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Taiwan IC Packaging Corporation

Taiwan IC Packaging Corporation

2023 Annual Report

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MOPS: <http://mops.twse.com.tw>

The Company's website: <http://www.ticp.com.tw>

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Spokesperson: Tseng Chung-He

Job Title: General Manager

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II. Address and telephone number of the Company's head office, branches, and factories:

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Tel. No.: (07) 815-8800

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CPA Firm: PwC Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Rd., Taipei City

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

Tel. No.: (02)2729-6666

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. The Company's website: <http://www.ticp.com.tw>

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1. A Message to Shareholders

Ladies and Gentlemen:

We thank all customers, shareholders, and employees for your long-term support and care for the Company. Under the adjustment after reaching the overall industrial economic peak in 2023, the Company has continued the restructuring and improvement of its quality. Accordingly, the Company will continue to share operating outcomes and profits with all customers, shareholders, and employees.

2023 Operating Results

1. 2023 Business Plan Implementation Results

The operating revenue in 2023 is NT\$860 million, about 360 million (30%) less than the operating revenue of NT\$1.2 billion in 2022.

2. Budget Execution Status: The Company didn't disclose its financial forecast in 2023.

3. Analysis on Revenue and Expenditure and Profitability

The cash inflow was NT\$93 million in 2023 (the inflow from operating activities, NT\$89 million, and the outflow from investing and financing activities, NT\$180 million). Therefore, the Company generated a sufficient cash position.

The net profit after tax was NT\$177 million in 2023, decreasing by NT\$260 million from the net profit after tax, NT\$84 million, in 2022, primarily as a result of the decrease in operating revenue by 30% in 2023.

4. R&D Status

In response to the needs in artificial intelligence (AI), high-power fast-charging devices, high-speed and high-performance computing, and system-on-chip modules, the Company continues to develop product design and process technology to meet customer requirements. It continues to develop packaging and testing products such as AI learning chips, third-generation semiconductor compound power chips, high-speed and high-efficiency memory devices, high-end system-level chips including SMT Module, and Flip Chip processes Technology packaging and testing.

Outline of the Current Business Plan

1. Business Policy

2024 remains a year full of fierce competition. Notwithstanding, the management team never stops maintaining the existing product lines and resilient production schedule. The annual output is expected to keep growing. Meanwhile, the Company keeps innovating and researching and developing new products through market segmentation.

2. Sales Volume Forecast and Important Production and Marketing Policy

Subject to the industrial condition, future market demand, and the Company's production capacity, the Company's 2024 sales volume is forecast as 600 million pcs. We believe that the market condition will remain the same in 2024. The Company will focus more on the Company's overall earnings and also invest more capital in R&D of the production process, and improvement of production process equipment and personnel's efficiency.

The Company's future development strategies

The Company will continue to pursue optimization of quality and maximization of

operating procedure efficiency, and focus on customer service, in order to strengthen the Company's organizational constitution and seek the best interest of all customers, shareholders, and employees.

The applications of packaging and testing products include artificial intelligence, fast charging, high-speed and high-performance computing and memory, wireless communication and low-orbit satellites and other application devices, as well as AI-based neural learning, automotive electronic charging devices, 6G base station high-frequency communication and high-capacity memory devices, and so on.

Effects of external competition, legal environment, and overall business environment

The Company monitors the market economy and industrial change status at all times. Presently, the greatest challenge is the issues of labor shortage, and increase of raw material and water and electricity prices, etc.

The global economy also faces an inflation, war, greenhouse gas emissions, climate change, and uncertain factors of natural resource supply. Next year will still be full of challenges. Notwithstanding, the Company will continue to face the challenges and be brave to brace against the future in the spirit of innovation.

Chairman: Shu Chung-Wan General Manager: Tseng Chung-He Accounting Manager: Kuo Ching-Mei

2. Company profile

2.1. Date of incorporation

July 14, 1998

2.2. Company history

July 1998	Register the incorporation of the Company (formerly known as Pentium Semiconductor Cop., Ltd.), with the paid-in capital amounting to NT\$1.2 billion.
September 1998	Change the Company name into Taiwan IC Packaging Corporation.
October 1998	Acquire and remove the factory premises in Kaohsiung Export Processing Zone, and start to construct new factory premises.
February 1999	Rent the factory premises in Nanzih Export Processing Zone.
October 1999	Complete and activate the factory premises in Kaohsiung Export Processing Zone.
September 2000	Receive the ISO14001 certification.
October 2000	Receive the QS9000/9002 certification.
March 2001	Mr. <u>Deng Xi-Che</u> held the positions as Chairman and General Manager concurrently.
August 2002	Carry out the capital reduction by NT\$510 million, making the paid-in capital amount to NT\$690 million.
October 2002	Carry out the cash capital increase by NT\$150 million, making the paid-in capital amount to NT\$840 million.
January 2003	Start the mass production of CMOS image sensing IC assembly
July 2003	Carry out the cash capital increase by NT\$400 million, making the paid-in capital amount to NT\$1.24 billion.
October 2003	Expand the clean room occupying an area of 1,000 pings on 2F in order to expand the production capacity.
December 2003	Securities and Futures Bureau approved the supplemental public issuance on December 25.
January 2004	Start the TPEx listing tutorship.
July 2004	Carry out the capital increase out of capital surplus, capital increase out of earnings and capital increase out of employee bonus, making the paid-in capital amount to NT\$1.37 billion.
August 2004	Apply for registration as a company listed on the emerging stock market.
January 2005	In line with the corporate governance principles, Mr. <u>Deng Xi-Che</u> resigned from the concurrent position, i.e. General Manager, and Mr. <u>Shen Kuan-Tien</u> succeeded to the position as General Manager.
October	Carry out the capital increase out of capital surplus, capital increase out

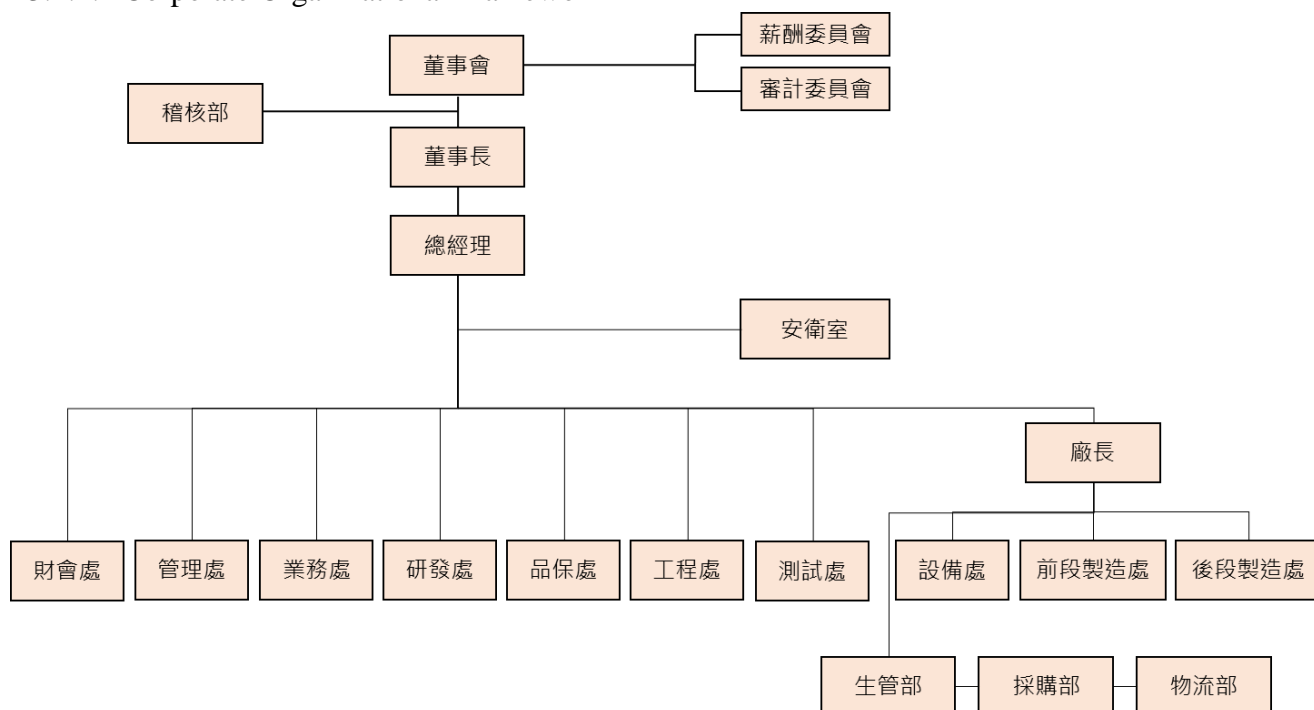
2005	of earnings and capital increase out of employee bonus, making the paid-in capital amount to NT\$1.52 billion.
November 2005	Carry out the cash capital increase by NT\$117 million before being listed on TPEx, making the paid-in capital amount to NT\$1.642 billion.
November 2005	Expand the clean room on 3F.
December 2005	Listed on TPEx.
May 2006	Carry out the capital increase out of earnings and capital increase out of employee bonus, making the paid-in capital amount to NT\$1.88 billion.
November 2006	Expand the clean room on 4F.
July 2007	Carry out the capital increase out of earnings and capital increase out of employee bonus, making the paid-in capital amount to NT\$2.302 billion.
September 2007	Issue the ordinary shares in private placement by NT\$600 million to the name list primarily including <u>Transcend</u> , <u>WKI</u> and managers, making the paid-in capital amount to NT\$2.902 billion.
June 2008	Carry out the capital increase out of earnings and capital increase out of employee bonus, making the paid-in capital amount to NT\$3.025 billion.
December 2008	Purchase the factory premises of Jin Wei (No. 3, Naner Rd.), and dismantle the old factory premises.
August 2010	Mr. <u>Chen Chi-Song</u> held the position as General Manager.
October 2010	Expand the clean room on 5F.
March 2013	Mr. <u>Deng Xi-Che</u> resigned from the Chairman, and Mr. <u>Shu Chung-Wan</u> succeeded to the position as Chairman.
August 2013	Mr. <u>Chen Chi-Sung</u> resigned from the General Manager, and Mr. <u>Shu Chung-Wan</u> held the position as General Manager concurrently.
March 2014	Mr. <u>Shu Chung-Wan</u> was discharged from the concurrent position, i.e. General Manager, and Mr. <u>Chen Tsang-Yi</u> succeeded to the position as General Manager.
July 2014	Report to the Financial Supervisory Commission (“FSC”) the issuance of restricted stock awards (“RSAs”) by NT\$75 million.
September 2014	Carry out the cash capital increase by NT\$1 billion, making the paid-in capital amount to NT\$4.025 billion.
September 2014	Mr. <u>Chen Tsang-Yi</u> resigned from the General Manager, and Mr. <u>Tseng Chung-He</u> succeeded to the position as General Manager.
May 2015	Issue the RSAs by NT\$73.6 million, making the paid-in capital amount to NT\$4.0986 billion.
September	Issue the RSAs to recall NT\$1.3 million through capital reduction,

2015	making the paid-in capital amount to NT\$4.0973 billion.
December 2015	Issue the RSAs to recall NT\$3.3 million through capital reduction, making the paid-in capital amount reach NT\$4.094 billion.
April 2016	Issue the RSAs to recall NT\$3 million through capital reduction, making the paid-in capital amount to NT\$4.091 billion.
September 2016	Issue the RSAs to recall NT\$7.641 million through capital reduction, making the paid-in capital amount to NT\$4.083359 billion.
December 2016	Issue the RSAs to recall NT\$3.08 million through capital reduction, making the paid-in capital amount to NT\$4.080279 billion.
April 2017	Issue the RSAs to recall NT\$0.98 million through capital reduction, making the paid-in capital amount to NT\$4.079299 billion.
September 2017	Issue the RSAs to recall NT\$4.479 million through capital reduction, making the paid-in capital amount to NT\$4.07482 billion.
December 2017	Issue the RSAs to recall NT\$1.52 million through capital reduction, making the paid-in capital amount to NT\$4.07330 billion.
September 2018	Issue the RSAs to recall NT\$4.456 million through capital reduction, making the paid-in capital amount to NT\$4.068844 billion.
August 2019	Reduce the paid-in capital by NT\$2,347,844,000 to compensate the accumulated losses and cancel 234,784,400 shares, making the paid-in capital amount to NT\$1.721 billion.
November 2021	Issue the RSAs by NT\$30 million, making the paid-in capital amount to NT\$1.751 billion.
March 2022	Issue the RSAs by NT\$5 million, making the paid-in capital amount to NT\$1.756 billion.
May 2022	Issue the RSAs to redeem NT\$1.1 million through capital reduction, making the paid-in capital amount to NT\$1.7549 billion.
September 2022	Issue the RSAs to recall NT\$0.4 million through capital reduction, making the paid-in capital amount reach NT\$1.7545 billion.
March 2023	Issue the RSAs to recall NT\$0.4 million through capital reduction, making the paid-in capital amount reach NT\$1.7541 billion.
August 2023	Issue the RSAs to recall NT\$0.7 million through capital reduction, making the paid-in capital amount reach NT\$1.7534 billion.

3. Corporate Governance Report

3.1. Organizational System

3.2.2. Corporate Organizational Framework



董事會	Board of Directors
董事長	Chairman
薪酬委員會	Remuneration Committee
審計委員會	Audit Committee
安衛室	Occupational Safety and Hygiene Office
廠長	Plant Manager
總經理	General Manager
總經理室	General Manager Office
稽核部	Audit Department
財會處	Financial Accounting Division
管理處	Management Division
業務處	Sales Division
研發處	R&D Division
品保處	QA Division
工程處	Engineering Division
測試處	Testing Division
設備處	Equipment Division
前段製造處	Front-End Process Division
後段製造處	Back-End Process Division
生管部	Production Management Department

採購部	Procurement Department
物流部	Logistics Department

3.2.3. Business operations by major departments:

Division/Department	Functions & Operations
General Manager Office	Preparation of the Company's development strategies, and responsibility for and supervision of the Company's overall operations.
Audit Department	Audit on internal policies, procedures and standards, and evaluation on the reasonableness of internal control systems and effectiveness of each department.
Financial Accounting Department	Financial management, asset management, cost & management accounting, taxation planning, and shareholders service.
Management Division	Overall planning about HR management, IT system and administration & general affairs.
Sales Division	Preparation and execution of the annual sales plans for domestic/foreign business lines, development and maintenance of customers, and collection and response to new business opportunities.
R&D Division	R&D of advanced technologies and implementation of production technologies, determination of design and manufacturing specifications, R&D and evaluation of new products and technologies.
QA Division	Establishment, maintenance and execution of the QC system, resolution of abnormal materials and quality, and analysis on and solution of quality issues.
Engineering Division	Evaluation on development and implementation of new equipment and new materials, and integration of engineering execution systems.
Testing Division	Planning and execution of testing production and manufacturing, improvement of output quality and production efficiency
Equipment Division	Maintenance of entire equipment, and planning and execution of stable production efficiency.
Front-End Process Division	Front-end assembly, production and manufacturing, improvement of the output quality and planning & execution of production efficiency, and integration and enhancement of the supply quality and reliability of the facility system.

Back-End Process Division	Back-end assembly, production and manufacturing, improvement of the output quality, and planning & execution of production efficiency.
Production Management Department	Production planning and management, and operating efficiency management.
Procurement Department	Procurement, management and control of machine and batch feeding.
Logistics Department	Finished goods & raw material stock-in and stock-out quantity control, storage quality and accounting treatment.

