Acquisition of investment property	6(11)	(489)	(4,082)
Increase in other non-current assets	(	9,576)	(1,712)
Dividends received	6(7)	1,000,240	98,635
Net cash flows from (used in) investing activities		835,171	(2,029,729)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in guarantee deposits received		1,272	-
Payment of lease liabilities	(	38,484)	(38,484)
Cash dividends paid (including cash payment from capital surplus)	6(16)	(2,402,745)	(2,574,370)
Expired unclaimed dividends recognized as capital surplus		87	116
Net cash flows used in financing activities	(	2,439,870)	(2,612,738)
Net (decrease) increase in cash and cash equivalents	(	597,529)	(152,234)
Cash and cash equivalents at beginning of year		1,812,082	1,659,848
Cash and cash equivalents at end of year		\$ 1,214,553	\$ 1,812,082

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

TRANSCEND INFORMATION, INC.
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

Transcend Information, Inc. (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company are manufacturing, processing and sales of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on February 29, 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:

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:

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 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:

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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets 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 obligations.

B. The preparation of financial statements 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 these parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

These parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and 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 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 group entities 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 recognized in other comprehensive income.

(4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realized, 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 realized 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.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as 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.

Otherwise they are classified as non-current liabilities.

(5) 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.

(6) 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 recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(7) 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 recognize 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 recognized and derecognized 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 recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized 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.

(8) 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 recognized and derecognized 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 recognized in profit or loss when the asset is derecognized or impaired.

(9) 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.

(10) Impairment of financial assets

For financial assets at amortised cost and accounts receivable that have a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) - operating leases

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

(13) Inventories

Inventories are stated at the lower of cost and net realizable 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 actual operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(14) 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 profits and losses on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- 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 continues to recognize losses proportionate to its ownership.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% 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.
- E. 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.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. 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.

- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- I. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(15) 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- 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	8 ~ 50 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	3 ~ 5 years
Office equipment and others	2 ~ 5 years

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

- A. Leases are recognized 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 recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

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

- 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 recognized as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 55 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(19) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- 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 recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined

benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 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 recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. 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 realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(23) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's shares that have been issued, the consideration paid, excluding any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders.

(24) Dividends

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

(25) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells computer software and hardware, computer peripheral equipment, and computer component products. When the right of control is transferred to the customer, sales revenue is recognized. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue is recognized based on the contract price, net of sales returns, volume discounts and estimated sales discount. The goods are often sold with volume discounts based on aggregate sales over a one-month period. Sales discounts and allowances are estimated and provided for based on customer contracts, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date and recognized as allowance for sales discounts. No element of financing is deemed present as the sales are made with a credit term of 30-60 days after monthly billing, which is consistent with market practice.
- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

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

Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own use portion accounts for an insignificant portion of the property.

(2) Critical accounting estimates and assumptions

Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. The valuation of inventories is based on recent market price and demand of products in the future specific period, thus there might be significant changes in the valuation.

As of December 31, 2023, the carrying amount of inventories was \$4,940,866.

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	\$ 340	\$ 42
Checking accounts and demand deposits	964,213	1,504,940
Time deposits	250,000	307,100
	<u>\$ 1,214,553</u>	<u>\$ 1,812,082</u>

A. The aforementioned time deposits pertain to high liquidity investments with maturity within

three months.

B. 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.

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

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 433,566	\$ 61,481
Valuation adjustments	28,168	(10,018)
	<u>\$ 461,734</u>	<u>\$ 51,463</u>

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

	For the years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 38,186</u>	<u>(\$ 17,262)</u>

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

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with original maturity of more than three months	<u>\$ 8,060,820</u>	<u>\$ 8,527,800</u>
Non-current items:		
Corporate bonds	<u>\$ 301,602</u>	<u>\$ -</u>

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

	For the years ended December 31,	
	2023	2022
Interest income	<u>\$ 348,814</u>	<u>\$ 80,156</u>

B. The Company has no financial assets at amortised cost pledged to others as collateral.

- C. The Company transacts time deposits with reputable domestic and foreign banks. The issuers of corporate bonds which the Company invested are well-known domestic and foreign enterprises. The Company's counterparties have good credit quality, so the Company expects that the probability of counterparty default is remote. The impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 323	\$ 867
Accounts receivable	\$ 689,554	\$ 720,973
Less: Loss allowance	-	-
	<u>\$ 689,554</u>	<u>\$ 720,973</u>

- A. As of December 31, 2023 and 2022, the estimated sales discounts and allowances were \$76,490 and \$57,603, respectively. Since the sales discounts and allowances met the requirements for offset of financial liabilities and financial assets, the net amounts were shown under accounts receivable.

- B. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 552,668	\$ 323	\$ 546,702	\$ 867
Up to 30 days	136,886	-	174,271	-
	<u>\$ 689,554</u>	<u>\$ 323</u>	<u>\$ 720,973</u>	<u>\$ 867</u>

The above ageing analysis was based on past due date.

- C. The Company has credit insurance that covers accounts receivable from major customers. Should bad debts occur, the Company will receive 90% of the losses resulting from non-payment.
- D. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of notes receivable and accounts receivable from contracts with customers amounted to \$1,140,088.
- E. 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 receivable were \$323 and \$867, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$689,554 and \$720,973, respectively.

- F. The Company classifies customers' accounts receivable in accordance with the credit rating of the customer. The Company applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- G. The Company wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Company has no written-off financial assets that are still under recourse procedures.
- H. The Company used forecastability, historical and timely information to assess the loss rate of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>				
Expected loss rate	0.005%	0.03%~15.47%	25%~100%	
Total book value	\$ 552,668	\$ 136,886	\$ -	\$ 689,554

	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>				
Expected loss rate	0.007%	0.04%~18.16%	25%~100%	
Total book value	\$ 546,702	\$ 174,271	\$ -	\$ 720,973

- I. The Company had no impairment losses arising from customers' contracts for the years ended December 31, 2023 and 2022, and balance of allowance for loss on December 31, 2023 and 2022 are both \$0.
- J. The Company does not hold any collateral as security.

(5) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,107,777	(\$ 119,316)	\$ 3,988,461
Work in progress	423,938	(511)	423,427
Finished goods	532,063	(3,085)	528,978
	<u>\$ 5,063,778</u>	<u>(\$ 122,912)</u>	<u>\$ 4,940,866</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,743,592	(\$ 446,816)	\$ 2,296,776
Work in progress	285,227	(6,256)	278,971
Finished goods	528,468	(34,302)	494,166
	<u>\$ 3,557,287</u>	<u>(\$ 487,374)</u>	<u>\$ 3,069,913</u>

A. The cost of inventories recognized as expense for the year:

For the years ended December 31,			
	2023	2022	
Cost of goods sold	\$ 7,773,667	\$ 8,843,739	
(Gain on reversal of) loss on decline in market value of inventory	(364,462)	434,854	
	<u>\$ 7,409,205</u>	<u>\$ 9,278,593</u>	

The gain on reversal of decline in market value of inventory for the year ended December 31, 2023 arose from the clearance of inventories which were previously provided with allowance and the recovery in the net realizable value of certain inventories.

B. No inventories were pledged to others.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	\$ 621,815	\$ 684,413
Others	1,125	1,125
	<u>622,940</u>	<u>685,538</u>
Valuation adjustments	3,688	(160,599)
	<u>\$ 626,628</u>	<u>\$ 524,939</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 \$626,628 and \$524,939 as at December 31, 2023 and 2022, respectively.

- B. For the years ended December 31, 2023 and 2022, the Company disposed equity investments whose fair value were \$71,776 and \$6,179, respectively and the cumulative gains (losses) on disposal was transferred to retained earnings in the amount of \$9,178 and (\$2,053), respectively.
- C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income (loss)	\$ 173,465	(\$ 170,069)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ 9,178	(\$ 2,053)
Dividend income recognized in profit or loss		
Held at end of year	\$ 18,584	\$ 35,592
Derecognized during the year	2,550	-
	<u>\$ 21,134</u>	<u>\$ 35,592</u>

- D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(7) Investments accounted for using equity method

	2023	2022
At January 1	\$ 2,252,378	\$ 2,114,375
Share of profit or loss of investments accounted for using equity method	47,306	1,214,903
Dividends received from investments accounted for using equity method	(1,000,240)	(98,635)
Capital reduction and return of shares accounted for using equity method	-	(985,589)
(Increase) decrease in unrealised profit from sales	(12,861)	6,651
Other comprehensive income (loss)	1,524	(219)
Changes in other equity items	(46,041)	892
At December 31	<u>\$ 1,242,066</u>	<u>\$ 2,252,378</u>
<u>Investees</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Saffire Investment Ltd.	\$ 851,409	\$ 1,676,847
Transcend Japan Inc.	93,799	222,111
Transcend Information Inc.	178,826	153,808
Transcend Korea Inc.	12,894	62,902
Associate:		
Taiwan IC Packaging Corporation	105,138	136,710
	<u>\$ 1,242,066</u>	<u>\$ 2,252,378</u>

A. Subsidiaries

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 basic information of the associate that is material to the Company is as follows:

Associate name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2023	December 31, 2022		
Taiwan IC Packaging Corporation	Taiwan	12.51%	12.50%	Note	Equity method

Note: Taiwan IC Packaging Corporation is engaged in IC packaging and testing and is the upstream supplier in the IT and semiconductor industries. In order to reach synergy of vertical integration, Taiwan IC Packaging Corporation processes the raw materials provided by the Company into relevant semi-finished goods.

(b) The Company held a 12.51% equity interest in Taiwan IC Packaging Corporation, and is the company's largest single shareholder. However, the Company does not hold the majority of the voting power during the shareholders' meeting of Taiwan IC Packaging Corporation and the Company does not serve as corporate director of Taiwan IC Packaging Corporation, which indicate that the Company has no control ability to direct the relevant activities of Taiwan IC Packaging Corporation. In addition, the Company's chairman is the same with Taiwan IC Packaging Corporation; hence, the Company has significant influence over Taiwan IC Packaging Corporation.