3.2. Background information about directors, supervisors, General Manager, vice general managers, associate general managers, and the heads of various departments and branches

3.3.2. Information on Directors: April 14, 2024 Unit: share

Job title	Nationality or place of registration	Name	Gender	Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held at the time of appointment		Current shares held		Current shares held by spouse and underage children		Shares held in the name of another person		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relative within 2nd degree of kinship acting as a director, supervisor or other managerial officer			Remark
								Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relationship	
Chairman of Board	R.O.C.	Shu Chung-Wan	Male	70	June 16, 2022	3	97.5.6	10,572,000	2.60%	4,471,641	2.55%	0	0	0	0	Department of Electrical Engineering, NCKU Project Manager, HP Taiwan	Chairman & CEO: Transcend Information, Inc. Director: C-TECH CORPORATION; Transcend Information Trading GmbH Hamburg Representative of juristic person director: WK TECHNOLOGY FUND VI; WK TECHNOLOGY FUND VII; WK TECHNOLOGY FUND VIII Supervisor: Vie Science & Technology Co., Ltd. General Manager: Transcend Information Trading GmbH Hamburg	None	None	None	
Director	R.O.C.	Lian Sheng Investment Co., Ltd.	-	-	June 16, 2022	3	87.6.22	14,503,090	4.79%	6,134,375	3.50%	0	0	0	0	None	None	None	None	None	

Job title	Nationality or place of registration	Name	Gender	Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held at the time of appointment		Current shares held		Current shares held by spouse and underage children		Shares held in the name of another person		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relative within 2nd degree of kinship acting as a director, supervisor or other managerial officer			Remark
								Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relationship	
Representative of juristic person director	R.O.C.	Lian Sheng Investment Co., Ltd. Representative: Kuo Lung-Te	Male	63	June 16, 2022	3	無	0	0%	0	0%	0	0%	0	0%	Global QC Director, Fu Sheng Industrial Co., Ltd.	None	None	None	None	
Director	R.O.C.	Deng Xi-Che	Male	71	June 16, 2022	3	90.6.22	3,555,150	0.87%	1,503,722	0.86%	31,085	0.02%	0	0%	Doctor, Industrial Engineering and Management Group, Graduate Institute of Machinery and Precision Engineering, National Kaohsiung University of Applied Sciences Master, Department of Industrial Engineering and Management, National Kaohsiung University of Applied	Independent Director: GONGIN PRECISION INDUSTRIES CO., LTD. Adjunct Assistant Professor: Graduate Institute of Business Administration, Chen Shiu University	None	None	None	

Job title	Nationality or place of registration	Name	Gender	Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held at the time of appointment		Current shares held		Current shares held by spouse and underage children		Shares held in the name of another person		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relative within 2nd degree of kinship acting as a director, supervisor or other managerial officer			Remark
								Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relationship	
																Sciences Department of Mechanical Engineering, NCKU Manager, Philips Electronics Building Elements (Taiwan)					
Director	R.O.C.	Tseng Chung-He	Male	54	June 16, 2022	3	106.6.15	1,200,000	0.29%	711,564	0.35%	867	0.00%	0	0%	Graduate Institute of Mechanical Engineering, National Sun Yat-sen University Vice President, Transcend Information, Inc.	None	None	None	None	
Independent Director	R.O.C.	Cheng Yen-Wei (Note)	Male	71	June 16, 2022	3	111.6.16	0	0%	0	0%	193,000	0.11%	0	0%	National Taipei University of Technology Chairman of HITRON TECHNOLOGIES INC.	Chairman: ARTMO INC. Director: SPORTS GEAR CO., LTD. Independent Director: TPK Holding Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Chang Chia-Hsiang	Male	72	June 16, 2022	3	102.6.17	0	0%	0	0%	0	0%	0	0%	Department of National Business,	Chairman: TAIWAN BROADBAND	None	None	None	

Job title	Nationality or place of registration	Name	Gender	Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held at the time of appointment		Current shares held		Current shares held by spouse and underage children		Shares held in the name of another person		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relative within 2nd degree of kinship acting as a director, supervisor or other managerial officer			Remark
								Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relationship	
																NCCU MBA, UCLA CFO, HP TAIWAN INFORMATION TECHNOLOGY LTD. President, Asia-Pacific Product Support Business Unit, HP TAIWAN INFORMATION TECHNOLOGY LTD. President, Network Business Unit, ARC Vice President & CFO, NEW CENTURY INFOCOMM TECH CO., LTD. Director/Executive Vice President, Enterprise and Carrier Business	COMMUNICATIONS , CO., LTD. Independent Director: Director, TAIRX, INC.				

Job title	Nationality or place of registration	Name	Gender	Age	Date of (elected to) office	Term of office	Date first elected	Number of shares held at the time of appointment		Current shares held		Current shares held by spouse and underage children		Shares held in the name of another person		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relative within 2nd degree of kinship acting as a director, supervisor or other managerial officer			Remark
								Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relationship	
																Unit, FAR EASTONE TELECOMMUNICATIONS CO., LTD.					
Independent Director	R.O.C.	Chen I-Wen	Male	74	June 16, 2022	3	102.6.17	0	0%	0	0%	0	0%	0	0%	Department of Electrical Engineering, Min Chi University of Technology Chairman, IVAN INFORMATION TECHNOLOGY COMPANY Computer Marketing Dept., HP TAIWAN INFORMATION TECHNOLOGY LTD.	None	None	None	None	

Note: Director Cheng Yen-Wei resigned on April 1, 2024 .

3.3.3. Major corporate shareholders: April 14 , 2024

Names of juristic person shareholders	Major shareholders of juristic person shareholders
Lian Sheng Investment Co., Ltd.	Li Liang-Chen (16.69%), Li Hsiu-Chuan (15.65%), Li Meng-Fen (14.24%), Li Wei-Chen (13.86%), Li Yen-Te (7.08%), Li Po-I (5.63%), Li Ying-Tsun (3.22%), Li Ting-I (3.21%), Li Yueh-Hsun (3.22%), and Li I-Chen (2.98%)

3.3.4. Juristic Person Shareholders' Major Shareholders Who are Juristic Persons: April 14, 2024

Names of juristic person shareholders	Major shareholders of juristic person shareholders
None	None

3.3.5. Disclosure of directors' expertise and independent directors' independence information

Conditions Name	Professional qualifications and experience	Independence status	Number of independent directors in other public companies
Shu Chung-Wan Chairman of Board	For the professional qualification and experience, pleaser refer to “3.2.1 Information about directors” herein (Pages 5~7).	N/A	0
Representative of Lian Sheng Investment Co., Ltd.: Kuo Lung-Te Director			0
Deng Xi-Che Director	All directors are free from the circumstances referred to in Article 30 of the Company Act.		1
Tseng Chung-He Director			0
Cheng Yen-Wei (Note) Independent Director		1. None of them or their spouses or relatives within 2nd degree of kinship holds share of the Company. 2. None of the directors or employees satisfies the circumstances referred to in the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1
Chang Chia-Hsiang Independent Director			1
Chen I-Wen Independent Director		3. Not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years	0

Note: Director Cheng Yen-Wei resigned on April 1, 2024 .

3.3.6. Diversity and independence of the Board of Directors

The Company advocates and respects the director diversity policy. In order to strengthen the corporate governance and promote the robust development of composition and structure of the Board of Directors, the diversity policy is believed to be helpful for improving the Company's overall performance. The appointment of the Board members is based on their merits and diversified complementary abilities across industries, including basic composition. Each of them has the industrial experience and related skills, in addition to the ability to make business decision, ability to manage international market business, leadership, and ability to manage crisis, etc..

The Company's current Board members diversity policy and Implementation status thereof:

Diversity core Name of director	Basic composition									Industrial experience			Expertise			
	Nationality	Gender	Serving as the employees concurrently	Age			Seniority and term of office as an independent director			E- manufacturing	Brand marketing	Quality control	Business decision making	International market	Financial accounting	University professor
				51~60 years old	61~70 years old	71~80 years old	Under 3 years	6~9 years	10~20 years							
Shu Chung- Wan	R.O.C.	Male			✓					✓	✓		✓	✓		
Kuo Lung-Te	R.O.C.	Male			✓					✓		✓	✓			
Deng Xi- Che	R.O.C.	Male				✓				✓			✓	✓		✓
Tseng Chung- He	R.O.C.	Male	✓	✓						✓			✓	✓		
Cheng Yen-Wei (Note)	R.O.C.	Male				✓	✓			✓	✓		✓	✓		
Chang Chia- Hsiang	R.O.C.	Male				✓			✓				✓	✓	✓	
Chen I- Wen	R.O.C.	Male				✓			✓	✓	✓		✓	✓		

Note: Director Cheng Yen-Wei resigned on April 1, 2024 .

3.3.7. President, vice presidents, assistant vice presidents, and supervisors of various departments and branches: April 14, 2024

Job title	Nationality	Name	Gender	Date of (elected to) office	Shares held		Shares held by spouse and underage children		Shares held in the name of another person		Major work experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relative within 2nd degree of kinship acting as a managerial officer			Remark
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Job title	Name	Relationship	
Director and also General Manager	R.O.C.	Tseng Chung-He	Male	10.1.2014	711,564	0.41%	867	0.00%	0	0	Graduate Institute of Mechanical Engineering, National Sun Yat-sen University Vice President, Transcend Information, Inc.	None	None	None	None	
Factory Manager	R.O.C.	Chen Chung-Ching	Male	9.1.2017	0	0.00%	0	0	0	0	Graduate Institute of Industrial Engineering and Engineering Management, National Tsing Hua University Factory Manager, Transcend Information, Inc.	None	None	None	None	
CFO /Corporate Governance Officer	R.O.C.	Kuo Ching-Mei	Female	7.14.2017	210	0.00%	0	0	0	0	Graduate Institute of Management, I-Shou University Internal Audit Officer, Taiwan IC Packaging Corporation	None	None	None	None	

3.3. Compensation to directors, independent directors, supervisors, General Manager and vice general managers

3.3.1. Compensation to directors and independent directors

Unit: Share; NT\$ thousand

Job title		Name	Remuneration to directors								Sum of A, B, C, and D, and the sum as a percentage of net income		Employee compensation received by directors								Sum of A, B, C, D, E, F, and G, and the sum as a percentage of net income		Compensation from investees other than subsidiaries or from the parent company
			Return (A)		Retirement pension (B)		Remuneration to directors (C)		Professional practice fees (D)				Salaries, bonuses and special allowances, etc. (E)		Retirement pension (F)		Remuneration to employees (G)						
			the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements			
Director	Chairman of Board	Shu Chung-Wan	0	0	0	0	0	0	40	40	40 -0.02%	40 -0.02%	0	0	0	0	0	0	0	0	40 -0.02%	40 -0.02%	None
	Director	Lian Sheng Investment Co., Ltd.	0	0	0	0	0	0	0	0	40 -0.02%	40 -0.02%	0	0	0	0	0	0	0	0	40 -0.02%	40 -0.02%	None
	Director Representative	Representative of Lian Sheng Investment Co., Ltd.: Kuo Lung-Te	0	0	0	0	0	0	40	40	40 -0.02%	40 -0.02%	0	0	0	0	0	0	0	0	40 -0.02%	40 -0.02%	None
	Director	Deng Xi-Che	0	0	0	0	0	0	40	40	40 -0.02%	40 -0.02%	0	0	0	0	0	0	0	0	40 -0.02%	40 -0.02%	None
	Director	Tseng Chung-He	0	0	0	0	0	0	40	40	40 -0.02%	40 -0.02%	4,052	4,052	108	108	0	0	0	0	4,200 -2.37%	4,200 -2.37%	None
Independent Director	Independent Director	Cheng Yen-Wei (Note)	720	720	0	0	0	0	100	100	820 -0.46%	820 -0.46%	0	0	0	0	0	0	0	0	820 -0.46%	820 -0.46%	None
	Independent Director	Chang Chia-Hsiang	720	720	0	0	0	0	100	100	820 -0.46%	820 -0.46%	0	0	0	0	0	0	0	0	820 -0.46%	820 -0.46%	None
	Independent Director	Chen I-Wen	720	720	0	0	0	0	100	100	820 -0.46%	820 -0.46%	0	0	0	0	0	0	0	0	820 -0.46%	820 -0.46%	None
(I) Please explain the policy, system, standards and structure by which independent director compensation is paid, and association between the amount paid and the factors including independent directors' responsibilities, risks, and time committed: The fixed remuneration to each independent directors is NT\$30,000 per month, and the non-fixed remuneration is paid according to the Articles of Incorporation. The Remuneration Committee will determine it based on the directors' performance evaluation results.																							
(II) Compensation received by director for providing service (e.g. consultancy service without the title of an employee) in the most recent year, except those disclosed in said table: None.																							

Note: Director Cheng Yen-Wei resigned on April 1, 2024 .

3.3.2. Remuneration to General Manager and Deputy General Managers

Unit: NT\$ Thousand

Unit: NT\$ Thousand														
Job title	Name	Salary (A)		Retirement pension (B)		Bonuses and special allowances, etc. (C)		Remuneration to employees (D)				Sum of A, B, C, and D, and the sum as a percentage of net income (%)		Compensation from investees other than subsidiaries or from the parent company
		the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company		Companies included in the financial statements		the Company	Companies included in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Tseng Chung-He	3,750	3,750	108	108	302	302	0	0	0	0	4,160 -2.35%	4,160 -2.35%	None
Factory Manager	Chen Chung-Ching	2,280	2,280	108	108	192	192	0	0	0	0	2,580 -1.46%	2,580 -1.46%	None

* Disclosure is mandatory for persons who hold positions equivalent to a General Manager or vice general managers (e.g. president, CEO, and director, etc.).

3.3.3. Names of managers who receive employee remuneration, and the final allocation Unit: NT\$ Thousand

	Job title	Name	Amount in stock	Amount in cash	Total	The total amount as a percentage of net income (%)
Manager	General Manager	Tseng Chung-He	0	0	0	0%
	Factory Manager	Chen Chung-Ching				

3.3.4. Analysis on total amount of compensation paid in the latest 2 years by the Company to the Company's directors, General Manager, and vice general managers as a percentage of net income

The total amount as a percentage of net income (%)	2022	2023
Remuneration to directors	14.24%	-
Remuneration to General Manager and vice general managers	15.56%	-

3.3.5. Policies, standards, and packages by which the compensation is paid, the procedures through which compensation is determined, and their association with business performance and future risks.

1. According to Paragraph 2 of Article 26 of the Articles of Incorporation, if the Company retains earnings at the end of any fiscal year, no more than 1% of the current income before the income tax prior to deduction of the remuneration to employees and directors shall be allocated as the remuneration to directors. However, profits must first be taken to offset against cumulative losses, if any.
2. According to Paragraph 1 of Article 26 of the Articles of Incorporation, if the Company retains earnings at the end of any fiscal year, no less than 10% of the current income before the income tax prior to deduction of the remuneration to employees and directors shall be allocated as the remuneration to General Manager and vice general managers. However, profits must first be taken to offset against cumulative losses, if any.
3. As there is no significant change in the appointment of directors, there is no likelihood of any risk over significant uncertainty in the future.