(c) The summarized financial information of the associate that is material to the Company is as follows:

Balance sheet

	Taiwan IC Packaging Corporation	
	December 31, 2023	December 31, 2022
Current assets	\$ 996,963	\$ 1,218,268
Non-current assets	1,129,944	1,151,953
Current liabilities	(174,106)	(167,786)
Non-current liabilities	(73,302)	(75,327)
Total net assets	\$ 1,879,499	\$ 2,127,108
Share in associate's net assets	\$ 235,125	\$ 265,889
Net equity differences	(129,987)	(129,179)
	\$ 105,138	\$ 136,710

Statement of comprehensive income

Taiwan IC Packaging Corporation		
For the years ended December 31,		
	2023	2022
Revenue	\$ 861,693	\$ 1,223,212
(Loss) profit for the year from continuing operations	(\$ 176,992)	\$ 84,128
Total comprehensive (loss) income	(\$ 178,367)	\$ 96,327
Dividends received from associates	\$ 10,968	\$ 21,885

(d) Share of profit (loss) of associates accounted for using the equity method is as follows:

For the years ended December 31,		
Investee Company	2023	2022
Taiwan IC Packaging Corporation	(\$ 20,604)	\$ 10,081

(e) The Company's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was \$317,957 and \$242,305 as of December 31, 2023 and 2022, respectively.

(8) Property, plant and equipment

	2023						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>At January 1</u>							
Cost	\$ 601,268	\$ 981,527	\$ 339,523	\$ 23,325	\$ 10,412	\$ 20,422	\$ 1,976,477
Accumulated depreciation	-	(318,909)	(244,630)	(16,980)	(5,510)	(15,536)	(601,565)
	<u>\$ 601,268</u>	<u>\$ 662,618</u>	<u>\$ 94,893</u>	<u>\$ 6,345</u>	<u>\$ 4,902</u>	<u>\$ 4,886</u>	<u>\$ 1,374,912</u>
 At January 1	\$ 601,268	\$ 662,618	\$ 94,893	\$ 6,345	\$ 4,902	\$ 4,886	\$ 1,374,912
Additions (including transfers)	-	4,551	16,005	-	530	2,067	23,153
Depreciation charge	-	(23,918)	(47,072)	(3,770)	(2,960)	(3,581)	(81,301)
At December 31	<u>\$ 601,268</u>	<u>\$ 643,251</u>	<u>\$ 63,826</u>	<u>\$ 2,575</u>	<u>\$ 2,472</u>	<u>\$ 3,372</u>	<u>\$ 1,316,764</u>
 <u>At December 31</u>							
Cost	\$ 601,268	\$ 967,571	\$ 188,085	\$ 17,645	\$ 10,683	\$ 7,019	\$ 1,792,271
Accumulated depreciation	-	(324,320)	(124,259)	(15,070)	(8,211)	(3,647)	(475,507)
	<u>\$ 601,268</u>	<u>\$ 643,251</u>	<u>\$ 63,826</u>	<u>\$ 2,575</u>	<u>\$ 2,472</u>	<u>\$ 3,372</u>	<u>\$ 1,316,764</u>

	2022						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>At January 1</u>							
Cost	\$ 601,268	\$ 1,207,917	\$ 355,091	\$ 23,325	\$ 10,485	\$ 24,252	\$ 2,222,338
Accumulated depreciation	-	(512,918)	(243,493)	(13,051)	(3,234)	(14,498)	(787,194)
	<u>\$ 601,268</u>	<u>\$ 694,999</u>	<u>\$ 111,598</u>	<u>\$ 10,274</u>	<u>\$ 7,251</u>	<u>\$ 9,754</u>	<u>\$ 1,435,144</u>
At January 1	\$ 601,268	\$ 694,999	\$ 111,598	\$ 10,274	\$ 7,251	\$ 9,754	\$ 1,435,144
Additions (including transfers)	-	5,607	41,205	-	594	800	48,206
Depreciation charge	-	(37,988)	(57,910)	(3,929)	(2,943)	(5,668)	(108,438)
At December 31	<u>\$ 601,268</u>	<u>\$ 662,618</u>	<u>\$ 94,893</u>	<u>\$ 6,345</u>	<u>\$ 4,902</u>	<u>\$ 4,886</u>	<u>\$ 1,374,912</u>
<u>At December 31</u>							
Cost	\$ 601,268	\$ 981,527	\$ 339,523	\$ 23,325	\$ 10,412	\$ 20,422	\$ 1,976,477
Accumulated depreciation	-	(318,909)	(244,630)	(16,980)	(5,510)	(15,536)	(601,565)
	<u>\$ 601,268</u>	<u>\$ 662,618</u>	<u>\$ 94,893</u>	<u>\$ 6,345</u>	<u>\$ 4,902</u>	<u>\$ 4,886</u>	<u>\$ 1,374,912</u>

The relevant assets of the Company recognized as property, plant and equipment are all for self-use.

(9) Leasing arrangements - lessee

- A. The Company's leased asset is land. Rental contracts are typically made for 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 certain store locations. Low-value assets comprise equipment such as printers.
- C. The carrying amounts 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>
Land	<u>\$ 128,309</u>	<u>\$ 165,858</u>
	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	<u>\$ 37,549</u>	<u>\$ 37,167</u>

- D. For the year ended December 31, 2022, the additions to right-of-use assets amounted to \$187,762. Details are provided in Note 7(2)G. For the year ended December 31, 2023, there were no additions to right-of-use assets.
- E. Information on profit or loss in relation to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,822	\$ 1,239
Expense on short-term lease contracts	2,489	2,970
Expense on leases of low-value assets	420	428

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$41,393 and \$41,882, respectively.

(10) Leasing arrangements - lessor

- A. The Company leases various assets including land and buildings. 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. 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 Company recognized rent income in the amount of \$57,569 and \$46,891, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023		December 31, 2022
2024	\$ 37,444	2023	\$ 56,162
2025	19,815	2024	36,136
2026	12,518	2025	21,247
2027	776	2026	12,061
2028	-	2027	776
	<u>\$ 70,553</u>		<u>\$ 126,382</u>

(11) Investment property

	2023		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 371,500	\$ 2,640,226
Accumulated depreciation	-	(84,433)	(84,433)
	<u>\$ 2,268,726</u>	<u>\$ 287,067</u>	<u>\$ 2,555,793</u>
 At January 1	 \$ 2,268,726	 \$ 287,067	 \$ 2,555,793
Additions	-	489	489
Depreciation charge	-	(8,821)	(8,821)
At December 31	<u>\$ 2,268,726</u>	<u>\$ 278,735</u>	<u>\$ 2,547,461</u>
 <u>At December 31</u>			
Cost	\$ 2,268,726	\$ 371,989	\$ 2,640,715
Accumulated depreciation	-	(93,254)	(93,254)
	<u>\$ 2,268,726</u>	<u>\$ 278,735</u>	<u>\$ 2,547,461</u>

	2022		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 367,418	\$ 2,636,144
Accumulated depreciation	-	(75,869)	(75,869)
	<u>\$ 2,268,726</u>	<u>\$ 291,549</u>	<u>\$ 2,560,275</u>
 <u>At January 1</u>	 \$ 2,268,726	 \$ 291,549	 \$ 2,560,275
Additions	-	4,082	4,082
Depreciation charge	-	(8,564)	(8,564)
<u>At December 31</u>	<u>\$ 2,268,726</u>	<u>\$ 287,067</u>	<u>\$ 2,555,793</u>
 <u>At December 31</u>			
Cost	\$ 2,268,726	\$ 371,500	\$ 2,640,226
Accumulated depreciation	-	(84,433)	(84,433)
	<u>\$ 2,268,726</u>	<u>\$ 287,067</u>	<u>\$ 2,555,793</u>

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	For the years ended December 31,	
	2023	2022
Rental income from investment property	<u>\$ 57,569</u>	<u>\$ 46,891</u>
Direct operating expenses arising from investment property that generated rental income	<u>\$ 8,120</u>	<u>\$ 7,863</u>
Direct operating expenses arising from investment property that did not generate rental income	<u>\$ 701</u>	<u>\$ 701</u>

B. The fair value of the investment property held by the Company was both \$4,829,337 as of December 31, 2023 and 2022, The aforementioned fair values were assessed based on the transaction prices of similar properties in the same area and are categorized within Level 3 in the fair value hierarchy.

C. No investment property was pledged to others.

(12) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits paid	\$ 14,539	\$ 14,404
Prepayments for business facilities	10,520	2,912
Others	12,810	13,754
	<u>\$ 37,869</u>	<u>\$ 31,070</u>

(13) Pensions

A. Defined benefit plan

- (a) The Company has 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 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 contributes 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 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 will make contributions for the deficit by next March.
- (b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 38,359	\$ 36,584
Fair value of plan assets	(29,693)	(29,193)
Net defined benefit liability	<u>\$ 8,666</u>	<u>\$ 7,391</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	\$ 36,584	(\$ 29,193)	\$ 7,391
Current service cost	493	-	493
Interest expense (income)	512	(419)	93
	<u>37,589</u>	<u>(29,612)</u>	<u>7,977</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(195)	(195)
Change in financial assumptions	397	-	397
Experience adjustments	1,957	-	1,957
	<u>2,354</u>	<u>(195)</u>	<u>2,159</u>
Pension fund contribution	-	(1,470)	(1,470)
Paid pension	(1,584)	1,584	-
Balance at December 31	<u>\$ 38,359</u>	<u>(\$ 29,693)</u>	<u>\$ 8,666</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	\$ 38,857	(\$ 25,454)	\$ 13,403
Current service cost	550	-	550
Interest expense (income)	291	(196)	95
	<u>39,698</u>	<u>(25,650)</u>	<u>14,048</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,071)	(2,071)
Change in financial assumptions	(2,630)	-	(2,630)
Experience adjustments	(484)	-	(484)
	<u>(3,114)</u>	<u>(2,071)</u>	<u>(5,185)</u>
Pension fund contribution	-	(1,472)	(1,472)
Balance at December 31	<u>\$ 36,584</u>	<u>(\$ 29,193)</u>	<u>\$ 7,391</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and 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 has no right to participate in managing and operating that fund and hence the Company is 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:

	For the years ended December 31,	
	2023	2022
Discount rate	1.300%	1.400%
Future salary increase rate	1.625%	1.625%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 1,005)	\$ 1,045	\$ 1,015	(\$ 982)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 1,023)	\$ 1,065	\$ 1,038	(\$ 1,002)

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 plan of the Company for the year ending December 31, 2024 amount to \$1,467.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10.76 years.

B. Defined contribution plan

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

The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$33,263 and \$33,234, respectively.

(14) Share capital

As of December 31, 2023, the Company’s authorized capital was \$5,000,000, consisting of 500 million shares of ordinary stock (including 25 million shares reserved for employee stock options), and the paid-in capital was \$4,290,617 with par value of \$10 per share. All proceeds from shares issued have been collected. The Company’s ordinary shares outstanding at the beginning and at the end of the period were 429,062 thousand shares for the years ended December 31, 2023 and 2022.

(15) 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 capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus shall not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. In accordance with the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and to offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company’s normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is the distributable earnings to be appropriated as resolved by shareholders at the stockholders’ meeting. The Board of

Directors is authorized by the shareholders to resolve the appropriation of cash dividends and cash payment from capital surplus by a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, which will then be reported to the shareholders.

- B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of shareholders. Cash dividends shall account for at least 5% of the total dividends distributed.
- C. 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.
- D. 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.
- E. (a) The appropriations of earnings and cash payment from capital surplus for the years ended December 31, 2022 and 2021 have been resolved at the shareholders' meeting on June 16, 2023 and June 17, 2022, respectively. Details are summarized below:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 245,726		\$ 254,464	
Appropriation for special reserve	167,303		73,270	
Cash dividends	2,059,496	\$ 4.80	2,231,121	\$ 5.20
	<u>\$ 2,472,525</u>		<u>\$ 2,558,855</u>	
	Amount	Cash payment per share (in dollars)	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	<u>\$ 343,249</u>	\$ 0.80	<u>\$ 343,249</u>	\$ 0.80

Actual distribution of retained earnings for 2022 and 2021 were in agreement with the

amounts resolved by the Board of Directors and shareholders.

- (b) The appropriations of earnings and cash payment from capital surplus for the year ended December 31, 2023 as proposed by the Board of Directors on February 29, 2024 are as follows:

	For the year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 199,337	
Reversal of special reserve	(127,454)	
Cash dividends	1,930,778	\$ 4.50
	<u>\$ 2,002,661</u>	

	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	<u>\$ 214,531</u>	\$ 0.50

As of February 29, 2024, the above appropriations of 2023 earnings have not yet been resolved by the shareholders.

(17) Other equity items

	2023		
	Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 160,599)	(\$ 197,218)	(\$ 357,817)
Revaluation adjustment	173,465	-	173,465
Revaluation transferred to retained earnings	(9,178)	-	(9,178)
Currency translation differences	-	(46,041)	(46,041)
Effect from income tax	-	9,208	9,208
At December 31	<u>\$ 3,688</u>	<u>(\$ 234,051)</u>	<u>(\$ 230,363)</u>

	2022		
	Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	\$ 7,417	(\$ 197,932)	(\$ 190,515)
Revaluation adjustment	(170,069)	-	(170,069)
Revaluation transferred to retained earnings	2,053	-	2,053
Currency translation differences	-	892	892
Effect from income tax	-	(178)	(178)
At December 31	<u>(\$ 160,599)</u>	<u>(\$ 197,218)</u>	<u>(\$ 357,817)</u>

(18) Operating revenue

	For the years ended December 31,	
	2023	2022
Sales revenue	<u>\$ 9,879,469</u>	<u>\$ 11,386,995</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following geographical regions:

	Electronic products					
For the year ended	Taiwan	Asia	America	Europe	Others	Total
December 31, 2023						
Revenue from external customer contracts	<u>\$ 2,282,102</u>	<u>\$ 3,408,840</u>	<u>\$ 1,205,933</u>	<u>\$ 2,352,145</u>	<u>\$ 630,449</u>	<u>\$ 9,879,469</u>
	Electronic products					
For the year ended	Taiwan	Asia	America	Europe	Others	Total
December 31, 2022						
Revenue from external customer contracts	<u>\$ 2,803,949</u>	<u>\$ 3,528,324</u>	<u>\$ 1,798,453</u>	<u>\$ 2,523,173</u>	<u>\$ 733,096</u>	<u>\$11,386,995</u>

B. Contract assets and liabilities

The Company has no revenue-related contract assets and liabilities.

(19) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 21,009	\$ 13,331
Interest income from financial assets measured at amortised cost	348,814	80,156
Other interest income	5,014	3,447
	<u>\$ 374,837</u>	<u>\$ 96,934</u>

(20) Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 57,569	\$ 46,891
Dividend income	21,134	35,592
	<u>\$ 78,703</u>	<u>\$ 82,483</u>

(21) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net currency exchange gain	\$ 93,592	\$ 226,573
Net gain (loss) on financial assets at fair value through profit or loss	38,186	(17,262)
Others	14,073	8,668
	<u>\$ 145,851</u>	<u>\$ 217,979</u>

(22) Expenses by nature

	For the years ended December 31,	
	2023	2022
Wages and salaries	\$ 757,579	\$ 761,434
Labor and health insurance fees	70,892	70,724
Pension costs	33,849	33,879
Other personnel expenses	38,326	39,797
Directors' remuneration	5,710	1,993
Depreciation charges (including investment property and right-of-use assets)	127,671	154,169

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of

the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors' remuneration.

- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$25,696 and \$31,729, respectively, and recognized in salary expenses; while no directors' remuneration was accrued.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 0% of distributable profit for the year ended December 31, 2023. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$24,962 and \$2,300, respectively, and the employees' compensation will be distributed in the form of cash 2023.
- D. The differences between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2022 financial statements by \$742 and (\$2,300), respectively, have been adjusted in profit or loss for 2023. The employees' compensation and directors' remuneration had been fully paid.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current income tax:		
Current income tax on profits for the year	\$ 622,601	\$ 452,853
Prior year income tax overestimation	(169)	(277)
Total current income tax	<u>622,432</u>	<u>452,576</u>
Deferred income tax:		
Origination and reversal of temporary differences	(136,735)	160,053
Total deferred income tax	<u>(136,735)</u>	<u>160,053</u>
Income tax expense	<u>\$ 485,697</u>	<u>\$ 612,629</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Financial statements translation differences of foreign operations	<u>(\$ 9,208)</u>	<u>\$ 178</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Income tax calculated by applying statutory rate to the profit before tax	\$ 494,106	\$ 613,395
Effects from tax exemption and items disallowed by tax regulation	(7,597)	(6,174)
Prior year income tax overestimation	(169)	(277)
Effect from investment tax credits	(1,830)	(1,990)
Withholding tax in other countries	1,187	7,675
Income tax expense	<u>\$ 485,697</u>	<u>\$ 612,629</u>

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

	2023			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
<u>Deferred income tax assets</u>				
Pension provision amount in excess of appropriation amount	\$ 4,809	(\$ 177)	\$ -	\$ 4,632
Unrealized sales discounts and allowances	11,521	3,777	-	15,298
Unrealized gross profit from sales	987	2,245	-	3,232
Unrealized loss on market value decline and obsolete and slow-moving inventories	97,475	(72,892)	-	24,583
Financial statements translation differences of foreign operations	10,887	-	9,208	20,095
Others	701	714	-	1,415
Total	<u>\$ 126,380</u>	<u>(\$ 66,333)</u>	<u>\$ 9,208</u>	<u>\$ 69,255</u>
<u>Deferred income tax liabilities</u>				
Unrealized exchange gain	(\$ 23,027)	\$ 19,101	\$ -	(\$ 3,926)
Net gain on investment accounted for using equity method	(353,332)	183,967	-	(169,365)
Others	(86)	-	-	(86)
Total	<u>(\$ 376,445)</u>	<u>\$ 203,068</u>	<u>\$ -</u>	<u>(\$ 173,377)</u>

	2022			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
<u>Deferred income tax assets</u>				
Pension provision amount in excess of appropriation amount	\$ 4,975	(\$ 166)	\$ -	\$ 4,809
Royalty fees	2,171	(2,171)	-	-
Unrealized sales discounts and allowances	6,282	5,239	-	11,521
Unrealized gross profit from sales	2,152	(1,165)	-	987
Unrealized loss on market value decline and obsolete and slow-moving inventories	10,504	86,971	-	97,475
Financial statements translation differences of foreign operations	11,065	-	(178)	10,887
Others	1,794	(1,093)	-	701
Total	<u>\$ 38,943</u>	<u>\$ 87,615</u>	<u>(\$ 178)</u>	<u>\$ 126,380</u>
<u>Deferred income tax liabilities</u>				
Unrealized exchange gain	(\$ 929)	(\$ 22,098)	\$ -	(\$ 23,027)
Net gain on investment accounted for using equity method	(127,762)	(225,570)	-	(353,332)
Others	(86)	-	-	(86)
Total	<u>(\$ 128,777)</u>	<u>(\$ 247,668)</u>	<u>\$ -</u>	<u>(\$ 376,445)</u>

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

(24) Earnings per share

For the year ended December 31, 2023			
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,984,835	429,062	\$ 4.63
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,984,835	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	391	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,984,835	429,453	\$ 4.62
For the year ended December 31, 2022			
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,454,344	429,062	\$ 5.72
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,454,344	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	554	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 2,454,344	429,616	\$ 5.71

(25) Supplemental cash flow information

Investing activities with partial cash payments

	For the years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 23,153	\$ 48,206
Less: Transfer from prepayment for business facilities	(2,912)	(12,416)
Cash paid during the year	<u>\$ 20,241</u>	<u>\$ 35,790</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Transcend Japan Inc. (Transcend Japan)	Subsidiary
Transcend Information Inc. (Transcend USA)	Subsidiary
Transcend Korea Inc. (Transcend Korea)	Subsidiary
Transcend Information Europe B.V. (Transcend Europe)	Subsidiary
Transcend Information Trading GmbH (Transcend Germany)	Subsidiary
Transcend Information (H.K.) Ltd. (Transcend HK)	Subsidiary
Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Subsidiary
Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Subsidiary
Taiwan IC Packaging Corporation (Taiwan IC Packaging)	Associate accounted for using equity method
Won Chin Investment Inc. (Won Chin)	Other related party
Cheng Chuan Technology Development Inc. (Cheng Chuan)	Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Sales of goods		
— Transtech Shanghai	\$ 920,055	\$ 672,568
— Transcend USA	676,850	466,470
— Other subsidiaries	1,701,828	1,733,874
— Taiwan IC Packaging	1,100	1,309
	<u>\$ 3,299,833</u>	<u>\$ 2,874,221</u>

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to related parties was 120 days after monthly billings, excluding the credit term of 30 days after delivery to Taiwan IC Packaging, and the credit term to general customers was 30 to 60 days after monthly billings.

B. Purchases

	For the years ended December 31,	
	2023	2022
Purchases of goods		
— Taiwan IC Packaging	<u>\$ 195,954</u>	<u>\$ 221,258</u>

The purchase prices charged by related parties are approximate to those charged by third parties. The payment term from Taiwan IC Packaging is 30 days after monthly billings. The payment term from third parties is 30 to 45 days after monthly billings.