3.3.5. Compensation to Top 5 senior managers

3.5.5.7 Compensation to Top 5 Senior Managers

Job title	Name	Salary (A)		Retirement pension (B)		Bonuses and special allowances, etc. (C)		Remuneration to employees (D)				Sum of A, B, C, and D, and the sum as a percentage of net income (%)		Compensation from investees other than subsidiaries or from the parent company
		the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company	Companies included in the financial statements	the Company		Companies included in the financial statements		the Company	Companies included in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Tseng Chung-He	3,750	3,750	108	108	302	302	0	0	0	0	4,160 -2.35%	4,160 -2.35%	None
Factory Manager	Chen Chung-Ching	2,280	2,280	108	108	192	192	0	0	0	0	2,580 -1.46%	2,580 -1.46%	None
Director	Hsieh Hsiao-Tsu	1,670	1,670	103	103	183	183	0	0	0	0	1,956 -1.11%	1,956 -1.11%	None
Director	Ou Yu-Chia	1,620	1,620	99	99	137	137	0	0	0	0	1,856 -1.05%	1,856 -1.05%	None
Director	Chang Chia-Hao	1,574	1,574	95	95	131	131	0	0	0	0	1,800 -1.02%	1,800 -1.02%	None

3.4. Corporate governance status

3.4.1. Functionality of the Board of Directors

4 Board of Directors meetings were convened in the most recent year. The attendance of directors and supervisors are listed as below:

Job title	Name	Attendance in person (or as observer) (times)	Attendance by proxy (times)	Percentage of actual attendance (or as observer) (%)	Remark
Chairman of Board	Shu Chung-Wan	4	0	100%	
Director	Lian Sheng Investment Co., Ltd. Representative: Kuo Lung-Te	4	0	100%	
Director	Deng Xi-Che	4	0	100%	
Director	Tseng Chung-He	4	0	100%	
Independent Director	Chang Chia-Hsiang	4	0	100%	

Independent Director	Chen I-Wen	4	0	100%	
Independent Director	Cheng Yen-Wei	4	0	100%	Resigned on April 1, 2024

Other remarks:

I. For the Board of Directors meetings that meet any of the following descriptions, state the date, session, contents of the motions, independent directors' opinions and how the Company has responded to such opinions:

(I) Circumstances referred to in Article 14-3 of the Securities and Exchange Act.

Date of the Board of Directors meeting Session	Contents of the motions	Independent directors' opinions	How the Company has responded to such opinions
March 1, 2023 First Meeting in 2023	1. Distribution of 2022 non-fixed remuneration to directors and employees. 2. 2022 Business Report. 3. 2022 financial statements. 4. 2022 Earnings Distribution Plan. 5. 2022 Statement of the Internal Control System. 6. 2022 Appointment of external auditors, audit fees, and independence evaluation.	None	N/A
May 2, 2023 Second Meeting in 2023	1. 2023 Q1 financial statements. 2. Appointment of the "Corporate Governance Officer".	None	N/A
2023/8/1 3rd Meeting in 2023	1. 2023 Q2 financial report. 2. Amendments to the "Internal Control System".	None	N/A
2023/11/3 4th Meeting in 2023	1. 2023 Q3 financial statements.	None	N/A

2024/2/27 1st Meeting in 2024	1. Distribution of 2023 non-fixed remuneration to directors and employees. 2. 2023 business report. 3. 2023 financial statements. 4. 2023 Loss compensation plan 5. 2023 Statement of the Internal Control System. 6. 2024 CPA appointment, audit fees, and independence evaluation.	None	N/A
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(II) Other than those disclosed above, any resolution(s) by the Board of Directors meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed:

Meeting date	Contents of the motions	Name of director	Reasons of the recusal for conflict of interest	Participation in voting
2023/8/1	2023 sales transactions with the related party (Transcend).	Shu Chung-Wan	The Chairman of <u>the Company</u> is the same as that of <u>Transcend</u> .	1. Chairman Shu Chung-Wan recused himself, and Director Tseng Chung-He was appointed to act as the acting Chairman. 2. The proposal had no objections or reservations, and the proposal was approved by all attending directors, except for the Chairman who recused himself.

III. A TWSE/TPEX listed company shall disclose the evaluation cycle and period, scope of evaluation, method and contents of evaluation about the Board of Directors' self (or peer) performance evaluation.

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Contents of evaluation
1 year	2023/1/1~12/31	All directors	Questionnaire	1. Average scores: 95 or higher, namely Excellent 2. The evaluation results were reported to the Board of Directors meeting on February 27, 2024.

IV. Enhancement of the functionality of the board of directors in the current and the most recent

year. (e.g. establishment of Audit Committee, enhancement of information transparency, etc.): The Company has appointed 3 independent directors and established the Remuneration Committee. 3 independent directors were elected at the 2013 shareholders' meeting. Meanwhile, the Audit Committee was established to exercise the functions in replace of supervisors.

3.4.2. Functionality of the Audit Committee

4 Audit Committee meetings were convened in the most recent year. The attendance at the meetings are listed as below:

Job title	Name	Attendance in person (times)	Attendance by proxy (times)	Percentage of actual attendance (%)	Remark
Convener	Chang Chia-Hsiang	4	0	100%	
Member	Chen I-Wen	4	0	100%	
Member	Cheng Yen-Wei	4	0	100%	Resigned on April 1, 2024

Other remarks:

I. For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of motion, independent directors' opposing opinions, reservations or key recommendations, Audit Committee's resolutions, and how the Company has responded to Audit Committee's opinions.

(1) Circumstances referred to in article 14-5 of the Securities and Exchange Act.

Meeting date/session	Contents of the motions	Audit Committee's resolutions	How the Company has responded to Audit Committee's opinions
March 1, 2023 First Meeting in 2023	1. 2022 Business Report. 2. 2022 financial statements. 3. 2022 Earnings Distribution Plan. 4. 2022 Statement of the Internal Control System. 5. 2022 Appointment of external auditors, audit fees, and independence evaluation.	The motion was approved as proposed and submitted to the Board of Directors for discussion.	N/A

		6. Amendments to the “Rules Governing Financial and Business Matters Between Affiliated Enterprises”. 7. 2023 sales transactions with the related party (Transcend). 8. Proposal for amendment to the “2021 First RSAs Issuance Regulations”. 9. Approval for the provision of non-assurance services by CPAs, their firms and their affiliates to the Company, the parent company, and subsidiaries.		
	May 2, 2023 Second Meeting in 2023	1. 2023 Q1 financial report.	The motion was approved as proposed and submitted to the Board of Directors for discussion.	N/A
	2023/8/1 3rd Meeting in 2023	1. 2023 Q2 financial statements.	The motion was approved as proposed and submitted to the Board of Directors for discussion.	N/A
	2023/11/3 4th Meeting in 2023	1. 2023 Q1 financial report. 2. 2023 Internal audit plan.	The motion was approved as proposed and submitted to the Board of Directors for discussion.	N/A
	2024/2/27 1st Meeting in 2024	1. 2023 business report. 2. 2023 financial statements. 3. 2023 Loss compensation plan 4. 2023 Statement of the Internal Control System.	The motion was approved as proposed and submitted to the Board of Directors for	N/A

	5. 2024 CPA appointment, audit fees, and independence evaluation. 6. 2024 sales transaction with related party (Transcend).	discussion.	
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(2) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-third of the whole directors: None.

II. For independent directors' avoidance of motions which involves conflict of interest:

Date of the meeting	Contents of the motions	Name of independent director	Reasons of the recusal for conflict of interest	Participation in voting
None	None	None	None	None

III. Communication between independent directors and chief internal audit officer/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome):

- (1) By the end of each month, the Company's chief internal audit officer will send the audit report for the previous month and summarization report on defects to each independent director for review. Meanwhile, the chief internal audit officer communicates with the independent directors about the audit report periodically on a quarter basis, and also reports the internal audit results at the Board of Directors meeting on a quarterly basis. Additionally, the chief internal audit officer will also report any special circumstance to the independent directors from time to time. Notwithstanding, no such circumstance occurred in 2023. For the time being, the communication between the Company's independent directors and chief internal audit officer is considered good.
- (2) The Company's external auditors will report to the independent directors the results of audit or review on the quarterly financial statements and other communication matters required by related laws periodically on a quarterly basis. Additionally, the external auditors will also report any special circumstance to the independent directors from time to time. Notwithstanding, no such circumstance occurred in 2023. For the time being, the communication between the Company's independent directors and external auditors is considered good.

3.4.3. Remuneration Committee

In order to establish a robust remuneration system for the Company's directors and managers, the Articles of Association for the Remuneration Committee are formulated in accordance with Article 3 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." The Company's Remuneration Committee consists of 3 members who are appointed per resolution by the Board of Directors. The three members comprise the external experts who satisfy the professional qualifications and independence requirements.

The Company's Remuneration Committee convenes at least two meetings per year to review the Company's remuneration regulations and propose suggestions about amendments, review the policies, systems, standards and structure about performance of and remuneration to directors and managers periodically, and evaluate the remuneration to the Company's directors and managers periodically. For the criteria governing performance evaluation on the directors and managers, please refer to "Three.III.(4) Analysis on total amount of compensation paid in the latest 2 years by the Company and companies included into the consolidated financial statements to the Company's directors, General Manager, and vice general managers as a percentage of net income, and policies, standards, and packages by which the compensation is paid, the procedures through which compensation is determined, and their association with business performance and future risks.

Information about Remuneration Committee members

Identity Name	Conditions	Professional qualifications and experience	Independence status	Number of other public companies in which the member concurrently serves as a remuneration committee member
Independent Director	Chang Chia- Hsiang	For the professional qualification and experience, please refer to "3.2.1 Information about directors" herein	1. None of them or their spouses or relatives within 2nd degree of kinship holds share of the Company.	1
Independent Director	Chen I-Wen		2. None of the directors or	0

Independent Director	Cheng Yen-Wei (Note)	(Pages 5~7).	employees satisfies the circumstances referred to in the subparagraphs 5~8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. 3. Not a person who had provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years	1
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Note: Director Cheng Yen-Wei resigned on April 1, 2024.

3.4.4. Information about functionality of Remuneration Committee

Term of office: From June 16, 2022 to June 15, 2025. The Remuneration Committee had 2 meetings convened in the latest year. The members' qualification and attendance at the meetings is stated as follows :

Job title	Name	Attendance in person (times)	Attendance by proxy (times)	Percentage of actual attendance (%)	Remark
Convener	Cheng Yen-Wei	2	0	100%	Resigned on April 1, 2024
Convener	Chen I-Wen	2	0	100%	New convener on February 27, 2024
Member	Chang Chia-Hsiang	2	0	100%	

Other remarks:

- The Remuneration Committee convened two meetings on March 1, 2023 and November 3, 2023. The motions under discussion included:
 - Report on the remuneration to employees
 - Total amount of the sales bonus for managers
 - Total amount of annual remuneration (bonus)
 - Annual compensation to directors and managers
 - Suggestions about adjustment of the remuneration structure
 Said motions were reviewed or approved by the Remuneration Committee.
- Should the Board of Directors reject or modify the suggestions from the Remuneration Committee, state the date, session, contents of the motions, resolution made by the Board of Directors meeting, and how the Company has responded to

Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approves a solution that is more favorable than the one proposed by the Remuneration Committee):

Meeting date/session	Contents of the motions	Resolution of the Board of Directors	Difference and reason
2024/2/27 1st Meeting in 2024	2024 remuneration to directors and managers.	Approved after the amendments, changing the object of distribution of fixed and unfixed remuneration to all directors .	The original remuneration is divided into independent directors and non-independent directors. All directors have participated in and contributed to the Company's operations.

3. Should any resolution(s) by the Remuneration Committee be passed but with members voicing opposing or qualified opinions on the record or in writing, please describe the date and session of the meeting, contents of the motion, all members' opinions, and how their opinions are addressed: None.

Meeting date/session	Contents of the motions	Remuneration Committee's resolutions	How the Company has responded to Remuneration Committee's opinions
March 1, 2023 First Meeting in 2023	1. Distribution of 2022 non-fixed remuneration to directors and employees. 2. 2023 remuneration to directors and managers.	The motion was approved as proposed and submitted to the Board of Directors for discussion.	N/A
2023/11/3 Second Meeting in 2023	None	N/A	N/A
2024/2/27 1st Meeting in 2024	1. Distribution of 2023 non-fixed remuneration to directors and employees. 2. 2024 remuneration	The motion was approved as proposed and submitted to the Board of Directors for	N/A

	to directors and managers.	discussion.	
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4. For the members' avoidance of motions which involves conflict of interest:

Date of the meeting	Contents of the motions	Name of independent director	Reasons of the recusal for conflict of interest	Participation in voting
None	None	None	None	None

3.4.5. Performance evaluation on the Board of Directors and functional committees

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Contents of evaluation
Once per year	From January 1, 2023 to December 31, 2023	1. Board of Directors 2. Individual Board members	Board of Directors' self-evaluation and Board member's self-evaluation	<p>The Board of Directors' performance evaluation indicators shall at least cover the following five major aspects:</p> <ol style="list-style-type: none"> 1. Engagement in the Company's operation 2. Improvement of the Board of Directors' decision-making quality 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control <p>The individual Board members' performance evaluation indicators shall at least cover the following six major aspects:</p> <ol style="list-style-type: none"> 1. Alignment of the goals and mission of the Company 2. Awareness toward the duties of a director 3. Engagement in the Company's operation 4. Management of internal relationship and communication 5. Expertise and continuing education of directors

				6. Internal control
		Audit Committee	Members' self-evaluation	<p>The Audit Committee's performance evaluation indicators shall at least cover the following five major aspects:</p> <ol style="list-style-type: none"> 1. Engagement in the Company's operation 2. Awareness toward the duties of Audit Committee; 3. Improvement of the Audit Committee's decision-making quality 4. Composition of the Audit Committee, and election and appointment of the Committee members 5. Internal control
		Remuneration Committee	Members' self-evaluation	<p>The Remuneration Committee's performance evaluation indicators shall at least cover the following five major aspects:</p> <ol style="list-style-type: none"> 1. Engagement in the Company's operation 2. Awareness toward the duties of Remuneration Committee 3. Improvement of the Remuneration Committee's decision-making quality 4. Composition of the Remuneration Committee, and election and appointment of the Committee members

The Company has completed the 2023 Board of Directors' self-evaluation. The evaluation results were also submitted to the first meeting of the Board of Directors in 2024 as the basis for discussion and improvement. The Board of Directors' self-evaluation received an average score of 98.7 points (100 points for full mark). Among other things, there was a larger difference in the indicator, "Improvement of the Board of Directors' decision-making quality", primarily because the meetings were convened only 4-5 times a year (preferably 6 times). Generally, the Board of Directors functioned fairly (overview: Excellent). The Company will enhance the Board of Directors based on the evaluation results to improve the effect of corporate governance. The Audit Committee's self-

evaluation results show that each member felt 100% satisfied with the various indicators.