C. Accounts receivable

	December 31, 2023	December 31, 2022
Receivables from related parties		
— Transtech Shanghai	\$ 355,439	\$ 103,703
— Transcend Japan	156,821	105,212
— Transcend Europe	83,998	74,512
— Transcend Korea	39,904	42,531
— Other subsidiaries	52,761	97,889
	<u>\$ 688,923</u>	<u>\$ 423,847</u>

The receivables from related parties arise mainly from sale transactions. The credit term to Taiwan IC Packaging is 30 days after delivery. The credit term to subsidiaries is 120 days after monthly billings. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables to related parties		
— Transcend Shanghai	\$ 252,679	\$ 414,212
— Other subsidiaries	6,136	1,937
— Taiwan IC Packaging	39,913	27,442
	<u>\$ 298,728</u>	<u>\$ 443,591</u>

The payables to related parties arise mainly from purchase transactions, and information on the payment term is provided in Note 7(2) B. The payables bear no interest.

E. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables		
— Transcend Shanghai	\$ 16,683	\$ 17,688
— Taiwan IC Packaging	-	4
	<u>\$ 16,683</u>	<u>\$ 17,692</u>

Other payables to related parties arise mainly from purchase of fixed assets and miscellaneous purchases. The other payables bear no interest.

F. Miscellaneous income

For the years ended December 31, 2023 and 2022, the expendables sold to related parties, which were recognized in non-operating income, amounted to \$6,101 and \$1,131, respectively.

G. Leasing arrangements - lessee

The Company renewed a land lease contract with its related party, Won Chin and Cheng Chuan, with a lease term of 5 years from June 12, 2022 to June 11, 2027. The annual rental payment is \$38,484 (excluding tax), which was determined based on the appraisal results of Yungcheng Real Estate Appraisers Firm and CCIS Real Estate Joint Appraisers Firm and renewed at \$1,350 in dollar per square feet/month (tax included) after having a three-party negotiation. Rent is paid on the contract date and becomes payable on the same date each following year until the end of the lease. As of December 31, 2023 and 2022, the balance of related right-of-use assets amounted to \$128,309 and \$165,858 while lease liabilities amounted to \$113,163 and \$149,825, respectively.

H. Endorsements and guarantees:

As of December 31, 2023 and 2022, information on the Company providing endorsements and guarantees to associates is provided in Note 13(1) B.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other employee benefits	<u>\$ 20,709</u>	<u>\$ 68,967</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2023, except for the provision of endorsements and guarantees mentioned in Note 13(1) B, there are no other significant commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Information on distribution of 2023 earnings and cash dividends from capital surplus is provided in Note 6(16) E(b).

12. OTHERS

(1) Capital risk 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's own funds are currently sufficient, daily operations can create stable cash inflows, and there are no significant capital expenditure plans in the short term. Except for obtaining loans to reduce the exchange rate exposure, the Company has sufficient funds to cover its own needs. Debt financing is not necessary.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 461,734	\$ 51,463
Financial assets at fair value through other comprehensive income	626,628	524,939
Financial assets at amortised cost		
Cash and cash equivalents	1,214,553	1,812,082
Financial assets at amortised cost	8,362,422	8,527,800
Notes receivable	323	867
Accounts receivable (including related parties)	1,378,477	1,144,820
Other receivables	112,946	21,627
Guarantee deposits paid	14,539	14,404
	<u>\$ 12,171,622</u>	<u>\$ 12,098,002</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable (including related parties)	\$ 2,089,257	\$ 915,304
Other payables (including related parties)	283,178	227,092
Guarantee deposits received	9,991	8,719
	<u>\$ 2,382,426</u>	<u>\$ 1,151,115</u>
Lease liabilities	<u>\$ 113,163</u>	<u>\$ 149,825</u>

B. Financial risk management policies

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 cooperation with each segment.. 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 operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and

recognized assets and liabilities.

- ii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 192,283	30.71	\$ 5,905,011
RMB : NTD	82,598	4.327	357,402
JPY : NTD	791,457	0.2172	171,904
EUR : NTD	4,182	33.98	142,104
KRW : NTD	1,669,630	0.0239	39,904
<u>Investment accounted for using the equity method</u>			
USD : NTD	\$ 33,547	30.71	\$ 1,030,235
JPY : NTD	431,855	0.2172	93,799
KRW : NTD	539,498	0.0239	12,894
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 51,792	30.71	\$ 1,590,532
RMB : NTD	62,252	4.327	269,364

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 254,448	30.71	\$ 7,814,098
RMB : NTD	23,994	4.408	105,766
JPY : NTD	474,455	0.2324	110,263
EUR : NTD	5,372	32.72	175,772
KRW : NTD	1,728,885	0.0246	42,531
<u>Investment accounted for using the equity method</u>			
USD : NTD	\$ 59,611	30.71	\$ 1,830,655
JPY : NTD	955,727	0.2324	222,111
KRW : NTD	2,556,992	0.0246	62,902
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 13,052	30.71	\$ 400,827
RMB : NTD	97,981	4.408	431,900

- iii. The information on 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 is provided in Note 6(21).
- iv. Sensitivity analysis relating to foreign exchange rate risks is primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Company's net income will decrease or increase by \$43,145 and \$74,133 for the years ended December 31, 2023 and 2022, respectively.

Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as financial assets at fair value through profit or loss and other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.
- ii. The Company's investments in listed and unlisted equity securities 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, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$6,266 and \$5,249, respectively, as a result of other comprehensive income classified

as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's principal interest-bearing assets are cash and cash equivalents and financial assets at amortised cost. Cash and cash equivalents are due within twelve months. Financial assets at amortised cost are maintained at fixed rates. Therefore, it is assessed that there is no significant cash flow interest rate risk.
- ii. The Company has not used any financial instruments to hedge its interest rate risk.

(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 receivables based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire group's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. To control internal risk, the Company assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company determines that the default occurs when the contract payments are past due over 180 days.
- iv. 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. For details of credit risk in relation to accounts receivable and notes receivable, please refer to Note 6(4).

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and monetary funds,

choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2023 and 2022, the Company held money market position of \$9,737,107 and \$10,391,345, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

- iii. The Company's non-derivative financial liabilities are analysed based on the remaining period at the balance sheet date to the contractual maturity date and all the Company's financial liabilities expire within one year.

(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 Company's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in non-hedging derivatives 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, financial products and investment property is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(11).

- C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, accounts payable (including related parties), other payables (including related parties), guarantee deposits received, and lease liabilities are approximate to their fair values.

- D. The related information on 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 are as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 461,734	\$ -	\$ -	\$ 461,734
Financial assets at fair value through other comprehensive income				
Equity securities	<u>625,503</u>	<u>-</u>	<u>1,125</u>	<u>626,628</u>
	<u>\$ 1,087,237</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 1,088,362</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 51,463	\$ -	\$ -	\$ 51,463
Financial assets at fair value through other comprehensive income				
Equity securities	<u>523,814</u>	<u>-</u>	<u>1,125</u>	<u>524,939</u>
	<u>\$ 575,277</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 576,402</u>

- E. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed stocks classified as financial assets at fair value through other comprehensive income and beneficiary certificates classified as financial assets at fair value through profit or loss.
- F. For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2.
- G. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- H. There was no change in Level 3 financial instruments for the years ended December 31, 2023 and 2022.
- I. Financial segment is in charge of valuation procedures for fair value measurements being categorized 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 and frequently review the fair value.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

None.

Transcend Information, Inc.
Provision of endorsements and guarantees to others
For the year ended December 31, 2023

Table 1

Expressed in thousands of NT\$
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being	Limit on	Maximum	Outstanding	Actual	Amount of	Ratio of	Ceiling on total	Provision of	Provision of	Provision of	Footnote
			endorsed/guaranteed	endorsements/ guarantees	endorsement/ guarantee				accumulated		endorsements/ guarantees by parent company to subsidiary (Note 8)				endorsements/ guarantees by parent company to subsidiary (Note 8)	endorsements/ guarantees to the party in Mainland China
			Relationship with the endorser/ guarantor (Note 2)	provided for a single party (Note 3)	amount as of December 31, 2023 (Note 4)	amount at December 31, 2023 (Note 5)	amount drawn down (Note 6)	endorsements/ guarantees secured with collateral	endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	amount of endorsements /guarantees provided (Note 7)				
0	Transcend Information, Inc.	Transcend Japan Inc.	2	\$ 3,853,742	\$ 461,800 (JPY \$2,000,000) (In thousands)	\$ 434,400 (JPY \$2,000,000) (In thousands)	\$ -	-	2	\$ 7,707,484	Y	-	-	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(a) The Company is '0'.

(b) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(a) Having business relationship

(b) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(c) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(d) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(e) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(f) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Not exceeding 20% of the Company's net asset value. (\$19,268,710*20%=\$3,853,742)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of December 31, 2023 is JPY\$2,000,000 (In thousands).

Note 5: The amount was approved by the Board of Directors.

Note 6: The actual amount of endorsement drawn down is \$0.

Note 7: Not exceeding 40% of the Company's net asset value.(\$19,268,710*40%=\$7,707,484)

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

Transcend Information, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Taiwan	Stocks							
	TrendForce Corporation	-	Financial assets at fair value through other comprehensive income - non-current	60,816	\$ 1,125	1	\$ 1,125	-
	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	"	1,758,000	105,304	-	105,304	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	420,000	249,060	-	249,060	-
	MediaTek Inc.	-	"	40,000	40,600	-	40,600	-
	Fubon Financial Holding Co., Ltd.	-	"	1,176,384	76,230	-	76,230	-
	Cathay Financial Holding Co. Ltd.	-	"	216,323	9,897	-	9,897	-
	Yuanta Financial Holding Co., Ltd.	-	"	121,272	3,347	-	3,347	-
	CTBC Financial Holding Co., Ltd	-	"	100,000	2,835	-	2,835	-
	Formosa Plastics Corporation	-	"	262,000	20,750	-	20,750	-
	ASUSTek Computer Inc.	-	"	240,000	<u>117,480</u> <u>\$ 626,628</u>	-	117,480	-
	Beneficiary certificates							
	Yuanta/P-shares Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - non-current	2,057,000	\$ 278,620	-	\$ 278,620	-
	Yuanta/P-shares Taiwan Dividend Plus ETF "		"	1,197,000	44,768	-	44,768	-
	Fubon FTSE TWSE Taiwan 50 ETF		"	1,440,000	111,096	-	111,096	-
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		"	1,250,000	<u>27,250</u> <u>\$ 461,734</u>	-	27,250	-

Transcend Information, Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Taiwan	Corporate bonds							
	TSMC Arizona Corporation U.S. dollar-denominated corporate	-	Financial assets at amortised cost - non-current	1,850,000	\$ 56,287	-	\$ 56,287	-
	International Business Machines Corporation U.S. dollar-denominated corporate bonds	-	"	2,250,000	68,485	-	68,485	-
	Meta Platforms, Inc. U.S. dollar- denominated corporate bonds	-	"	1,650,000	47,825	-	47,825	-
	PAYPAL HOLDINGS, INC. U.S. dollar-denominated corporate	-	"	1,100,000	33,185	-	33,185	-
	Intel Corporation U.S. dollar- denominated corporate bonds	-	"	2,000,000	60,352	-	60,352	-
	Mercedes-Benz Finance North America LLC U.S. dollar-denominated corporate bonds	-	"	250,000	7,754	-	7,754	-
	Toyota Motor Credit Corporation U.S. dollar-denominated corporate bonds	-	"	900,000	27,714	-	27,714	-
					<u>\$ 301,602</u>			

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Transcend Information, Inc.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note)		Notes/accounts receivable (payable)		Footnote
			Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	Sales	\$ 920,055	9	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	\$ 355,439	26	-
"	Transcend Japan Inc.	The Company’s subsidiary	"	477,224	5	"	"	"	156,821	11	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	488,648	5	"	"	"	83,998	6	-
"	Transcend Information Inc.	The Company’s subsidiary	"	676,850	7	"	"	"	30,476	2	-
"	Transcend Korea Inc.	The Company’s subsidiary	"	328,522	3	"	"	"	39,904	3	-
"	Transcend Information Trading GmbH	Subsidiary of Memhiro	"	307,547	3	"	"	"	-	-	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH	Controlled by the same ultimate parent company	"	126,511	21	30 days after delivery	"	7 to 60 days after delivery to third parties	5,548	10	-
Transcend Information, Inc.	Taiwan IC Packaging Corporation	Associate accounted for using equity method	(Purchase)	(195,954)	(2)	30 days after monthly billings	"	30 to 45 days after monthly billings to third parties	(39,913)	(2)	-

Note: The Company's sales to subsidiaries were equivalent to subsidiaries' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries' purchases from the Company.

Transcend Information, Inc.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Transcend Information, Inc.	Transcend Japan Inc.	The Company's subsidiary	\$ 156,821	3.64	\$ -	-	\$ 76,862	-
"	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	355,439	4.01	-	-	294,195	-
Transcend Information (Shanghai), Ltd.	Transcend Information, Inc.	Ultimate parent company	252,679	-	252,679	-	-	-

Transcend Information, Inc.
Significant inter-company transactions during the period
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	
0	Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	1	Sales	\$ 920,055	There is no significant difference in unit price from those to third parties. 9
"	"	Transcend Japan Inc.	"	"	477,224	" 5
"	"	Transcend Information Europe B.V.	"	"	488,648	" 5
"	"	Transcend Information Inc.	"	"	676,850	" 6
"	"	Transcend Information Trading GmbH	"	"	307,547	" 3
"	"	Transcend Korea Inc.	"	"	328,522	" 3
"	"	Transtech Trading (Shanghai) Co., Ltd.	"	Accounts receivable	355,439	120 days after monthly billings 2
"	"	Transcend Information (Shanghai), Ltd.	"	Accounts payable	(252,679)	120 days after monthly billings (1)
1	Transcend Information Europe B.V.	Transcend Information Trading GmbH	3	Sales	126,511	There is no significant difference in unit price from those to third parties. 1

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (a) Parent company is "0".
- (b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (a) Parent company to subsidiary.
- (b) Subsidiary to parent company.
- (c) Subsidiary to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Transcend Information, Inc.
Information on investees
For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Transcend Information, Inc.	Saffire Investment Ltd.	B.V.I.	Investment holdings	\$ 216,829	\$ 216,829	6,600,000	100	\$ 851,409	\$ 29,135	\$ 29,135	
	Transcend Japan Inc.	Japan	Wholesale of computer memory modules and peripheral products	89,103	89,103	6,400	100	93,799	47,778	47,778	
	Transcend Information Inc.	United States of America	Wholesale of computer memory modules and peripheral products	38,592	38,592	625,000	100	178,826	308,147	308,147	
	Transcend Korea Inc.	Korea	Wholesale of computer memory modules and peripheral products	6,132	6,132	40,000	100	12,894	4,704	4,704	
	Taiwan IC Packaging Corporation	Taiwan	Packaging of Semi-conductors	354,666	354,666	21,928,036	12.51	105,138	(176,992)	(22,128)	
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investment holdings	173,702	173,702	8,277,609	100	812,830	26,962	26,962	
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Wholesale of computer memory modules and peripheral products	1,693	1,693	100	100	250,857	6,827	6,827	
	Transcend Information Trading GmbH	Germany	Wholesale of computer memory modules and peripheral products	2,288	2,288	-	100	131,736	4,230	4,230	
	Transcend Information (H.K.) Ltd.	Hong Kong	Wholesale of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	11,161	1,399	1,399	

Table 7

Transcend Information, Inc. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income (loss) of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings	\$ 150,787	2	\$ 150,787	-	-	\$ 150,787	\$ 4,291	100	\$ 4,291	\$ 322,804	\$ 2,281,608	Note 4
Transtech Trading (Shanghai) Co., Ltd.	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components	16,310	2	16,310	-	-	16,310	9,162	100	9,162	66,556	-	-
		Investment amount approved by the Investment	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Commission of the Ministry of Economic Affairs (MOEA)											
	<u>\$ 167,097</u>	<u>\$ 167,097</u>	<u>\$ 11,561,226</u>										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (Memhiro Pte Ltd.), which then invested in Mainland China.
- (3) Others.

Note 2: The gain and loss on investment recognized for the year was based on the financial statements that were audited by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: For the year ended December 31, 2023, Transcend Information (Shanghai), Ltd. remitted back gain on investments of \$817,580 (RMB 187,800 thousand) which was based on the exchange rate of RMB 1=4.35.

Transcend Information, Inc.
Major shareholders information
December 31, 2023

Table 8

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Won Chin Investment Inc.	74,783,600	17.42
Wan An Technology Inc.	34,149,854	7.95
Cheng Chuan Technology Development Inc.	32,971,701	7.68
Wan Min Investment Inc.	29,726,397	6.92
Wan Chuan Investment Inc.	29,505,896	6.87

TRANSCEND INFORMATION, INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 1

Items	Summary	Amount
Petty cash and cash on hand		\$ 340
Cash in banks		
- Checking accounts deposits		2,665
- Demand deposits		335,321
- Foreign currency deposits	USD 19,887 thousand, at exchange rate of \$30.71	610,727
	Other foreign currency	15,500
Time deposits	NTD	<u>250,000</u>
		<u>\$ 1,214,553</u>

TRANSCEND INFORMATION, INC.
DETAILS OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 2

Items	Summary	Amount		Note
		Cost	Net realizable value	
Raw materials		\$ 4,107,777	\$ 3,988,461	Note 1
Work in progress		423,938	487,475	Note 2
Finished goods		532,063	850,444	Note 2
		5,063,778	<u>\$ 5,326,380</u>	
Less: Allowance for inventory valuation loss		(122,912)		
		<u>\$ 4,940,866</u>		

Note 1: The net realizable value of raw materials is the replacement cost.

Note 2: The calculation of net realizable value is based on the last selling price, less the estimated cost of completion and the estimated costs necessary to make the sale.

TRANSCEND INFORMATION, INC.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 3

Name of investee	Opening balance		Additions		Reductions		Investment income (loss)	Remeasurement of defined benefit plan	Accumulated translation adjustment	Unrealised profit from sales	Ending balance			Market price or value per share	Collateral
	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount					Number of shares (in thousand shares)	Shareholding ratio	Amount		
Saffire Investment Ltd.	6,600	\$ 1,676,847	-	\$ -	-	(\$ 764,671)	\$ 29,135	\$ -	(\$ 82,218)	(\$ 7,684)	6,600	100%	\$ 851,409	\$ 858,385	None
Transcend Japan Inc.	6	222,111	-	-	-	(165,245)	4,778	-	31,687	468	6	100%	93,799	100,248	"
Transcend Information Inc.	625	153,808	-	-	-	-	30,817	-	(440)	(5,359)	625	100%	178,826	180,819	"
Transcend Korea Inc.	40	62,902	-	-	-	(59,356)	4,704	-	4,930	(286)	40	100%	12,894	13,792	"
Taiwan IC Packaging Corporation	21,928	<u>136,710</u>	-	<u>-</u>	-	<u>(10,968)</u>	<u>(22,128)</u>	<u>1,524</u>	<u>-</u>	<u>-</u>	21,928	12.51%	<u>105,138</u>	317,957	"
		<u>\$ 2,252,378</u>		<u>\$ -</u>		<u>(\$ 1,000,240)</u>	<u>\$ 47,306</u>	<u>\$ 1,524</u>	<u>(\$ 46,041)</u>	<u>(\$ 12,861)</u>			<u>\$ 1,242,066</u>		

TRANSCEND INFORMATION, INC.
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Statement 4

<u>Vendor name</u>	<u>Amount</u>	<u>Note</u>
A vendor	\$ 764,463	
B vendor	456,257	
C vendor	130,776	
D vendor	117,290	
Others	321,743	The balance of each vendor account has not exceeded 5% of the total accounts payable.
	<u>\$ 1,790,529</u>	

TRANSCEND INFORMATION, INC.
DETAILS OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 5

Items	Amount	Note
Raw materials used		
Raw materials at the beginning	\$ 2,743,592	
Add: Materials purchased during the year	8,627,088	
Others	6,737	
Less: Raw materials at the end	(4,107,777)	
Cost of raw materials sales	(43,486)	
Reclassified as manufacture, selling and administrative and research and development expenses	(14,150)	
Consumption of materials for the year	7,212,004	
Direct labor	427,482	
Manufacturing expense	262,303	
Manufacturing cost	7,901,789	
Add: Work in progress at the beginning	285,227	
Transfer from finished goods	1,438,864	
Less: Work in progress at the end	(423,938)	
Finished goods cost	9,201,942	
Add: Finished goods at the beginning	528,468	
Less: Finished goods at the end	(532,063)	
Transfer into work in progress	(1,438,864)	
Reclassified as manufacture, selling and administrative and research and development expenses	(22,533)	
Others	(6,769)	
Cost of goods sold - finished goods	7,730,181	
Cost of goods sold - materials	43,486	
Gain on reversal of decline in market value	(364,462)	
Operating cost	<u>\$ 7,409,205</u>	