3.4.6. Continuing Education and Training of Directors and Supervisors in 2023:

Job title	Name	Organizer	Course name	Continuing education hours	Compliance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies” or not
Director	Shu Chung-Wan	Taiwan Corporate Governance Association	Initiation of succession plan - employee remuneration plan and inheritance of equity	3	Yes
		Taiwan Stock Exchange Corporation	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6	
Independent Director	Chang Chia-Hsiang	Taiwan Corporate Governance Association	Business Administration and Crisis Management	3	Yes
		Taiwan Corporate Governance Association	Legal Problems to be Noted for Insider Shareholding Management and Securities Exchange	3	
Independent Director	Cheng Yen-Wei	Taiwan Stock Exchange Corporation	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6	Yes
		Taiwan Institute of Directors	New ESG Horizon - Carbon Neutrality Milestones	3	
Director	Deng Xi-Che	Securities & Futures Institute	How to improve the credibility of corporate sustainability reports	3	Yes

Job title	Name	Organizer	Course name	Continuing education hours	Compliance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies” or not
		Securities & Futures Institute	Discussion on the Functions of the Board of Directors from the Perspective of Enterprise Fraud Prevention	3	
Director	Tseng Chung-He	Securities & Futures Institute	How to improve the credibility of corporate sustainability reports	3	Yes
		Securities & Futures Institute	Discussion on the Functions of the Board of Directors from the Perspective of Enterprise Fraud Prevention	3	
Independent Director	Chen I-Wen	Accounting Research and Development Foundation in Taiwan	2023 Financial Transformation and Sustainability Disclosure Seminar	3	Yes
		Accounting Research and Development Foundation in Taiwan	ESG information disclosure trends and regulations related to the “Sustainable Development Roadmap”	3	
Representative of juristic person director	Kuo Lung-Te	Taiwan Institute of Directors	A century-old practitioner of technology-led innovation	3	Yes
		Taiwan Institute of Directors	Sustainability and international competitiveness of enterprises	3	

3.4.7. Continuing Education and Training of Managers in 2023:

Job title	Name	Organizer	Course name	Continuing education hours	Compliance with the continuing education requirements or not
Financial Accounting Manager	Kuo Ching-Mei	Accounting Research and Development Foundation in Taiwan	The latest "ESG sustainability" and "self-preparation of financial statements" related policy development and internal control management practices	6	Yes
	Kuo Ching-Mei	Accounting Research and Development Foundation in Taiwan	Common Deficiencies of "Financial Report Review" and Practical Analysis of Important Internal Control Regulations	6	Yes
Corporate Governance Officer	Kuo Ching-Mei	Taipei Exchange	"Action Plan for the Sustainable Development of TWSE/TPEX Listed Companies" Seminar	3	Yes
	Kuo Ching-Mei	Accounting Research and Development Foundation in Taiwan	Latest "Amendment to Internal Control Regulations" and "Information Security" Compliance and Fraud Prevention Practices	6	Yes
	Kuo Ching-Mei	Taipei Exchange	2023 Insider Equity Promotion Seminar for TPEx-listed companies	3	Yes
	Kuo Ching-Mei	Accounting Research and Development Foundation in Taiwan	Promoting corporate sustainability through "risk management"	6	Yes

3.4.8. Corporate governance status, and deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof:

Evaluation items	Status			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best practice principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established its "corporate governance best practice principles" and disclosed the same on its website and the MOPS.	Compliance with the requirement.
II. Equity structure and shareholders' equity of the Company				
(1) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly?	V		(1) The Company has delegates dedicated personnel to process shareholders' proposals, doubts and disputes.	Compliance with the requirement.
(2) Does the Company possess the list of the Company's major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	V		(2) The Company discloses the important information about any increase in pledge and mortgage by major shareholders or reduction of the Company's shares and other changes.	Compliance with the requirement.

Evaluation items	Status			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:
	Yes	No	Summary	
(3) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	V		(3) The affiliated companies' assets and financial accounting are operated independently. Meanwhile, there is no loan/financing problem existing between both parties. Therefore, no such risk exists.	Compliance with the requirement.
(4) Does the Company adopt internal rules prohibiting the Company's insiders from trading securities using information not disclosed to the market?	V		(4) The Company has adopted the Ethical Code for directors and managers, and planned to amend the "Insider Trading Prevention Management under the Internal Control System: The insiders, who include (without limitation to) directors, shall not trade their stocks within the lockup period for 30 days prior to disclosure of the annual report, and within 15 days prior to disclosure of the quarterly financial statements.	Compliance with the requirement.
III. Composition and responsibilities of the Board of Directors				
(1) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?	V		Please refer to 3.2.5 Board Diversity and Independence. (Page 9)	Compliance with the requirement.

Evaluation items	Status			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:
	Yes	No	Summary	
(2) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?		V	The Company has set up the Remuneration Committee and Audit Committee. Both of them consist of the whole independent directors. The Company has yet to establish other functional committees.	It will be added as appropriate in the future.
(3) Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term?	V		The Company has already adopted the Regulations Governing the Board of Directors' Performance Evaluation, and executed the directors' performance evaluation since 2020. The 2023 evaluation results were already reported to the Board of Directors and Remuneration Committee on February 27, 2024.	Compliance with the requirement.
(4) Does the Company have the independence of the external auditors evaluated regularly?	V		The Company's Audit Committee evaluates the external auditors' independence based on the following criteria each year, and reports the evaluation results to the Board of Directors:	Compliance with the requirement.

Evaluation items	Status			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:
	Yes	No	Summary	
			<ol style="list-style-type: none"> 1. External Auditors' Independence Checklist. 2. The audit or non-audit services provided by the external auditors shall be subject to prior review by the Audit Committee, in order to ensure that no impact may be posed by the non-audit services to the audit results. 3. The same external auditor would not execute the certification service for more than 7 years consecutively. 	
IV. Does the Company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors the information needed by them to perform their duties, assistance to directors/supervisors in legal compliance, organization of the Board of Directors meetings and shareholders' meetings	V		<p>The Board of Directors approved the establishment of Corporate Governance Officer on May 2, 2023. The status of operations performed by the corporate governance unit of the Company in 2023 is as follows:</p> <ol style="list-style-type: none"> 1. In 2023, the Board convened four meetings, four Audit Committee meetings, and 2 Remuneration Committee meetings. 2. Convened the Shareholders' Meeting on June 14, 2023 according to the statutory deadline and assisted in the convening of the Shareholders' Meeting. 3. Responsible for the announcement of material 	Compliance with the requirement.

Evaluation items	Status			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:
	Yes	No	Summary	
pursuant to laws, and preparation of the Board of Directors meeting and shareholders' meeting minutes, etc.)?			<p>information of important resolutions of the Board of Directors and the Shareholders' Meeting, and release material information in accordance with the law.</p> <p>4. Arrange communication between independent directors and internal auditing officers and CPAs during Audit Committee meetings.</p> <p>5. Conducted the 2023 self-evaluation of the Board of Directors and functional committees, and reported the results of the performance evaluation to the Board of Directors on February 27, 2024.</p> <p>6. On February 27, 2024, the Board evaluated the independence and suitability of CPAs with reference to the Audit Quality Indicators (AQIs).</p>	
V. Does the Company establish a communication channel for the stakeholders (including but not limited to, shareholders, employees, customers and suppliers), set the stakeholder section on the Company's website, and respond to the stakeholders regarding	V		The Company provides all of its correspondent financial institutions and creditors with sufficient information, as well as uninterrupted communication channels for its employees. Meanwhile, the Company discloses the information about acquisition and disposal of related assets and making of guarantees/endorsements on the MOPS, in order to provide stakeholders with sufficient	Compliance with the requirement.

Evaluation items	Status			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:
	Yes	No	Summary	
their concerns over corporate sustainability?			information to help their judgment and protect their interests and rights. The Company's website also sets up the investors/stakeholders section.	
VI. Does the Company have commissioned a professional shareholders service agent to handle shareholders affairs?	V		The Company has commissioned a professional shareholders service agent to handle shareholders affairs.	Compliance with the requirement.
VII. Information Disclosure				
(1) Does the Company set up a website to disclose the Company's business, finance and corporate governance information?	V		The Company has set up the website, in Chinese and English languages, to disclose the business, finance and corporate governance information, and also sustainable development matters.	Compliance with the requirement.
(2) Does the Company have adopted other information disclosure methods (e.g., establishing an English website, designating dedicated persons for collecting and disclosing information of the Company, practicing the spokesman system, posting the investor conference on the Company's website, etc.)?	V		The Company assigns dedicated personnel to handle the collection of information to be disclosed, practices the spokesperson system and also update the Company's English website simultaneously.	Compliance with the requirement.

Evaluation items	Status			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:
	Yes	No	Summary	
(3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?	V		The Company's 2023 financial report has been announced and reported within two months of the end of the year (February 27, 2024) . Notwithstanding, its financial reports for the first, second, and third quarters as well as its operating status for each month were reported before the specified deadline.	Compliance with the requirement.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of the Company's directors and supervisors)?	V		The Company's Board of Directors convenes the meeting once per quarter. The directors' attendance status is considered good. The Company also arranges the continuing education courses for directors and independent directors, if necessary. The Company's internal control and risk management systems, as well as various management regulations and rules, have been approved by the Board of Directors. The Company evades the investment business with risk, and also maintains various insurance programs to compensate the potential losses to the Company's property and employee, and caused by a third party liability. So far, the Company has enrolled the directors and management to the directors/supervisors' and key	Compliance with the requirement.

Evaluation items	Status			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:
	Yes	No	Summary	
			management's liability insurance programs.	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose the enhancement measures for any issues that are yet to be rectified.	V		The Company discloses the issues to be improved as the first priority and enhanced disclosure matters in its annual report and on its official website, based on the 10th evaluation results.	Compliance with the requirement.

1.4.9. Implementation status of sustainable development practices, and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company implement a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the		V	<p>1. The Company's governance framework engaged in promoting the sustainable development.</p> <p>2. The implementation status of various organizations, including but not limited to:</p> <p>(1) Name of the unit that</p>	The Company will promote it, subject to the Company's business overview, in the future.

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
promotion of sustainable development? Is the unit empowered by the Board of Directors and run by senior management, and how does the Board of Directors supervise progress?			<p>specializes (or is involved) in the promotion of sustainable development, when it is set up, and authorization from the Board of Directors.</p> <p>(2) Composition, functionality and implementation status of the unit's members (e.g. work plans and functions).</p> <p>(3) How often the unit reports to the Board of Directors (at least once per year), or the date of report to the Board of Directors in the current year.</p> <p>3. The Board of Directors' supervision on the sustainable development, including but not limited to, preparation of the management policies, strategies and targets, and review on the policies, etc..</p>	
II. Does the Company, in accordance with the materiality principle, conduct risk assessments on environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	V		The Company has adopted the "Operating Procedure for Identification of Environmental Considerations" and "Regulations Governing Identification of Labor Risk and Moral Hazard," in order to identify the risks over environment, health and safety related to operations, and the risk over labor practicing, verify the level of each risk, implement adequate procedures and substantial controls,	Compliance with the requirement.

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			ensure the legal compliance, and control the identified risks.	
III. Environmental Issues				
(1) Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		The Company passed the certification of ISO 14001 and was admitted the registration. Meanwhile, in 2018, the Company passed the certification of the new ISO 14001:2015 version upon revision. The system, and the new ISO45001 and TOSHMS CNS45001 versions upon revision, which the Company passed in 2020, were integrated into the “EHS Management System.” The Company also established the “EHS Management Committee” and appointed the General Manager to serve as the EHS management representative responsible for supervising and coordinating each unit to promote the EHS management operations. The EHS policy is published and implemented upon authorization of the Chairman/General Manager. Meanwhile, the Company carries out the external certification and audit operations periodically each year, in order to keep improving the contents of the EHS management system.	Compliance with the requirement.
(2) Does the Company endeavor to utilize all resources more efficiently, and use	V		The Company uses eco-friendly standard spare parts that satisfy the RoHS in the process of production. The raw materials, such as Reach EU	Compliance with the requirement.

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
renewable materials which have a low impact on the environment?			controlled substances, are sent to SGS for inspection every year. All satisfy the regulations, as they can mitigate the impact posed to the environment.	
(3) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt the responsive measures against climate-related issues?	V		<p>Mitigation and adjustment of climate changes are considered the issues which the Company's sustainable business focuses on. Climate changes result in an increasing average temperature, and also indirectly increases in the electricity bill of the Company, posing some impact to the operating costs. Therefore, the Company has implemented the following:</p> <ol style="list-style-type: none"> 1. Reduce the power consumption of non-production equipment by 8%. 2. Achieve energy conservation through the use of new equipment. 3. Completed the green power generation system (solar). <p>It is hoped that the responsibilities of environmental protection should be taken into account while maintaining economic scale. In addition, the "Greenhouse Gas Inventory" has been introduced to ensure sustainable development in line with global greenhouse gas reduction.</p>	Compliance with the requirement.
(4) Does the Company maintain statistics on GHG emission, water consumption, and	V		In order to protect the environment, the Company complies with related laws and regulations, and also establishes the ISO 14001	Compliance with the requirement.

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
total waste volume in the last two years, and adopt the policies aimed at energy conservation and carbon reduction, and reduction of GHG emission, water consumption or other wastes?			<p>environmental management system. The Company audits its compliance with laws and regulations periodically, and also set the annual targets, in order to mitigate the emission of pollutants effectively and review the environmental management system in a timely manner.</p> <p>The Company has also completed the green energy power generation system (solar), hoping to take into account the responsibility for environmental protection while developing economies of scale.</p> <p>The statistics gathered by the Company are stated as follows :</p> <p>Annual GHG emissions 19,1258 tons of emissions in 2022. 2023 emissions were 17,678 tons</p> <p>Water consumption 362,808M³ of water consumption in 2022. 349,417 M³ of water consumption in 2023.</p> <p>Gross weight of wastes 292 tons of gross weight in 2022. 139 tons of gross weight in 2023.</p> <p>Promotion measures to achieve the goal and achievement status: Please refer to 3.4.10 Climate-Related</p>	

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			Information for TWSE/TPEX Listed Company. Status of verification (still valid as of the publication date of the annual report) and the scope of verification: None.	
IV. Social Issues				
(1) Does the Company develop its policies and procedures in accordance with related laws and International Bill of Human Rights?	V		<p>The Company strongly believes that respect toward human rights and creation of a working environment full of dignity should be of essence to the Company and our supply chain partners. The Company complies with the local laws and regulations prevailing at the locations where the Company is operating, and maintain the human rights of all of its personnel including full-time employees, workers by contract, temporary workers, and trainees. The industry shall be jointly responsible for solving the human right issue in the complicated supply chain. The Company demands that its supply chain partners should comply with the same standards.</p> <p>The Company respects and supports the human right regulations and principles recognized by the world, including the “Universal Declaration of Human Rights,” “United Nations Global Compact,” and “Declaration of Fundamental Principles and Rights at Work” of the International Labour Organization, and also complies with the Labor Standards</p>	Compliance with the requirement.

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>Act, Employment Service Act and Act of Gender Equality in Employment, etc. Meanwhile, the Company adopts various internal management regulations to protect labors' human rights and gender equality in employment, and also sets forth its internal rules (work rules) according to the Labor Standards Act, and report it to the competent authority to protect and practice the employees' interests and rights.</p> <p>Execution policies</p> <ul style="list-style-type: none"> ● Include the respect toward economy, society, culture, civilians and political rights into the Company's operations, and develop the respect. ● Provide a safe, health and zero-harassment working environment. ● Exclude any discriminative treatment or any form of discrimination due to factors including gender, race, religious belief, party affiliation, sexual orientation, job rank, nationality, and age, and ensure the equality in employment. ● Strictly forbid the employment of child labors or illegal workers, and also sexual harassment. ● Provide the employees with a safe 	

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>and healthy working environment in line with various environmental protection laws and regulations, and avoid environmental pollution through adequate management policies and application of technologies.</p> <ul style="list-style-type: none"> ● Forbid forced labor. ● Protect the labor rights of the disadvantaged or marginalized groups, including indigenous people, women, migrant workers, workers by contract, and persons with disabilities. ● Establish the workplace of gender equality, implement the parental leave without pay, and provide family care leave, menstrual leave, maternity leave, paternity leave, and also breastfeeding rooms, etc. ● Comply with various employment and labor laws and regulations, and working hours requirements. ● Offer fair and sufficient pay for living, and explain the legal deductions based on payroll. ● Create an environment in which all communications are welcomed, and an open management model. ● Support and assist employees to maintain physical and mental health and balance between life 	

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>and work.</p> <ul style="list-style-type: none"> ● Provide diversified open dialogue channels, including anonymous reporting, to enable suppliers, business partners and other stakeholders to provide feedback to the Company or whistleblow suspected misconduct. ● Review and evaluate relevant risks, practices and effects in response to changeable situations and stakeholders' needs. <p>Meanwhile, the Company would not force or threat any workers to perform labor services if they do not wish to do so, but the Company would listen to colleagues' opinions and keep the communication channels uninterrupted.</p>	
(2) Does the Company adopt and implement reasonable employee benefit policy (including salary, vacation and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?	V		<p>1. Employee benefits: The employees' salary, vacation and other benefits (labor insurance/national health insurance/pension, etc.) are offered in accordance with the Labor Standards Act.</p> <p>2. Business performance or results reflected in the employee remuneration policy and its implementation:</p>	Compliance with the requirement.

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>Article 26 of the Company's Articles of Incorporation provides that if the Company retains earnings at the end of any fiscal year, no less than 10% thereof shall be allocated as the remuneration to employees. However, profits must first be taken to offset against cumulative losses, if any.</p> <p>The 2021 and 2022 contributions have been released to employees.</p>	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		<p>1. Measures for employee safety and healthy working environment, and employee education policy and its implementation:</p> <p>(I) In accordance with Articles 7 and 8 of the "Regulations for Labor Operating Environment Monitoring", the Company implements operating environment monitoring every six months and reports to the Ministry of Labor for future reference. The operating environment testing company (ZHAO DING ENVIRONMENT</p>	Compliance with the requirement.

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>TECHNOLOGY COMPANY, LTD.) conducts physical factor (noise, CO2) and chemical factor (sulfuric acid, acetone...) testing, and all test data are within the qualified range and Level 1 management (permissible concentration 1 and below) to ensure a safe working environment for employees.</p> <p>(II) The Company conducted various certification procedures in accordance with Article 18 and 19 of the Occupational Safety and Health Education and Training Regulations for personnel, active workers (2023.6.7 - 8), supervisors (2023.7.26), chemical workers (2023.9.8), etc. In addition, according to Article 32 of the Occupational Safety and Health Act and Article 5 of the Enforcement Rules of Fire Services Act, fire emergency response drills</p>	

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof						
	Yes	No	Summary							
			<p>are conducted every 6 months (2023.5.25, 2023.12.28) to strengthen workers' awareness and ensure of occupational safety and health.</p> <p>2. Status of certification obtained by the Company (should be still valid as of the date of publication of the annual report) and the scope of certification: ISO/CNS 45001, TOSHMS (2021/10/14 - 2024/10/14).</p> <p>3. The number of cases, the number of employees and the ratio to the total number of employees in 2023, and related improvement measures:</p> <table><tr><td>Quantity</td><td>Number of persons</td><td>%</td></tr><tr><td>None</td><td>None</td><td>--</td></tr></table> <p>Corrective action: No occupational injury in the plant.</p> <p>4. The number of fire incidents, the number of deaths and injuries, and the ratio of the number of deaths and injuries to the total number of employees, and the</p>	Quantity	Number of persons	%	None	None	--	
Quantity	Number of persons	%								
None	None	--								

Evaluation items	S t a t u s			Deviation from theSustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof									
	Yes	No	Summary										
			<div>relevant improvement measures in response to the fire:<table><tr><td>Quantity</td><td>Number of persons</td><td>%</td></tr><tr><td>None</td><td>None</td><td>--</td></tr><tr><td colspan="3">Corrective measures: Not applicable.</td></tr></table></div>	Quantity	Number of persons	%	None	None	--	Corrective measures: Not applicable.			
Quantity	Number of persons	%											
None	None	--											
Corrective measures: Not applicable.													
(4) Does the Company have an effective career capacity development training program established for employees?	V		In response to the Company’s development, and in order to improve the employees’ literacy, the Company organizes various programs and seminars from time to time. See 5.3 for details	Compliance with the requirement.									
(5) Does the Company comply with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implement consumer or customer interest protection policies and grievance procedures?	V		Not applicable, as the Company’s products are not sold to consumers directly.	N/A									
(6) Does the Company adopt any specific supplier management policy demanding that the suppliers should	V		The Company prescribes the code of conduct applicable to suppliers in accordance with ISO14001 and ISO45001. The code includes the requirements about labors’ interest	Compliance with the requirement.									

Evaluation items	S t a t u s			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?			and right, health and safety, environment, ethics and management systems. The Company and suppliers review the risk and performance over the aspects including economy, environment and society, and keep improving it.	
V. Does the Company prepare sustainability report or any report of non-financial information based on international reporting standards or guidelines? Is said report assured or guaranteed by a third party certification unit?	V		The Sustainability Report has been prepared and is expected to be completed and announced on August 31, 2024. Not sure yet.	Compliance with the requirement.
If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations from the established principles: The Company has established its " Sustainable Development Best Practice Principles." The operation is consistent with the Principles.				
VII. Other information useful to the understanding of sustainable development practice: The Company uses the best effort to create better value for the society, understand the society's needs thoroughly, engage in social participation proactively, and hope to integrate the enterprise's resources to practice the corporate social responsibility. Through the long-term industry-academia cooperation with colleges and vocational senior high schools to promote education and cultivate talents together with schools, the Company provides its full-time employees with the equivalent job opportunities and learning channels in line with practices, urging students to experience the workplace earlier, strengthen students' adaptability and competitiveness in the workplace, mitigate the economic pressure in their life, and exercise the enterprise's strength to feed back to the society.				

3.4.10. Climate-Related Information of TWSE/TPEX Listed Company

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Quarterly progress reporting by the Board of Directors starting 2022.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Under evaluation.
3. Describe the financial impact of extreme weather events and transformative actions.	Under evaluation.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Under evaluation.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Under evaluation.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Under evaluation.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Under evaluation.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Under evaluation.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	See 1-1 and 1-2.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

Basic information of the Company <input type="checkbox"/> Company with capital amounting to more than	According to the Roadmap for the Sustainable Development of Listed Companies, at least disclose:
--	--

NT\$10 billion, iron and steel industry, and cement industry <input type="checkbox"/> Company with capital over NT\$5 billion but less than NT\$10 billion Companies with capital of less than NT\$5 billion	<input type="checkbox"/> Individual inventory of the parent company <input type="checkbox"/> Inspection of subsidiaries in consolidated financial statements <input type="checkbox"/> Assurance of the parent company <input type="checkbox"/> Assurance of subsidiaries in the consolidated financial statements
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Scope	Total emissions (tons CO2e)	Intensity (tons CO2e/NT\$ million) (Note 2)	Assurance institutions	Explanation of assurance (Note 3)
Direct (Scope 1)				
Parent company	50.50			
Subsidiary	None			
Indirect (scope 2)		15.6380	None	None
Parent company	19,074.80			
Subsidiary	None			
Total	19,125.30	15.6380		

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years		
2022 - 2023		
Year	Emissions (tons CO2e)	Intensity (tons CO2e/NTD million)
2023	17,678.00	20.5155
2022	19,125.30	15.6380
Scope of data: The Company (no subsidiaries).		

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
Not assured for the most recent two years.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
N/A

Note: The base year should be the year in which the inventory is completed within the boundaries of the consolidated financial statements. For example, under the provisions of Article 10, Paragraph 2 of the standard, companies with a capital of over 10 billion should complete the inventory of the consolidated financial statements for 2024 by 2025. Therefore, the base year is 2024. If the Company has completed the inventory of consolidated financial statements earlier, that earlier year may be used as the base year. Additionally, the data for the base year can be calculated

using either a single year or the average of several years.

3.4.11. Ethical management status, and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Evaluation items	Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and plans				
(1) Does the Company establish a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the Board of Directors and the senior management committed to fulfilling this commitment?	V		The Company has adopted its own “Ethical Management Best Practice Principles” and “Code of Ethical Conduct for Directors and Managers” to expressly prohibit any unethical conduct, prevent any conflict of interest and evade personal profit, and also demanded that all related unit should implement the same precisely. Meanwhile, it also adopts the “Regulations Governing Procedure for Board of Directors Meetings” to expressly define the directors’ recusal system.	Compliance with the requirement.
(2) Does the Company develop systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against	V		The Company adopts the “Supplier Ethical Conduct Commitment” which expressly states that the supplier is prohibited from making offers or providing bribe, gifts, entertainment or other unjustified benefits to the employees personally or their relatives.	Compliance with the requirement.

Evaluation items	Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?				
(3) Does the Company define and enforce operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		<p>The Company takes preventive actions against the following activities:</p> <p>I. Offering and acceptance of bribe;</p> <p>II. Offering of illegal political donation;</p> <p>III. Improper charity donation or sponsorship;</p> <p>IV. Offering or acceptance of unreasonable gifts, entertainment or other unjustified benefits.</p> <p>V. Infringement upon business secrets, trademark rights, patent rights, copyright and other intellectual property rights.</p> <p>VI. Engagement in unfair competition.</p> <p>VII. R&D, procurement, manufacturing, provision or sale of products and services impairs consumers' or other stakeholders' interest, health and safety, directly or indirectly.</p>	Compliance with the requirement.

Evaluation items	Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
II. Implementation of ethical management				
(1) Does the Company evaluate the integrity of all trading counterparts it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		The Company has executed the Supplier Ethical Management Commitment with trading counterparts as the basis for transactions.	Compliance with the requirement.
(2) Does the Company establish a unit dedicated to (involved in) promoting ethical corporate management under supervision of the Board of Directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevention program to the Board of Directors periodically (at least for once per year)?		V	The Company has not yet established the unit so far.	The Company will do so, subject to the Company's business overview, in the future.
(3) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests, and also	V		The Company has set up the tangible opinion mailbox and email for employees as the channels to state their opinions.	Compliance with the requirement.

Evaluation items	Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
implement the same precisely?				
(4) Does the Company implement effective accounting policy and internal control system to maintain business integrity? Has an internal audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct, or appoints a CPA to conduct the audits?	V		The Company has established the effective accounting system and internal control system, and assigned an internal audit unit to conduct the audit periodically.	Compliance with the requirement.
(5) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		The Company has communicated to the employees the ethical management philosophy at internal meetings, and provide the Company's unspecified persons with the education and training courses.	Compliance with the requirement.
III. Implementation of the Company's whistleblowing system				
(1) Does the Company provide incentives and means for employees to report misconducts and establish any convenient	V		The Company has adopted the "Regulations Governing Handling of the Company's Whistleblowing Against Illegal and Unethical or Dishonest Behaviors" to expressly define	Compliance with the requirement.

Evaluation items	Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
whistleblowing channels? Does the Company assign dedicated personnel to investigate the accused party?			the whistleblowing channels and operating procedure. Meanwhile, the Company has also established the tangible opinion mailbox and email for employees.	
(2) Does the Company implement any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	V		The Company has adopted the “Regulations Governing Handling of the Company’s Whistleblowing Against Illegal and Unethical or Dishonest Behaviors” to expressly define the whistleblowing channels and operating procedure, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation.	Compliance with the requirement.
(3) Does the Company have taken proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?	V		The Company has adopted the “Regulations Governing Handling of the Company’s Whistleblowing Against Illegal and Unethical or Dishonest Behaviors” to expressly provide that none of the employees will be dismissed, transferred, or treated unfairly for whistleblowing or complaining any incident. Even if the whistleblower or complainant is not one of the Company’s employees, the Company will still provide him/her with the protection measures he/she deserves.	Compliance with the requirement.
IV. Enhanced information disclosure				

Evaluation items	Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(1) Does the Company disclose the contents of its ethical management best practice principles and the result of implementation on its official website and the MOPS?	V		The Company has disclosed the same on its official website and the MOPS.	Compliance with the requirement.
V. If the Company has established its own sustainable development principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations thereof from such principles: The Company has established its own ethical corporate management best practice principles, and there is no deviation of its current practices from the principles established by it.				
VI. Other information useful to the understanding of ethical corporate management (e.g., the Company reviews and amends the ethical management best practice principles established by it): None.				

3.4.12. The corporate governance best practice principles and related regulations may be accessed in the following manner:

MOPS: <http://mops.twse.com.tw>, Corporate Governance Structure→Establishment of Corporate Governance-related Regulations and Rules, or the Company's website at <http://www.ticp.com.tw>.

3.4.13. Others:

Other information material to the understanding of corporate governance within the Company may be accessed in the following manner:

1. The "Procedures for Handling Material Inside Information" established in order to manage the Company's material inside information have been advised to all directors, managers and employees. Meanwhile, the procedures, systems and instructions to be followed by all colleagues are posted in the bulletin of the Company's intranet, in order to avoid violations or occurrence of insider trading.
2. The Company's insiders including new directors and managers will be assigned the "Related Laws & Regulations and Instructions for Equity of Insiders of TPEx-listed and Emerging Market-listed Companies" to be followed by the insiders.

3. MOPS: <http://mops.twse.com.tw>.

3.4.14. Status of Internal Control System:

1. Statement of internal Control System: Please refer to Page 67.
2. If the internal control system has been reviewed by an external auditor, the external auditor's report must be disclosed: None.

3.4.15. Punishments received by the Company and its internal personnel pursuant to laws and punitive actions issued by the Company against its internal employees in violation of the internal control system provisions, and major deficiency and correction status: None.

3.4.16. Major resolutions of shareholders' meetings and Board of Directors meetings, and implementation status thereof:

Major resolutions of shareholders' meetings, and implementation status thereof

Name of meeting	Date	Major resolution	Implementation status
Annual Shareholders' Meeting	2023.6.14	Acknowledgement of 2022 Business Report and financial statements.	Related announcements and reports have been made.
		2022 Earnings Distribution Plan.	On October 7, 2023, a cash dividend of NT\$87,705,000 was distributed with its own funds at the amount of NT\$0.5001996 per share.
		Proposal for amendment to the "2021 First RSAs Issuance Regulations".	Related announcements and reports have been made.