TRANSCEND INFORMATION, INC.
DETAILS OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 6

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Depreciation		\$ 98,305	
Insurance expense		41,826	
Utilities expense		26,789	
Maintenance fees		21,789	
Miscellaneous purchase		18,857	
Package fees		18,373	
Other expenses		36,364	The balance of each expense account has not exceeded 5% of the total manufacturing expense.
		<u>\$ 262,303</u>	

TRANSCEND INFORMATION, INC.
DETAILS OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 7

Items	Selling expenses	General and administrative expenses	Research and development expense	Total	Note
Wages and salaries	\$ 186,468	\$ 75,572	\$ 109,559	\$ 371,599	
Export expense	58,532	-	-	58,532	
Insurance expense	17,165	25,905	9,731	52,801	
Depreciation	332	28,658	376	29,366	
Tax	33	11,396	-	11,429	
Other expenses	54,553	40,159	13,307	108,019	The balance of each expense account has not exceeded 5% of the total operating expenses.
	<u>\$ 317,083</u>	<u>\$ 181,690</u>	<u>\$ 132,973</u>	<u>\$ 631,746</u>	

TRANSCEND INFORMATION, INC.
DETAILS OF EMPLOYEE BENEFIT AND DEPRECIATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 8

Function Nature	For the year ended December 31, 2023			For the 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						
Salary expenses	\$ 391,690	\$ 365,889	\$ 757,579	\$ 372,688	\$ 388,746	\$ 761,434
Labour and health insurance fees	37,509	33,383	70,892	36,825	33,899	70,724
Pension costs	17,903	15,945	33,848	17,606	16,273	33,879
Other personnel expenses	23,659	14,667	38,326	24,730	15,067	39,797
Directors' remuneration	-	5,710	5,710	-	1,993	1,993
Depreciation	98,305	29,366	127,671	121,635	32,534	154,169

- As at December 31, 2023 and 2022, the Company had 994 and 1,010 employees, respectively, both including 6 non-employee directors.
- A company whose stock is listed for trading on the stock exchange shall additionally disclose the following information:
 - Average employee benefit expense in current year was \$912 thousand ('total employee benefit expense in current year — total directors' remuneration' / 'the number of employees in current year — the number of non-employee directors').
Average employee benefit expense in previous year was \$902 thousand ('total employee benefit expense in previous year — total directors' remuneration' / 'the number of employees in previous year — the number of non-employee directors').
 - Average employees salaries in current year was \$767 thousand (total salaries in current year / 'the number of employees in current year — the number of non-employee directors')
Average employees salaries in previous year was \$758 thousand (total salaries in previous year / 'the number of employees in previous year — the number of non-employee directors')
 - Adjustment of average employees salaries was 1.19% ('the average employee salaries in current year — the average employee salaries in previous year' / the average employee salaries in previous year).

TRANSCEND INFORMATION, INC.
DETAILS OF EMPLOYEE BENEFIT AND DEPRECIATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 8

- (4) For the years ended December 31, 2023 and 2022, the Company has no supervisors' remuneration. (Note)
- (5) Information on the Company's remuneration policy is as follows: (including directors, supervisors, managers and employees)

Directors' remuneration is determined based on the Company's entire operating performance, future operating risk and development trend of industry taking into consideration individual director's contribution to the Company's performance and annual performance assessment result of individual director, and the Company grants a reasonable remuneration to directors. Under the Company's Articles of Incorporation, the current year's earnings, if profit, net of accumulated deficits, if any, shall distribute not higher than 0.2% for directors' remuneration. Related performance assessment and reasonableness of remuneration shall be reviewed and approved by the remuneration committee and the Board of Directors, and the remuneration policy will be reviewed and adjusted based on the actual operating condition and related regulations accordingly. Managers and employees' remunerations are determined based on the pay level within the same industry and market practice, under the Company's Articles of Incorporation, the current year's earnings, if profit, net of accumulated deficits, if any, shall distribute not lower than 1% for employees' remuneration taking into consideration annually personal working performance in order to determine the distributable amount. Employees' remuneration and performance assessment and reasonableness of managers' remuneration shall be reviewed and approved by the remuneration committee and the Board of Directors, which will be reviewed and adjusted based on the actual operating condition and related regulations accordingly.

Note: The Company has set up the audit committee to substitute supervisors; therefore, the Company has no supervisors' remuneration.

6.6. The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2023 and as of the date of this Annual Report.
None.

7. Review and Analysis of Financial Position, Financial Performance, and Risk Management

7.1. Analysis of Financial Position

Unit: NT\$ thousands

Year	2023	2022	Difference		
			Amount	%	Analysis
Current Assets	16,395,267	16,254,872	140,395	0.86	
Funds and Investments (Note 1)	1,495,102	713,112	781,990	109.66	(1)
Property, Plant and Equipment	1,509,348	1,580,372	(71,024)	(4.49)	
Intangible Assets	-	-			
Other Assets (Note 2)	2,889,564	2,980,086	(90,522)	(3.04)	
Total Assets	22,289,281	21,528,442	760,839	3.53	
Current Liabilities	2,702,840	1,426,767	1,276,073	89.44	(2)
Non-current Liabilities	317,731	551,139	(233,408)	(42.35)	(3)
Total Liabilities	3,020,571	1,977,906	1,042,665	52.72	
Capital Stock	4,290,617	4,290,617	-	-	
Capital surplus	3,044,619	3,387,781	(343,162)	(10.13)	
Retained Earnings	12,163,837	12,229,955	(66,118)	(0.54)	
Other Adjustments	(230,363)	(357,817)	127,454	(35.62)	(4)
Total Stockholders' Equity	19,268,710	19,550,536	(281,826)	(1.44)	

Analysis of Deviation over 20%:

- (1) It was mainly due to the investments made in US dollar bonds and ETF funds in 2023, such that funds and investments increased at the end of the period.
- (2) It was mainly due to the increase of inventory purchase amount, such that accounts payable increased at the end of the period.
- (3) It was mainly due to the adoption of the book-tax difference for investment income under the equity method in 2023, such that deferred income tax liabilities decreased.
- (4) It was mainly due to the increase in the stock price, such that unrealized gain on financial assets at fair value through other comprehensive income increased.

Note 1: Including Investments accounted for using equity method, Non-current financial assets at fair value through profit or loss, and Non-current financial assets at fair value through other comprehensive income.

Note 2: Including Deferred tax assets, Investment property, Right-of-use assets and Other non-current assets.

7.2. Analysis of Financial Performance

7.2.1. Main reasons for any material change in operating revenue, operating income and income before tax in the most recent two years

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference Amounts	%	Analysis
Operating Revenue	10,496,172	12,122,350	(1,626,178)	(13.41)	
Operating Costs	(7,451,567)	(9,399,607)	1,948,040	(20.72)	(1)
Gross profit	3,044,605	2,722,743	321,862	11.82	
Operating Expenses	(1,154,959)	(1,216,038)	61,079	(5.02)	
Operating Profit	1,889,646	1,506,705	382,941	25.42	(1)
Non-operating income (expenses)					
Other income	473,464	197,409	276,055	139.84	(2)
Other gains and losses	133,172	1,643,836	(1,510,664)	(91.90)	(3)
Financial cost	(3,320)	(1,973)	(1,347)	68.27	
Share of loss of associates and joint ventures accounted for using the equity method	(22,128)	10,300	(32,428)	(314.83)	(4)
Total non-operating income (expenses)	581,188	1,849,572	(1,268,384)	(68.58)	
Profit before income tax	2,470,834	3,356,277	(885,443)	(26.38)	
Income tax expense	(485,999)	(901,933)	415,934	(46.12)	(5)
Profit for the year	1,984,835	2,454,344	(469,509)	(19.13)	

Analysis of Deviation over 20% and Difference amounts over NT\$ 20,000,000:

(1) It was mainly due to gradual recovery of the memory market since the fourth quarter 2023, despite the decline in revenue, the corresponding decrease in costs but benefit from proper cost control that led to an increase in operating profit.

(2) It was mainly due to the increase in fixed deposit interest rates and interest payments from US dollar bonds in 2023, consequently, the interest income increased.

(3) It was mainly due to the gain on disposal of non-current assets held for sale in 2022, consequently, the other gains and losses in 2022 was higher.

(4) It was mainly due to that the gain of associate, that the investments accounted for using equity method, Taiwan IC Packaging Corporation, Inc. was reduced in comparison to 2023, such that the Company recognized related investment gain decreased.

(5) It was mainly due to the gain on the disposal of the right-of-use of lands, buildings, and attachments under Transcend (Shanghai) in 2022, such that income tax expenses increased.

7.2.2. Sales Volume Forecast and Basis for 2024

Item	Sales Volume Forecast in 2024/Unit: thousands
FLASH+DRAM products	25,000
Others	3,000

The Company established the forecast for the possible sales volume of each type of product based on the industry economic condition in 2024, market research and future orders.

In 2023, upstream manufacturers have gradually seen results by reducing production to adjust market inventory, and gradually reducing inventory in the end market, so that supply and demand return to a healthy state, and prices have gradually recovered. In addition, as the topic of AI continues to heat up, various terminal applications are blooming, and the demand for storage devices is also booming. In response to market demands, Transcend will promptly adjust purchasing and inventory policies in order to flexibly adapt inventory levels. Based on estimations from different market research institutions, end customers have gradually completed their inventory adjustments, and the supply and demand of markets will return to normal. In addition, the rapid growth of applications of AI and datacenters will keep the industrial application realm as a whole at a high growth speed, where relevant applications require big data storage so the demands for SSD products are estimated to continue to grow. In 2024, we will continue to enhance development and market expansion for SSDs, industrial flash products, external storage devices, dashcams, and wearable multimedia devices.

7.3. Analysis of Cash Flow

7.3.1. Cash Flow Analysis for the Current Year

	2023	2022	Unit:NT\$ thousands Increase (Decrease)
Net cash flows from operating activities	1,313,881	5,110,263	(3,796,382)
Net cash flows from investing activities	(144,869)	(1,286,933)	1,142,064
Net cash flows from financing activities	(2,452,379)	(2,629,543)	177,164
	<u>(1,283,367)</u>	<u>1,193,787</u>	<u>(2,477,154)</u>

Regarding the change of cash flow from operating activities, the amount in 2023 increased by approximately NT\$ 3.8 billion from the amount in 2022. It was mainly due to the increase in inventory purchase amount.