Major resolutions of Board of Directors meetings

Name of meeting	Date	Major resolution
Board of Directors	March 1, 2023	<ol style="list-style-type: none"> 1. 2022 remuneration to directors and non-fixed remuneration to employees. 2. 2022 Business Report. 3. 2022 financial statements. 4. Redemption of issued RSAs, and registration of cancelation of the RSAs to reduce capital. 5. 2022 Earnings Distribution Plan. 6. 2022 Statement of the Internal Control System. 7. 2022 Appointment of external auditors, audit fees, and independence evaluation. 8. 2023 Business Plan. 9. 2023 Capital Expenditure Budget. 10. Amendments to the "Rules Governing Financial and Business

Name of meeting	Date	Major resolution
		<p>Matters Between Affiliated Enterprises”.</p> <p>11. 2023 sales transactions with the related party (Transcend).</p> <p>12. Proposal for amendment to the “2021 First RSAs Issuance Regulations”.</p> <p>13. Date of 2023 annual general meeting, and acceptance of proposals and nomination from shareholders with a 1% stake.</p> <p>14. 2023 remuneration to directors and managers.</p> <p>15. Approval for the provision of non-assurance services by CPAs, their firms and their affiliates to the Company, the parent company, and subsidiaries.</p>
Board of Directors	May 2, 2023	<p>1. 2023 Q1 financial report.</p> <p>2. Appointment of the "Corporate Governance Officer".</p>
Board of Directors	2023.8.1	<p>1. 2023 Q2 financial statements.</p> <p>2. Cancellation of RSAs for Capital Reduction Registration.</p> <p>3. Determination of the date of distribution of the Company's cash dividends.</p> <p>4. 2023 sales transactions with the related party (Transcend).</p>
Board of Directors	2023.11.3	<p>1. 2023 Q3 financial statements.</p> <p>2. 2024 Internal audit plan.</p>
Board of Directors	2024.2.27	<p>1. Distribution of 2023 non-fixed remuneration to directors and employees.</p> <p>2. 2023 business report.</p> <p>3. 2023 financial statements.</p> <p>4. 2023 Loss compensation plan</p> <p>5. 2023 Statement of the Internal Control System.</p> <p>6. 2024 CPA appointment, audit fees, and independence evaluation.</p> <p>7. 2024 Business Plan.</p> <p>8. 2024 Capital Expenditure Budget.</p> <p>9. 2024 sales transaction with related party (Transcend).</p> <p>10. Resignation of a director and a by-election of a director.</p> <p>11. Amendments to the “Rules of Procedures for Board of Directors Meetings”.</p> <p>12. Amendment of the "Audit Committee Charter".</p> <p>13. Date of 2024 shareholders’ meeting, and acceptance of proposals and nomination from shareholders with 1% stake.</p> <p>14. 2024 remuneration to directors and managers.</p>
Board of Directors	2024.4.30	<p>1. 2024 Q1 financial report.</p> <p>2. Nomination of director candidates by the Board of Directors, and qualification review</p> <p>3. Proposal to amend the 2024 shareholders' meeting agenda (deletion of discussion matters).</p>

4.4.16. The main contents of important resolutions passed by the Board of Directors, but with directors or the Audit Committee voicing opposing opinions on the record or in

writing: None.

4.4.17. Summary of resignation/dismissal of the Company's related parties:

None

3.5. Information about CPA's audit fee

Unit: NT\$ thousand

Name of CPA Firm	Name of CPA	Audit period	Audit fees	Non-audit Fees					Remark
				System Design	Industrial and Commercial Registration	HR	Others (Note)	Subtotal	
PwC Taiwan	Chen Ching-Chang	2023.01.01~ 2023.12.31	1,320	0	0	0	400	400	
	Liao A-Shen								
E-Young CPAs & Co.	Wang Rui-Yang	N/A	0	0	16	0	0	16	

Reasons for the difference between the audit fees and those in the previous year by more than 10%: As a result of the reclassification of expenses based on the categories provided by the MOPS.

Note 1: NT\$300 thousand for profit-seeking enterprise income tax audit and certification fees, NT\$50 thousand for consulting service fees and checklist, and NT\$50 thousand for customs inventory taking fees.

Note 2: On February 27, 2024, the Board of Directors evaluated the independence and suitability of CPAs with reference to the Audit Quality Indicators (AQIs).

3.6. Information about replacement of CPA: None.

3.7. If the Company's Chairman, General Manager, or managers in charge of financial or accounting operations being employed by the external auditor's firm or any of its affiliated company within one year:

None

3.8. Any transfer of equity interests and pledge of or change in equity interests by a director, manager, or shareholder with a stake of more than 10 percent in the most recent year and until the date of publication of the annual report

3.8.1. Changes of the equity of directors, managers and major shareholders Unit: share

Job title	Name	2023		As of April 14, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman of Board	Shu Chung-Wan	0	0	0	0
Director	Lian Sheng Investment Co., Ltd.	0	0	0	0
Representative of juristic person director	Lian Sheng Investment Co., Ltd. Representative: Kuo Lung-Te	0	0	0	0
Director	Deng Xi-Che	0	0	0	0
Director and also General Manager	Tseng Chung-He	102,000	0	0	0
Independent Director	Chang Chia-Hsiang	0	0	0	0
Independent Director	Chen I-Wen	0	0	0	0
Independent Director	Cheng Yen-Wei (Note 2)	0	0	0	0
Factory Manager	Chen Chung-Ching	0	0	0	0
Financial Accounting Manager	Kuo Ching-Mei	0	0	0	0
Major Shareholder	Transcend Information, Inc.	0	0	0	0

Note 1: The increase/decrease in shares held and pledged is calculated during the managers' term of office.

Note 2: Director Cheng Yen-Wei resigned on April 1, 2024.

3.8.2. Information on the transfer of shares: The Company's directors, supervisors, and shareholders with the stake of 10% transfer their equity through sale of the equity to the general investors via the securities exchange.

3.8.3. Information on the pledge of equity: None.

3.9. Disclosure of relationships, such as related party, spouse or relative within 2nd degree of kinship, among the top ten shareholders

Name	Shares held in own name		Shares held by spouse and underage children		Shares held in the name of another person		If there is relationship, such as related party, spouse, or relative within 2nd degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relationship	
Transcend Information, Inc. Representative: Shu Chung-Wan	21,928,036	12.51%	0	0	0	0	Shu Chung-Wan	Same Chairman.	
							Zheng Quan Technology Development Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Qing Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Vie Science & Technology Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							He Cheng Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Min Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Quan Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
Vie Science & Technology Co., Ltd. Representative: Shu Chung-Yu	14,104,208	8.04%	0	0	0	0	Shu Chung-Wan	A relative within 2nd degree of kinship of the Company's Chairman.	
							Transcend Information, Inc.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Zheng Quan Technology Development Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Qing	Same Chairman.	

Name	Shares held in own name		Shares held by spouse and underage children		Shares held in the name of another person		If there is relationship, such as related party, spouse, or relative within 2nd degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relationship	
							Investment Co., Ltd.		
							He Cheng Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Min Investment Co., Ltd.	Same Chairman.	
							Wan Quan Investment Co., Ltd.	Same Chairman.	
Lian Sheng Investment Co., Ltd. Representative: Cheng Shu-Shen	6,134,375	3.50%	0	0	0	0	None	None	
Wan Qing Investment Co., Ltd. Representative: Shu Chung-Yu	5,489,752	3.13%	0	0	0	0	Shu Chung-Wan	A relative within 2nd degree of kinship of the Company's Chairman.	
							Transcend Information, Inc.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Zheng Quan Technology Development Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Vie Science & Technology Co., Ltd.	Same Chairman.	
							He Cheng Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Min Investment Co., Ltd.	Same Chairman.	
							Wan Quan Investment Co., Ltd.	Same Chairman.	
He Cheng Investment Co., Ltd. Representative: Shu Chung-Cheng	5,274,456	3.01%	0	0	0	0	Shu Chung-Wan	A relative within 2nd degree of kinship of the Company's Chairman.	
							Transcend Information, Inc.	The company's chairman is a relative within 2nd	

Name	Shares held in own name		Shares held by spouse and underage children		Shares held in the name of another person		If there is relationship, such as related party, spouse, or relative within 2nd degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relationship	
								degree of kinship of the Company's Chairman.	
							Zheng Quan Technology Development Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Qing Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Vie Science & Technology Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Min Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Quan Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
Wan Min Investment Co., Ltd. Representative: Shu Chung-Yu	4,707,573	2.68%	0	0	0	0	Shu Chung-Wan	A relative within 2nd degree of kinship of the Company's Chairman.	
							Transcend Information, Inc.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Zheng Quan Technology Development Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Qing Investment Co., Ltd.	Same Chairman.	
							Vie Science & Technology Co., Ltd.	Same Chairman.	
							He Cheng Investment Co., Ltd.	The company's chairman is a relative within 2nd	

Name	Shares held in own name		Shares held by spouse and underage children		Shares held in the name of another person		If there is relationship, such as related party, spouse, or relative within 2nd degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relationship	
								degree of kinship of the Company's Chairman.	
							Wan Quan Investment Co., Ltd.	Same Chairman.	
Shu Chung-Wan	4,471,641	2.55%	0	0	0	0	Transcend Information, Inc.	Chairman of the company	
							Zheng Quan Technology Development Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Qing Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Vie Science & Technology Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							He Cheng Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Min Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Quan Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
Wan Quan Investment Co., Ltd. Representative: Shu Chung-Yu	3,172,276	1.81%	0	0	0	0	Shu Chung-Wan	A relative within 2nd degree of kinship of the Company's Chairman.	
							Transcend Information, Inc.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Zheng Quan Technology Development Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of	

Name	Shares held in own name		Shares held by spouse and underage children		Shares held in the name of another person		If there is relationship, such as related party, spouse, or relative within 2nd degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relationship	
								the Company's Chairman.	
							Wan Qing Investment Co., Ltd.	Same Chairman.	
							Vie Science & Technology Co., Ltd.	Same Chairman.	
							He Cheng Investment Co., Ltd.	The company's chairman is a relative within 2nd degree of kinship of the Company's Chairman.	
							Wan Min Investment Co., Ltd.	Same Chairman.	
Chang, Ming-Chiu	1,592,390	0.91%	0	0	0	0	None	None	
Fusheng Co., Ltd. Representative: Li Liang-Chen	1,533,868	0.87%	0	0	0	0	None	None	

3.10. Number of shares held by the Company, and the Company's directors, supervisors and managers, and the entities directly or indirectly controlled by the Company in a single investee, and consolidated shareholding percentage of the above categories
None

4. Funding Status

4.1. Capital and shares

4.1.1. Source of capital

1. Capital share formation process

Unit: Thousand Shares; NT\$ thousand

Month/Year	Issue price	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Offset share capital via properties other than cash	Others
05/2021	10	600,000	6,000,000	172,100	1,721,000	Incorporated in cash		
11/2021	10	600,000	6,000,000	175,100	1,751,000	RSAs totaling 3,000 thousand shares.		
03/2022	10	600,000	6,000,000	175,600	1,756,000	RSAs totaling 500 thousand shares.		
05/2022	10	600,000	6,000,000	175,490	1,754,900	Redemption of RSAs by 110 thousand shares to reduce capital		
August 2022	10	600,000	6,000,000	175,450	1,754,500	Redemption of RSAs by 40 thousand shares to reduce capital.		
March 2023	10	600,000	6,000,000	175,410	1,754,100	Redemption of RSAs by 40 thousand shares to reduce capital.		
2023/08	10	600,000	6,000,000	175,340	1,753,400	Redemption of RSAs by 70 thousand shares to reduce capital.		

Note: Only information for the most recent year until the date of publication of the annual report is shown.

2. Share Categories

Unit: shares; April 14, 2024

Share Categories	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	175,340,000	424,660,000	600,000,000	TPEX-listed

3. Approved to offer and issue securities under the shelf registration system: None.

4.1.2. Shareholder structure: shares; April 14, 2024

Shareholders' structure Quantity	Governme nt agencies	Financial institutions	Other juristic persons	Natural persons	Foreign institutions and foreigners	Total
Number of persons	0	0	182	35,512	47	35,741
Shares held	0	0	65,720,711	106,252,022	3,367,267	175,340,000
Percentage (%)	0.00%	0.00%	37.48%	60.60%	1.92%	100.00%

4.1.3. Diversity of Ownership

1. Ordinary Shares

Unit: shares; April 14, 2024

Shareholding category	Number of shareholders	Shares held	Shareholding (%)
1~999	20,299	1,422,289	0.81%
1,000~5,000	12,006	25,561,640	14.58%
5,001~10,000	1,856	15,106,240	8.62%
10,001~15,000	479	6,188,604	3.53%
15,001~20,000	352	6,610,043	3.77%
20,001~ 30,000	295	7,600,556	4.33%
30,001~ 40,000	144	5,251,399	2.99%
40,001~ 50,000	70	3,282,087	1.87%
50,001~100,000	134	9,430,367	5.38%
100,001~200,000	53	7,513,515	4.29%
200,001~400,000	29	7,321,775	4.18%
400,001~600,000	5	2,542,411	1.45%
600,001~800,000	3	1,935,330	1.10%
800,001~1,000,000	0	0	0.00%
1,000,001 or above	16	75,573,744	43.10%
Total	35,741	175,340,000	100.00%

2. Preferred stock: No preferred stock is issued.

4.1.4. Name list of major shareholders (names of shareholders with a stake of 5% or more, or in the first ten places, and number of shares and shareholding)

Unit: shares; April 14, 2024

Shares	Shares held	Shareholding (%)
Names of major shareholders		
Transcend Information, Inc.	21,928,036	12.51%
Vie Science & Technology Co., Ltd.	14,104,208	8.04%
Lian Sheng Investment Co., Ltd.	6,134,375	3.50%
Wan Qing Investment Co., Ltd.	5,489,752	3.13%
He Cheng Investment Co., Ltd.	5,274,456	3.01%
Wan Min Investment Co., Ltd.	4,707,573	2.68%

Names of major shareholders	Shares	Shares held	Shareholding (%)
Shu Chung-Wan		4,471,641	2.55%
Wan Quan Investment Co., Ltd.		3,172,276	1.81%
Zheng Quan Technology Development Co., Ltd.		2,344,267	1.34%
Chang, Ming-Chiu		1,592,390	0.91%
Fusheng Co., Ltd.		1,533,868	0.87%

4.1.5. Information relating to market price, net worth, earnings, and dividends per share for the latest 2 years: Unit: NT\$

Item \ Year		2022	2023	As of March 31, 2024
Market price per share (Note 1)	Highest	24.55	17.55	25.70
	Lowest	10.10	10.95	13.60
	Average	15.09	13.24	16.97
Net worth per share (Note 2)	Before distribution	12.12	10.72	10.58
	After distribution	11.62	10.72	10.58
Earnings per share	Weighted average outstanding shares (thousand shares)	172,868	173,109	173,090
	Earnings per share (Note 3)	0.49	-1.02	-0.16
Dividend per share	Cash dividend	0.50	---	---
	Bonus shares	---	---	---
		---	---	---
	Accumulated unpaid dividends (Note 4)	---	---	---
Analysis on return on investment	P/E ratio (Note 5)	30.80	---	---
	P/D ratio (Note 6)	30.18	---	---
	Cash dividend yield (Note 7)	3.31%	---	---

* In the event of recapitalization of earnings or capital surplus, please also disclose the retroactively adjusted market price and cash dividend subject to the number of shares as allocated.

Note 1: Please identify the highest and lowest market price per share of ordinary shares for each fiscal year and calculate each fiscal year's average market price based on the trading value and trading volume of each year.

Note 2: Please apply the number of the outstanding issued shares at the end of year as the basis and specify it based on the distribution resolved by the Board of Directors meeting or the shareholders' meeting of next year.

Note 3: If retroactive adjustment is needed due to allocation of bonus shares, please identify the earnings per share before and after the adjustment.

Note 4: If the equity securities issue terms and conditions require that the stock dividends undistributed in the year may be accumulated and distributed until the year in which earnings are generated, please disclose the stock dividends accumulated and undistributed until the end of the year separately.

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

Note 6: P/D ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share per year.

Note 8: The information about net worth per share and earnings per share shall refer to the information available during the most recent quarter until the date of publication of the annual report, which has been audited (reviewed) by the CPA, while the other sections shall specify the information available in the current year until the date of publication of the annual report.

4.1.6. Dividend policy and execution status:

Unless otherwise provided in the R.O.C. laws and the Articles of Incorporation, no bonus or dividend shall be allocated if the Company retains no earnings. The Company may distribute its earnings in the form of cash dividend or stock dividend or both. Notwithstanding, according to the Articles of Incorporation, the earnings shall be distributed in the form of cash dividend as the first priority, and the percentage of cash dividend to be distributed shall be no less than 50% of the total dividends. The stock dividend shall be distributed subject to prior approval of the Financial Supervisory Commission.

The Company's 2019 annual general meeting resolved to pass the amendments to the Articles of Incorporation, and authorized the Board of Directors to resolve the cash dividend in the year of distribution. The Company will distribute the cash dividends within 6 months upon approval of the Board of Directors. The following table shows the amount of dividends and distribution from 2021 to 2023 .

Proposal for distribution of 2021 - 2023

Period	Date of approval (Note)	Date of distribution (Note)	Cash dividend per share	Total amount of distributed earnings
2023	2024/2/27	No distribution	---	---
2022	March 1, 2023	2023/10/7	NT\$0.5001996	NT\$87,705 thousand
2021	3/1/2022	October 7, 2022	NT\$0.998	NT\$175,100 thousand

Note: The Board of Directors has authorized the Chairman to decide the date of distribution of cash dividend.

4.1.7. The effects of bonus shares proposed at this shareholders' meeting on the Company's business performance and earnings per share: N/A.

4.1.8. Remuneration to employees and directors:

1. The percentages or ranges with respect to the remuneration to employees and directors, as set forth in the Company's Articles of Incorporation:

According to the Articles of Incorporation, before distributing earnings, the Company shall allocate no more than 1% of the annual profit as the remuneration to directors, and no less than 10% thereof as the remuneration to employees.

2. The basis for estimating the amount of employee bonus and remuneration to

directors/supervisors, for calculating the number of shares to be distributed as the stock dividends, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The 2022 remuneration was distributed in cash in whole and on a pro rata basis subject to the percentage resolved by the Board of Directors within the limit specified in the Articles of Incorporation. Therefore, there is no difference in the amount of provision.

3. Distribution of remuneration approved by the Board of Directors:

2023 Remuneration to Directors and Employees

	Resolutions of the Board of Directors (February 27, 2024)
	Amount (NT\$ Thousand)
Remuneration to directors	---
Remuneration to employees	---

4. Actual payment of the remuneration to employees/directors in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued). If there are any differences from the figures estimated as the remuneration to employees, directors, and supervisors, please explain the amount, the cause, and treatment of such discrepancies: None.

4.1.9. Repurchase of the Company's shares: None.

4.2. Corporate bonds

None

4.3. Preferred stock

None

4.4. Global depository receipts

None

4.5. Employee stock warrants

None

4.6. Restricted stock awards (RSAs)

RSA categories	2021 RSAs			
Effective date of report and total number of shares	November 11, 2021, total number of shares: 3,500,000 shares			
Date of issuance (Note 2)	Twice on December 7, 2021 and April 7, 2022, respectively			
Number of shares of issued RSAs.	3,500,000 shares			
Number of shares of RSAs that may be issued.	0 shares			
Issue price	Issued without consideration			
Issued RSAs as a percentage of the total number of issued shares	1.93%			
Vesting conditions of RSAs	The performance of employees who still hold the position upon expiration of one year after being allotted the RSAs will be authorized based on the annual performance appraisal results decided subject to the achievement of annual personal performance indicators each year:			
	Vesting period	Current performance appraisal result and vesting quantity in batch		
		G or above	A	UA
	Upon expiration of one year after being allotted the RSAs	30%	15%	0%
	Upon expiration of two years after being allotted the RSAs	30%	15%	0%
Restricted rights in RSAs	Upon expiration of three years after being allotted the RSAs	40%	20%	0%
	1. After becoming eligible for the allotment of new shares but before meeting the vesting conditions, except in the case of inheritance, the employee shall not sell, pledge, transfer or give the RSAs to any others, or create mortgage thereof, or dispose of the same in any other manners. After meeting the vesting conditions, the shares will be allocated from the trust account to the employee's personal central depository account pursuant to the trust contract.			
	2. The rights, including attendance, proposition, speech, voting and right of election, vested in the employee at a shareholders' meeting shall be exercised pursuant to the trust contract. The RSAs may still participate in the allotment of shares. The dividend derived therefor shall be delivered to the employee directly. After meeting the vesting conditions, the allotted dividends will be allocated from the trust account to the employee's personal central depository account pursuant to the trust contract (the employee's personal bank account agreed for allocation of cash dividends). For those not satisfying the vesting conditions, regarding the cash dividends, share dividends and capital surplus cash (shares) allocated, cash shall be recovered according to relevant rules of the Company and shares shall be canceled according to the law.			
	3. Except otherwise agreed pursuant to the trust contract referred to in the preceding paragraph, any other rights vested in the employee			

	who becomes eligible for the RSAs pursuant to the Regulations but has not yet met the vesting conditions, including but not limited to rights to receive allotted bonus, stock dividend, legal reserve and capital surplus, and right to subscribe for new shares issued through capital increase in cash, shall be identical with those with respect to the ordinary shares already issued by the Company.
Custody of restricted stock awards (RSAs)	Put in trust and under custody
Resolution if the employee fails to meet the vesting conditions after being allotted the RSAs or subscribing for new shares.	The Company will cancel the RSAs recalled (repurchased) by the Company for failure to meet the vesting conditions.
Number of shares of RSAs that are already recalled or repurchased.	260,000 shares
Number of shares for terminated RSAs	1,956,000 shares
Number of shares for RSAs yet terminated	1,284,000 shares
New shares not released from the restrictions as a percentage of total issued shares (%)	0.73% °
Effect to shareholders' equity	No significant effect is caused.

Note 1: The number of spaces shall be adjusted subject to the frequency of issuance.

Note 2: Different issue dates, if any, shall be identified separately.

Names of managers receiving RSAs, names of employees ranking top ten in RSAs acquired, and total amount acquired

	Job title (Note 1)	Name	Number of shares of RSAs acquired	Acquired RSAs as a percentag e of the total number of issued shares (Note 4)	Terminated RSAs (Note 2)				RSAs yet terminated (Note 2)			
					Number of shares of terminat ed RSAs	Issue price	Issue amou nt	Terminated RSAs as a percentage of the total number of issued shares (Note 4)	Number of shares of RSAs yet terminat ed	Issue price	Issue amou nt	Number of shares of RSAs yet terminated as a percentage of the total number of issued shares (Note 4)
M an ag er	General Manager	Tseng Chung-He	610,000	0.35%	366,000	0	0	0.21%	244,000	0	0	0.14%
	Factory Manager	Chen Chung- Ching										
	CFO	Kuo Ching- Mei										
E mp loy ees ran	Director	He Chen- Sung	1,220,000	0.70%	762,000	0	0	0.43%	558,000	0	0	0.32%
	Director	Chou Cheng- Hsuan(Note										

	Job title (Note 1)	Name	Number of shares of RSAs acquired	Acquired RSAs as a percentag e of the total number of issued shares (Note 4)	Terminated RSAs (Note 2)				RSAs yet terminated (Note 2)			
					Number of shares of terminate d RSAs	Issue price	Issue amou nt	Terminated RSAs as a percentage of the total number of issued shares (Note 4)	Number of shares of RSAs yet terminate d	Issue price	Issue amou nt	Number of shares of RSAs yet terminated as a percentage of the total number of issued shares (Note 4)
kin g top ten in RS As ac qui red (N ote 3))										
	Director	Chang Chia-Hao										
	Director	Kuo Chih- Hung										
	Director	Huang Ssu- Han										
	Director	Liao Tien- Kun										
	Director	Ou Yu-Chia										
	Director	Hsieh Hsiao-Tsu										
	Manager	Wu Wei-Po										
	Manager	Chen Ting-I										
	Manager	Huang Chun-Hao										
	Manager	Su Pu-Yen										

Note: Director Chou Cheng-Hsuan resigned on June 17, 2023.

Note 1: Including managers and employees (please specify resigned or deceased) to be disclosed by name and job title individually, whereas the allotment or subscription may be presented in aggregate sums.

Note 2: The number of spaces shall be adjusted subject to the frequency of issuance.

Note 3: Employees ranking top ten in RSAs acquired refer to the employees other than managers.

Note 4: The total number of issued shares refer to that recorded in the registration of changes with the Ministry of Economic Affairs. (Registration of changes under Jia-Shou-Go-Zi No. 1124100109 dated August 8, 2023)

4.7. New shares issued for the acquisition or transfer of other shares

None

4.8. Progress on the use of funds:

None

5. Overview of Business

5.1. Business activities

5.1.1. Business scope

1. The Company's main business activities:

CC01080 Electronics Components Manufacturing	F219010 Retail Sale of Electronic Materials
F213080 Retail Sale of Machinery and Tools	F113010 Wholesale of Machinery
F119010 Retail Sale of Electronic Materials	ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

2. Business ratio of main products: Unit: NT\$ Thousand

Product type	2023 operating revenue	Business ratio
Advanced substrate or leadframe integrated package and test	584,807	67.87%
Traditional leadframe integrated package and test	256,866	29.81%
Others	20,020	2.32%
Total:	861,693	100.00%

3. The Company's current products (services): IC package and test

4. New products (services) that the Company plans to develop: In response to the needs in artificial intelligence (AI), high-power fast-charging devices, high-speed and high-performance computing, and system-on-chip modules, the Company continues to develop product design and process technology to meet customer requirements. It continues to develop packaging and testing products such as AI learning chips, third-generation semiconductor compound power chips, high-speed and high-efficiency memory devices, high-end system-level chips including SMT Module, and Flip Chip processes Technology packaging and testing.

5.1.2. Overview of industry

1. Overview of industry and development

As far as the overall economic environment and the trend in the Company's industry are concerned, after going through the financial tsunami, major IDMs will focus on wafer manufacturing in the future and release their orders for package and test business to Taiwan. Given the trend, the demand for IC package will increase in the future. Besides, the increasing growth of consumer electronics markets including gaming consoles, memory cards, LCD TVs, and mobile phones results in the increasing demand for ICs. Therefore, the demand in the package industry is expected to remain booming in the future.

2. Correlation of the upstream, midstream and downstream segments:

Through the development for so many years, Taiwan's IC industry has established a sound vertical labor division system covering the professional vertical labor division ranging from the upstream segment to the downstream segment including IC design, production of optical masks, wafer manufacturing, package and test, in order to improve production efficiency and mitigate the difficulty in operational management, shorten the production cycle, reduce inventory and production costs, and improve the overall industrial competitiveness. The IC package has become a very important of the semiconductor industry and also a high-tech business entitled to receive incentives from the government.

3. Product development trends

(1) Leadframe IC Package: In consideration of the fierce competition among peers, the growth is limited in the future. Most customers tend to adopt the price-oriented policy.

(2) Advanced IC package: Memory cards and portable electronic products lead the trend in the market, in consideration of the characteristics, such as lightweight, thinness and small size, and have great potential for development.

4. Competition

For the leadframe IC package, domestic competitors include Orient Semiconductor, Sigurd, Greatek, and Lingsen, which provide products similar to the Company's in nature. For the advanced IC, domestic competitors include ASX-ASE Technology Holding and Greatek Electronics Inc.

5.1.3. Overview of technology and R&D

1. R&D expenses invested in the most recent year until the date of publication of the annual report

Unit: NT\$ Thousand

Year	2023	As of March 31, 2024
R&D expenses	24,132	6,643

2. Technology or product developed successfully

- a. AI chip packaging technology: Real-time machine learning is used in products.
- b. The third generation of semi-conductor compound sealing and testing technology: The products are used in GaN charging devices.
- c. Process technology of high-end system chip in package SMT module: The product is used in high-frequency integrated communication network.
- d. Flip Chip Ball Grid Array Packaging Technology: Provides a high-density multi-ball packaging solution.

5.1.4. Long-term/short-term business development plan

1. Long-term business development plan

- (1) Strengthen the strategic alliance with major customers and suppliers, develop and strive for orders from large-size customers.

(2) Focus on niche products, such as memory cards and ultra-thin IC.

2. Short-term business development plan

(1) Expand production lines to cover the market demand.

(2) Upgrade productivity and reduce costs to improve price competitiveness.

5.2. Overview of Market and Production & Marketing

5.2.1. Market analysis

1. Territories where the main products are sold

The Company's products are primarily intended for domestic marketing. Domestic marketing accounted for 75% of the operating revenue, while export sales accounted for 25% of the operating revenue in 2023. Export sales primarily target America and Asia.

Unit: NT\$ thousand

Territories \ Year	2023	
	Amount	%
Domestic marketing	644,725	74.82
Export sales (primarily America and Asia)	216,968	25.18
Total	861,693	100.00

2. Market share

According to the statistics of the Taiwan Semiconductor Industry Association (TSIA) and the Institute of Obstetrics and Technology of ITRI, Taiwan's IC assembly and testing market is expected to be NT\$393.1 billion for the IC packaging industry in 2023, with an annual decrease of 15.6%, and NT\$190.6 billion for the IC testing industry, with an annual decrease of 12.8% . The Company's 2023 revenue was NT\$860 million, accounting for approximately 0.15% of the overall packaging market.

3. Future market demand and supply, and market's growth potential

(1) Leadframe IC package (TSOP, SOP and QFP series): Given the factors including costs and market, and the significant increase in demand for ICs in electric vehicles, a lot of products still tend to adopt the leadframe package. The package technology is expected to grow slightly each year in the future.

(2) Advanced IC package: The thickness of the Company's products ranges from 0.65mm to 0.85mm, even 0.4mm. The products can fit almost all light, thin and small portable products (such as mobile phones, NB, tablets, MMC, SD and stored value cards, etc.) and also be applied to communication ICs, power supply management ICs and control ICs, etc.. Such package may also replace the existing traditional products, such as SOP, SSOP, TSOP and L/TQFP series. Micro SD is applied to the electronic products including cameras and mobile phones.

4. Competitive niche

Considering that Taiwan is an important semiconductor manufacturing center, forming a very stable foundry model industry chain ranging from wafer manufacturing, wafer test and package & test to customer-designated shipment. Given the short supply of traditional package products, the Company invested in traditional leadframe package at the very beginning. After two years upon the Company's construction of factories, the Company found that given the low threshold for traditional packaging technology and capital investment, if it is impossible to cut the costs through certain economies of sale, it will be very difficult to compete with the existing leading package and test companies like ASE and Greatek. Upon re-examination of the Company's operating policy, the Company tends to serve customers with excellent quality, dedicated service and innovative technology, establishes fair and close cooperative relationship with customers, and repositions the Company's future products and business orientations to develop niche products (memory cards and ultra-thin package). As a result, the Company's product structure and constitution are changed progressively, making the Company become one of the recognized package and test companies. The Company's niche competitiveness is stated as follows :

(1) Niche product options

The Company focuses on the development of memory cards and ultra-thin IC package. The Company is leading the memory card technology. Meanwhile, its ultra-thin IC is also applied to medical equipment, sports equipment, car sensors and smart phones extensively.

(2) Solid management team

The Company's management team members are experienced in package and test for more than one decade averagely. Each member owns excellent development and manufacturing technology, and also manages the Company in the spirit of customer service orientation to move towards the target for becoming a customers virtual factory step by step.

(3) Factory automation planning

The Company uses the best effort to improve the product and service quality and keep strengthening the manufacturing and network automation customer service system. As a result, the yield rate and delivery period are improved, and customers may also control the product problems and current progress, thus helping improve products and settle problems rapidly, and also increase the added value to customers.