Regarding the change of cash flow from investing activities, the amount in 2023 increased by approximately NT\$1.14 billion from the amount in 2022, and this was mainly due to the disposal of financial assets at amortised cost in 2023 which caused higher cash inflow.

7.3.2. Liquidity Analysis for the Coming Year and Remedy for Cash Deficit

1. Operating activities: The overall gross profit is expected to grow continuously and the operating activities will generate net cash inflow.
2. Investing activities: The Company will continue to perform appropriate investment with idle funds in order to gain stable investment profit, and it is expected to generate net cash inflow.
3. Financing activities: Net cash outflow primarily from cash dividend payment.

Remedy for Liquidity Shortfall: Not applicable.

7.4. The Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

In 2023, the Company had no major capital expenditure. Up to the end of March 2024, the consolidated cash and short-term investment position were approximately NT\$ 9.5 billion. After the deduction of relevant cash outflow items, the capital was still sufficient; therefore, there was no risk of capital shortage.

7.5. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for Profits or Losses Generated Thereby, Improvement Plans, and Investment Plans for the Coming Year

None.

7.6. Analysis of Risk Management

7.6.1. The Organization Structure of Risk Management

The organizational structure of risk management of the Company is as follows:

Organization name	Scope of responsibility
Board of Directors (including the Audit Committee & Remuneration Committee)	<ol style="list-style-type: none"> 1. Establish risk management policy, structure and culture 2. Ensure the effectiveness of risk management mechanism
Senior management level	<ol style="list-style-type: none"> 1. Execute risk management decision making 2. Cross-department risk management interaction and communication 3. Material risk early warning, assess potential loss, handle follow-up strategy or report of risk mitigation and summarize material risk event handling result
Audit Office	<ol style="list-style-type: none"> 1. Monitor and periodically assess whether the risk control of all departments is performed properly 2. Issue an audit report according to the audit result, and propose improvement suggestions and follow up improvement progress
All departments of headquarters (Note)	<ol style="list-style-type: none"> 1. Execute daily risk management activities 2. Execution of corporate management and risk decision making 3. Perform risk control activity assessment

Note: The authorities and responsibilities of all departments of headquarters are as follows:

- (1) FAD: Responsible for the Company's financial analysis, accounting affairs, statements preparation, difference analysis, fund management, planning of the Company's taxes, finance, stock affairs and investments as well as monitoring of the cash flow of all subsidiaries, in order to reduce financial risks.
- (2) PUR: Responsible for understanding the quality condition and price trend of raw materials, component parts, machine equipments and office supplies necessary for the products and operation of the Company in order to perform price negotiation and purchase. It is also responsible for maintaining the safety stock of the purchase items and assisting the handling of slow-moving materials, in order to reduce risks of purchase management and slow-moving inventory.
- (3) PM & Marketing: Responsible for the Company's reasonable pricing and fair distribution of products, summarizing and analyzing the product information and pros/cons of each product line, and assisting the management of demands for customization, in order to reduce the risk of product planning management; responsible for matters related to the brand marketing activities, strengthening of brand image, product and market information collection, establishment and execution of marketing plans, contact and application of broadcast media, planning of the Company's website and assistance to sales activity arrangement and design, etc., in order to reduce risks related to brand marketing.
- (4) Sales: Responsible for the establishment of market sales plan, development and maintenance of customers, business management and promotion, collection and response to new business opportunities, in order to reduce the market risks of new customer development, etc.
- (5) R&D / Tech Support: Responsible for the research, development and design related matters for various products, research and development target estimation and management, new product research and development, handling and tracking of abnormalities, in order to reduce risks related to research, development and design.

- (6) Production: Responsible for relevant works of production schedule control, product packaging, repair and shipping operation, etc., in order to reduce risk of production capacity and shipping, etc.; responsible for the manufacturing, testing, repair of products and production technologies, improvement of manufacturing quality etc., in order to reduce risks related to production and manufacturing.
- (7) ADM: Responsible for the management of corporate legal affairs, contracts, patents and intellectual property rights, human resource management and organization development, etc., in order to reduce risks of legal, administration and human resource management.
- (8) Information System: Responsible for planning of information system, network establishment and maintenance and various computer software and hardware installation and configuration management related matters, in order to reduce risks of information security.
- (9) Quality Assurance: Responsible for the establishment of the Company's quality assurance system, promotion of ISO system and QA management system, direct internal and external audit and certifications, in order to reduce quality management related risks.

7.6.2. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate

Unit: NT\$ thousands

Item	2023		2022	
	Amount	%	Amount	%
Interest income	394,761	20.89%	114,926	7.63%
Profit from operations	1,889,646	100.00%	1,506,705	100.00%

The Company has a sound financial system. If there is any bank borrowing, the Company enhances the close contact with the bank with respect to the loan interest rate in order to understand the interest rate trend, thereby obtaining the most preferable loan and reference for asset allocation. Regarding the short-term idle capital utilization, the Company mostly uses the USD and NTD time deposits, money market fund and financial instruments with low risk as the investment targets.

2. Foreign exchange rates

Unit: NT\$ thousands

Item	2023		2022	
	Amount	%	Amount	%
Exchange Gains (loss)	89,591	4.74%	320,239	21.25%
Profit from operations	1,889,646	100.00%	1,506,705	100.00%

The decline in exchange gains in 2023, which were mainly due to the impact of the appreciation of NTD to USD.

Due to the impact on the Company's profit of changes in exchange rate, the Company establishes the following countermeasures:

- (1) The export ratio of the Company is approximately 78%, and the main currencies are USD and EUR. On the other hand, the main currency for purchase is USD. Through appropriate proportion among these two types of currencies and through the offsets between accounts receivable and accounts payable, the exchange rate fluctuation among different currencies could be canceled out, such that the exchange rate change would then achieve a certain level of natural hedging effect for the Company.

- (2) The Company will adjust the foreign exchange position depending on the exchange rate trend, and use appropriate financial tools to perform reasonable hedging operation.
- (3) The Company also considers the exchange rate factor during the sales order quotation in order to ensure the reasonable profit of the Company.
- (4) The Company maintains close contact with the foreign exchange department of the financial institution, understands the exchange rate trend and promptly adjusts the foreign exchange position in order to hedge the foreign exchange risk.
- (5) The Company complies with the provisions of the “Procedures for Acquisition and Disposal of Assets” and determines the reasonable hedge ratio and hedging tool according to the foreign exchange market trend.

3. Inflation

The main businesses of the Company refer to the manufacturing and sales of computer peripherals and storage application products, and there have been no material impacts due to inflation. The Company periodically adjusts the pricing strategy and pays attention to the market price change in order to prevent possible risks associated with inflation.

7.6.3. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

1. The Company did not engage in any high-risk or high-leveraged investments in 2023.
2. The Company did not engage in any financial derivatives transactions in 2023. In the future, the Company will perform periodic assessment depending upon the operation status of the Company and the change of the market trend in order to flexibly adjust relevant hedging strategies.
3. Status of the Company’s loaning of funds to others in 2023: None.
4. Status of the Company’s endorsements and guarantees in 2023: The Company provides a guarantee for Transcend Japan Inc. amounting to JPY 2,000,000 thousands. Pursuant to the Company’s ”Procedures for Endorsement and Guarantee,” the maximum limit of guarantee up to the end of 2023 was NT\$ 7,468,568 thousands.

7.6.4. Future Research & Development Projects and Corresponding Budget

1. R&D projects and current status of pending R&D projects in the most recent year
Please refer to “5.1.3. Research and Development Overview.”
2. R&D budget for further investment
Please refer to “5.1.3. Research and Development Overview.”
3. Main factors affecting success of R&D

Since the entrance barrier for consumer products is relatively low, for new product development, product launch must be made at the right time in order to seize the business opportunity. Accordingly, for R&D, it is necessary to shorten the schedule, and the product function must be able to satisfy the fast and diverse demands from end-users at the same time. The Company will cultivate more senior and specialized R&D talents. In addition, the embedded products require stable quality, and customization must be performed according to the customer demands. The Company has established a dedicated unit for such product lines in order to enhance the R&D strength.

7.6.5. Effects of and Response to Changes on Important Domestic and Foreign Policies and Laws Relating to Corporate Finance and Business

During 2023 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our finance and operations. The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary.

7.6.6. Effects of and Response to Changes in Technology (including information security risks) and the Industry Relating to Corporate Finance and Business

In the post-pandemic era, consumer demands will shift from individuals to corporations as a result of the diminished pandemic dividend from life normalization, while demand for memory is expected to continue to grow due to the development of 5G, AIoT, corporate servers, and industrial computer applications. Transcend will continue to adopt the product strategy for both channel and project sales, to strengthen research and development energy, to improve product integrity and performance, in order to implement reasonable pricing strategy and outstanding customer service, thereby continuously creating stable profits for the Company.

To cope with the advancement of digital technology, the Company plans to focus on the information security risk and the following measures have been implemented in the current year:

(1) The global VPN connection has basically been established and enhance the authentication mechanism, and regularly check for irregularities of the use of VPN accounts to prevent unauthorized users from accessing our sensitive data; and (2) renew the contract for the network system service for this year, simultaneously upgrade the information security version, and purchase 1 sets of hardware firewall to improve the protection level. The Company will continue to improve the information security measures, to strengthen employees' information security awareness and to periodically review relevant policies and future development direction, in order to achieve the goal of establishing a sound information security environment.

7.6.7. The Impact of Changes on Corporate Image on Corporate Crisis Management, and the Company's Response Measures

Under impact of the post-pandemic era and the overall economic change, corporate development uncertainty is increased. Nevertheless, Transcend continues to strengthen the completeness of embedded products, launch new products without comprising product quality, and make product applications more diverse in order to meet the memory requirements of different industries. Transcend is equipped with complete infrastructure, production line and sound financial structure. In addition, the Company also emphasizes the customer value and customer-oriented approach. The future development goal of the Company includes: (1) The growth momentum infused from the deep involvement of the channel market and the expansion of industrial application projects; (2) win-win scenarios created from cooperation on our group's industrial projects; and (3) the professional competencies of our sales representatives and the logistical support strengthened to create added value by improving service quality. In the future, the Company will continue to exert effort on the increase of product and service quality and will also convert customer satisfaction and loyalty into stable profit of the Company.

In addition, to cooperate with the Corporate Governance 3.0 – Sustainable Development Blueprint promoted by the government, Transcend will also actively engage in the corporate governance, prepare ESG report and is committed to protecting the interests of shareholders

and treating all shareholders equally, to enhance the functions of board of directors, to increase information transparency, and to promote sustainable development, etc., in order to improve international competitiveness of the Company and to fulfill the obligations for all shareholders.

For 2023 and up to the printing date of the annual report, there have been no material risk matters affecting the corporate image

7.6.8. Expected Benefits from, Possible Risks Relating to and Response to Merger and Acquisition Plans
None.

7.6.9. Expected Benefits from, Possible Risks Relating to and Response to Factory Expansion Plans
None.

7.6.10. Risks Relating to and Response to Excessive Concentration of Purchasing or Sales Operations
None.

7.6.11. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors or Shareholders with over 10% Shareholdings
None.

7.6.12. Effects of, Risks Relating to and Response to the Changes in Management Rights
None.

7.6.13. Litigation or Non-litigation Matters
None.

7.6.14. Other Major Risks and Response Measures
None.

7.7. Other Material Matters

The valuation accounts on the Company's assets and liabilities include Allowance for loss on accounts receivable, Allowance for loss on decline in market value of inventory, and Financial assets impairment, etc. And the accounting policies adopted are as follows:

1. Allowance for loss on accounts receivable

The Company classifies customers' accounts receivable in accordance with the credit rating of the customer. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis. The Company used historical and timely information to assess the loss rate of accounts receivable.

2. Allowance for loss on decline in market value of inventory

(1) Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the net realizable value is lower than cost, the difference is recognized as loss on decline in market value of inventory.

- (2) When the ending inventory has not changed for more than six months, it is deemed as slow-moving inventory and is listed in the slow-moving inventory report. And loss for slow-moving inventory will be 100% recognized.
- (3) When the ending inventory refers to products that the Company no longer manufactured and sold, those products are deemed as slow-moving inventory and are listed in the slow-moving inventory report. And loss for slow-moving inventory will be 100% recognized.

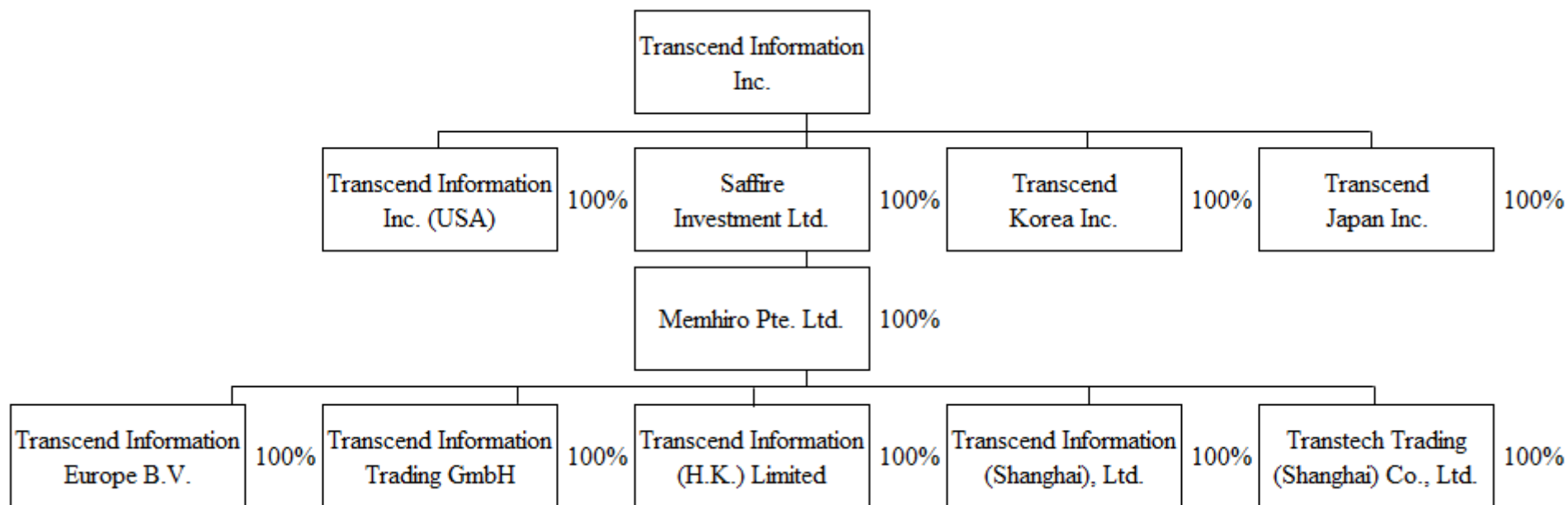
3. Financial assets impairment

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

8. Special Disclosure

8.1. Information of Affiliated Companies

8.1.1. Organizational Chart of Affiliated Companies



Note : Transcend Information (Shanghai), Ltd. and Transtech Trading (Shanghai) Co., Ltd. were merged on March 29, 2024.

After the merger, Transtech Trading (Shanghai) Co., Ltd. is the surviving company. Transcend Information (Shanghai), Ltd. was discontinued after the merger.

The matters related to the merger of investment in China have been approved by the Investment Commission of the Ministry of Economic Affairs in the letter Jing-Shou-Shen-Zi No. 11320091650 dated May 6, 2024.

8.1.2. Summary of Affiliated Companies

Name	Date of incorporation	Address	Paid-in capital	Main scope of operation or production
Saffire Investment Ltd.	12/18/1997	Citco Building, Wickhams Cay, P.O.BOX 662, Road Town, Tortola, B.V.I.	216,829	Investment holdings
Memhiro Pte. Ltd.	03/14/1998	60 Albert Street, #14-01 OG Albert Complex, 189969 Singapore	173,702	Investment holdings
Transcend Japan Inc.	12/11/1996	1-8-5, Kuramae, Taito-Ku, Tokyo, 111-0051, Japan	89,103	Wholesale of computer memory modules and peripheral products
Transcend Information Europe B.V.	06/28/1995	Cairostraat 40, 3047 BC, Rotterdam, The Netherlands	1,693	Wholesale of computer memory modules and peripheral products
Transcend Information Inc.	03/28/1990	1645 North Brian St. Orange, CA 92867, U.S.A.	38,592	Wholesale of computer memory modules and peripheral products
Transcend Information Trading GmbH	09/29/1992	Flughafenstrasse 52b(Airport-Center), 22335 Hamburg, Germany	2,288	Wholesale of computer memory modules and peripheral products
Transcend Korea Inc.	07/09/2008	12F, CBS Bldg., 159-1, Mokdongseo-ro, Yangcheon-gu, Seoul, Korea	6,132	Wholesale of computer memory modules and peripheral products
Transcend Information (Shanghai), Ltd.	03/25/2005	No.1, Central Avenue, Shanghai Minhang Export Processing Zone, Fengxian District, Shanghai, China.	150,787	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings
Transtech Trading (Shanghai) Co., Ltd.	09/21/2006	1388 Kaixuan Road, Building T1, Room 801, Changning District, Shanghai, China	16,310	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components
Transcend Information (H.K.) Limited	01/08/2013	Unit 17-18, 10/F, Nan Fung Comm Centre, 19 Lam Lok Street, Kowloon Bay, Hong Kong	7,636	Wholesale of computer memory modules and peripheral products

8.1.3. Profile of Directors, Supervisors and General Managers of Affiliated Companies

Name	Title	Name of Represnetative	Number of Shares	
			Shares	%
Memhiro Pte. Ltd.	Director	Shu, Chung-Cheng	8,277,609	100%
	Director	Wang, LiWei		
Saffire Investment Ltd.	Director	Shu, Chung-Cheng	6,600,000	100%
Transcend Japan Inc.	Director	Lin,Taikin	6,400	100%
Transcend Information Europe B.V.	Director	Tellier, Yoann Roger Jean	100	100%
Transcend Information Inc.	Director	Clarence Chan	625,000	100%
Transcend Information Trading GmbH	Director	Shu, Chung-Won	-	100%
	General Manager	Shu, Chung-Won		
Transcend Information (Shanghai), Ltd.	Executive Director	Shu, Chung-Cheng	-	100%
Transtech Trading (Shanghai) Co., Ltd.	Executive Director	Shu, Chung-Cheng	-	100%
Transcend Korea Inc.	Director	Shim Dong Hoon	40,000	100%
	General Manager	Shim Dong Hoon		
Transcend Information (H.K.) Limited	Director	Chen, Po-Shou	2,000,000	100%

8.1.4. Overview of Affiliated Companies' Operations for 2023

Unit: NT\$ thousands

Name	Capital	Total Assets	Total Liabilities	Net Worth	Net Sales	Profit (Loss) from Operations	Profit (Loss) for the year	Earnings per share (NT\$)
Transcend Japan Inc.	89,103	289,002	188,754	100,248	552,136	6,368	4,778	746.53
Saffire Investment Ltd.	216,829	858,385	-	858,385	-	-	29,135	4.41
Memhiro Pte. Ltd.	173,702	812,830	-	812,830	-	(356)	26,962	3.26
Transcend Information Inc.	38,592	227,076	46,257	180,819	876,008	21,083	30,817	34.32
Trnascend Information Europe B.V.	1,693	345,473	94,616	250,857	609,754	(720)	6,827	68,265.41
Transcend Information Trading GmbH	2,288	152,216	20,480	131,736	506,094	10,094	4,230	-
Transcend Information (Shanghai), Ltd.	150,787	327,141	4,337	322,804	-	(7,727)	4,291	-
Transtech Trading (Shanghai) Co., Ltd.	16,310	458,209	391,653	66,556	1,020,025	11,460	9,162	-
Transcend Korea Inc.	6,132	55,011	41,219	13,792	363,139	5,037	4,704	117.61
Transcend Information (H.K.) Limited	7,636	34,578	23,417	11,161	114,791	1,384	1,399	0.70

8.1.5. Consolidated Financial Statement of Affiliated Enterprises

Please refer to page 126~197 of this Annual Report.

8.1.6. Affiliation Reports

Not applicable.

8.2. Private Placement of Securities in 2023 and as of the date of this Annual Report

None.

8.3. Status of the Company's Common Shares Held and Disposed by Subsidiaries in 2023 and as of the date of this Annual Report

None.

8.4. Other Necessary Supplement

None.

9. Latest Matters with Material Impacts on Shareholders' Interests or Security Prices Indicated in Paragraph 3 Subparagraph 2 of Article 36 of the Securities and Exchange Act in 2023 and as of the date of this Annual Report

None.

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Transcend Information, Inc.

Chairman: Shu, Chung-Won