(4) Turn key service

The Company has established a test factory and, therefore, may provide customers with turn-key packaging and testing services and drop shipment services. These value-added services may ship finished goods to the destination designated by customers directly.

5. Analysis on positive and negative factors for future development and responsive measures

Positive factors

Taiwan's semiconductor industry has developed a complete and close vertical labor division system ranging from IC designs in the upstream segment to packaging and testing in the downstream segment. The Company engages in semiconductor packaging and testing, namely the strategic industry which the government encourages investors to invest in.

The continuing progress of ICs drives the booming development of electronics, information, communication and optoelectronic industries. The development of said industries also results in the increasing growth of the demand for ICs and also continuous demand for IC package.

The memory card and ultra-thin IC markets tend to grow explosively. Upon popularization of emerging products such as digital cameras, mobile phones and video toys, the demand for ICs is expectable. Besides, considering that few package and test companies invest capital in memory cards and ultra-thin ICs and the technology level is inconsistent, this should be advantageous to the Company's sales growth.

As the Company is one of the earliest package and test technology companies launching into the memory card and ultra-thin IC packaging technology domestically; therefore, it is leading the others in the production technology. It is expectable that the Company may strive for the certification from international renowned manufacturers.

Negative factors and responsive measures

(1) New competitors' participation

As the industry's development trend is catching the public eyes, new competitors are attracted to participate in the production and thereby cause the market price to decline.

Responsive measures:

- a. In response to customer and market orientations, continue to invest in the development of new products to continue ensuring the Company's leading position.
- b. Continue to improve the production efficiency and reduce costs.

(2) Occurrence of price war

In consideration of matured market and technology of the traditional product package, price war arises inevitably.

Responsive measures:

- a. Continue to improve the yield rate and production efficiency to upgrade the competitiveness.
- b. Move towards the comprehensive automated production planning progressively to reduce the HR costs.

5.2.2. Important purposes and production processes of main products

1. Important purposes of main products:

Main products		Important purposes or functions
Leadframe IC package	TSOP, SOP and QFP series	Applied to consumer electronics, computer peripheral devices, power supply management and drivers, etc.
Advanced IC package	Ultra-thin integrated circuit package (QFN and Micro SD card, etc.)	Applied to wireless communication, label IC (IC Tag), storage memory card of portable electronic products, and touch panel drivers, etc.

2. Production processes of main products:

Wafer test→wafer dicing→die bonding→wire

bonding→molding→marking→dejunk/punching→electroplating→bending→testing→product test→package

5.2.3. Supply of key raw materials

Name of key raw materials	Main source	Supply status
Leadframe	Fu Sheng, Nagase, Mitsui, Advanced, and LEFRAM	Good
Substrate	FASTPRINT-	Good
Gold Wire	Heraeus 、TANAKA	Good
Compound	Nagase, Resonac International (Taiwan)	Good
Tray	SUNRISE	Good

5.2.4. A list of any suppliers (customers) accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the most recent two years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each

1. A list of any suppliers accounting for 10 percent or more of the Company's total procurement amount in the most recent two years

Unit: NT\$ thousand

	2022				2023				As of Q1 2024			
Item	Name	Amount	To the annual net purchase amount (%)	Relationship with the issuer	Name	Amount	To the annual net purchase amount (%)	Relationship with the issuer	Name	Amount	To the annual net purchase amount until the previous quarter in then year (%)	Relationship with the issuer
1	B	117,341	24.07	None	D	32,206	12.04	None	D	14,518	15.68	None
2	C	54,473	11.17					None	B	12,434	13.43	None
3									E	12,105	13.07	None
	Others	315,482	64.76		Others	235,338	87.96		Others	53,556	57.83	
	Net purchase	487,296	100.00		Net purchase	267,544	100.00		Net purchase	92,613	100.00	

Remark on cause of the increase/decrease: The main suppliers provide the Company with the direct materials applied to the Company's production, such as Leadframe (L/F), Substrate, Gold Wire, Compound and Tray, etc.. Considering that said materials are critical to the product quality, in order to ensure the quality and stable delivery, there will be no significant changes in suppliers in principle. Notwithstanding, the changes in product structure also drive few changes in the composition of suppliers. The purchase amount and ratio also vary depending on the Company's sale performance and order portfolio.

2. A list of any customers accounting for 10 percent or more of the Company's total sales

Item	2022				2023				As of the last quarter of 2024			
	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the annual net sales amount until the previous quarter in then year (%)	Relationship with the issuer
1	A	208,571	17.05	Same Chairman.	A	193,844	22.50	Same Chairman.	A	43,488	20.05%	Same Chairman.
2	C	188,429	15.40		B	133,249	15.46		C	38,170	17.59%	
	Others	826,212	67.55		Others	534,600	62.04		Others	135,285	62.36	
	Total	1,223,212	100		Total	861,693	100		Total	216,943	100	

amount in the most recent two years

Unit: NT\$ thousand

Remark on cause of the increase/decrease: No significant changes in the main customers.

5.2.5. Production volume and value in latest two years

Unit: NT\$ thousand; thousand pcs

Output volume/value	2022			2023		
	Production capacity	Output volume	Output value	Production capacity	Output volume	Output value
Main products						
Leadframe IC package	264,000	154,214	454,483	264,000	72,547	227,180
Advanced IC package	772,800	253,991	571,136	772,800	223,051	500,315
Others	240,000	111,401	93,061	240,000	128,494	227,742
Total:	1,276,800	519,606	1,118,680	1,276,800	424,093	955,238

5.2.6. Sales volume and value in the latest two years

Unit:

NT\$ thousand; thousand pcs

Year	2022				2023			
Sales volume/value	Domestic marketing		Export sales		Domestic marketing		Export sales	
Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Leadframe IC package	82,125	181,401	102,426	354,670	97,344	137,438	40,386	119,427

Year	2022				2023			
Sales volume/value	Domestic marketing		Export sales		Domestic marketing		Export sales	
Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Advanced IC package	282,542	539,540	55,235	129,373	243,729	498,115	42,078	86,692
Others	377	9,214	4	9,014	213	9,172	1	10,849
Total:	365,044	730,155	157,665	493,057	341,287	644,725	82,465	216,968

Analysis on Changes: The decrease in sales value in 2022 from the previous year is primarily a result of the poor prosperity in the entire industry.

5.3. Information about employees

Year		2022	2023	As of March 31, 2024
Number of employees	Direct employees	195	211	206
	Indirect employees	186	185	190
	Total	381	396	396
Average age		38.81	39.50	39.81
Average service seniority		9.51	10.37	10.30
Education distribution ratio	PhD	-	-	-
	Master	34	37	36
	College	137	166	167
	Senior high school	196	181	181
	Below senior high school	14	12	12

Employees' continuing education and training Unit: Hour: NT\$ Thousand

Item	Number of sessions	Total number of persons	Total hours	Total expenses
New employee training	30	127	105	0
Competence training	18	338	1,038	93,400
Environment, health and safety training	7	30	112	28,550
Total	55	495	1,255	121,950

5.4. Information about the expenses of environmental protection

In the most recent year and until the date of publication of the annual report, losses caused due to environmental pollution: None.

5.5. Labor-management relationship

5.5.1. The Company's employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit plans and implementation status thereof:

- A. Employee insurance: All employees are enrolled to the labor and national health insurance programs.
- B. Group insurance: The Company maintains the life insurance and accidental insurance subject to the nature of the employees' job duty. The insurance premium shall be borne by the Company.
- C. Employee bonus/stock options: Per the Company's Articles of Incorporation and related laws & regulations.
- D. Periodic health checkup: The Company will arrange the periodic health checkup for the new employees and general staff.
- E. Training courses: In response to the Company's development, and in order to improve the employees' literacy, the Company organizes various programs and seminars from time to time.
- F. Benefit policy: Subsidy to marriage, funeral and childbirth, in addition to coupons for festivals and celebration, and departments' dinner parties.
- G. The factory premises is equipped with table-tennis tables and diversified vending machines to provide colleagues with convenient life.
- H. Other benefits: The Company has the staff canteen and cafeteria provide meals and beverage to employees at preferential price. Meanwhile, the Company works with other suppliers to provide employees with more information on the preferential treatment in life including food, clothing, housing and transportation, etc.. The Company is also equipped with the breastfeeding room available to the female workers in need.

2. Employees' retirement system and implementation thereof

The Company adopts its retirement regulations pursuant to the Labor Standards Act. Since July 2005, the Company has contributed 6% of the salary per employee to the employee's personal pension account on a monthly basis. Meanwhile, for the employees who choose to continue applying the old pension system and retain the seniority under the old pension system, the Company contributes adequate pension reserve to the exclusive account maintained at the

Bank of Taiwan pursuant to laws on a monthly basis, and has the Labor Pension Reserve Committee responsible for supervising the labor pension reserve. Notwithstanding, as the Company has had excessive deposits, it applied for suspension of contribution. The application is approved by Export Processing Zone Administration for the time being.

3. Labor-management coordination:

The labor-management relationship is always harmonious in the Company. The Company sets up the tangible opinion mailbox for employees, and also the email exclusive for employees to state their opinions. The labor-management communication channels are uninterrupted, and any coordination between labors and the management is handled in the manner tending to protect employees' privacy as the first priority and in order to have the labors and management reach common agreement to help promote various operations successfully.

- 5.5.2. Describe any losses suffered by the Company in the most recent two fiscal years and up to the date of publication of the annual report due to labor-management disputes (including any violations of the Labor Standards Act found in the labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the contents of the dispositions), and disclose an estimate of possible expenses that could be incurred in the future and responsive measures: None.

5.6. Cyber security management

- 5.1.1. Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management, etc.

Please refer to “7.6.5 Impact posed to the Company's business and finance, and response measures, in the event of technological changes (including cyber security risk) or industrial changes” of the annual report (Pages 63~65).

- 5.1.2. List any losses suffered by the Company in the most recent fiscal year and up to the date of publication of the annual report due to significant cyber security incidents, and potential effects to be caused and responsive measures to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

No such situation .

5.7. Major contracts

Nature of contract	Parties	Term of contract	Main contents	Restrictive clauses
Land lease	Export Processing Zone Administration	December 1, 2022- November 30, 2032	Lease for the land in the Export Processing Zone (Plant 1)	It is necessary to satisfy the Regulations
Land lease	Export Processing Zone Administration	1/1/2022~12/31/2031	Lease for the land in the Export Processing Zone (Plant 2)	Governing Establishment of Export Processing
Land lease	Export Processing Zone Administration	2024/1/1~2024/12/31	Lease for the land in the Export Processing Zone (Plant 3)	Zone and no sublease of the land is permitted.

6. Overview of finance

6.1. Condensed Balance Sheet and Statement of Comprehensive Income for the latest five years

2.1.1. Condensed Balance Sheet Unit: NT\$ Thousand

<div>Item</div> <div>Year</div>		Financial Data for the Latest Five Years (Note 1)					Until March 31, 2024
		2019	2020	2021	2022	2023	Financial Data
Current assets		902,115	942,507	1,408,762	1,218,268	996,963	994,661
Property, plant and equipment		1,055,231	1,039,013	1,087,866	1,014,409	993,415	985,052
Intangible assets		-	-	-	-	-	-
Right-of-use assets		85,597	82,307	79,777	67,951	64,850	64,220
Other assets		46,898	103,109	51,517	69,593	71,679	68,682
Total assets		2,089,841	2,166,936	2,627,922	2,370,221	2,126,907	2,112,615
Current liabilities	Before distribution	237,849	327,211	374,580	167,786	174,106	184,699
	After distribution (Note)	237,849	327,211	549,680	255,491	174,106	184,699
Non-current liabilities		88,566	85,765	83,523	75,327	73,302	72,895
Total liabilities	Before distribution	326,415	412,976	458,103	243,113	247,408	257,594
	After distribution (Note)	326,415	412,976	633,203	330,818	247,408	257,594
Equity attributed to the owners of the parent company		1,763,426	1,753,960	2,169,819	2,127,108	1,879,499	1,855,021
Share capital		1,721,000	1,721,000	1,751,000	1,754,500	1,753,400	1,753,400
Capital surplus		93,553	93,553	125,520	131,180	133,905	133,905
Retained earnings	Before distribution	-51,127	-60,593	349,324	270,551	4,479	-23,497
	After distribution (Note)	-51,127	-60,593	174,224	182,846	4,479	-23,497
Other equity		-	-	-56,025	-29,123	-12,285	-8,787
Treasury stock		-	-	-	-	-	-
Non-controlling equity		-	-	-	-	-	-
Total equity	Before distribution	1,763,426	1,753,960	2,169,819	2,127,108	1,879,499	1,855,021
	After distribution (Note)	1,763,426	1,753,960	1,994,719	2,039,403	1,879,499	1,855,021

Note: The Board of Directors resolved on February 27, 2024 to withhold the distribution of dividends for 2023 .

2.1.2. Condensed Statement of Comprehensive Income Unit: NT\$ Thousand

Item \ Year	Financial Data for the Latest Five Years					Until March 31, 2024 Financial Data
	2019	2020	2021	2022	2023	
Operating revenue	1,181,337	1,210,125	1,944,950	1,223,212	861,693	216,943
Gross profit	45,081	84,949	520,913	116,911	-107,592	-32,880
Operating income	-61,059	-8,530	414,501	15,112	-197,409	-56,767
Non-operating revenue and expenditure	13,627	-2,510	-2,856	69,016	20,417	28,791
Net profit before tax	-47,432	-11,040	411,645	84,128	-176,992	-27,976
Net income from continuing operations	-47,432	-11,040	411,645	84,128	-176,992	-27,976
Loss of discontinuing operations	-	-	-	-	-	-
Current net profit (loss)	-47,432	-11,040	411,645	84,128	-176,992	-27,976
Other comprehensive income for the current period (net after tax)	-3,228	1,574	-1,728	12,199	-1,375	-
Total comprehensive income for the current period	-50,660	-9,466	409,917	96,327	-178,367	-27,976
Net profit attributed to owners of the parent company	-47,432	-11,040	411,645	84,128	-176,992	-27,976
Net profit attributed to non-controlling equity	-	-	-	-	-	-
Total comprehensive income attributed to owners of the parent company	-50,660	-9,466	409,917	96,327	-178,367	-27,976
Total comprehensive income attributed to non-controlling equity	-	-	-	-	-	-27,976
Earnings per share	-0.28	-0.06	2.39	0.49	-1.02	-0.16

2.1.3. Names of external auditors and audit opinions for the latest five years

1. Names of external auditors and audit opinions

Year	External auditor	CPA Firm	Audit opinions	Remark
2019	Lin Chun-Yao and Wang Kuo-Hua	PwC Taiwan	Unqualified opinion	
2020	Lin Chun-Yao and Chen Ching-Chang	PwC Taiwan	Unqualified opinion	
2021	Chen Ching-Chang and Liao A-Shen	PwC Taiwan	Unqualified opinion	
2022	Chen Ching-Chang and Liao A-Shen	PwC Taiwan	Unqualified opinion	
112	Chen Ching-Chang and Liao A-Shen	PwC Taiwan	Unqualified opinion	

6.2. Financial analysis for the latest five years

2.2.1. Financial analysis

Year (Note 1) Analysis items (Note 3)		Financial analysis for the latest five years					As of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	15.61	19.05	17.43	10.26	11.63	12.19
	Long-term capital as a percentage of property, plant and equipment	175.50	177.06	207.13	217.12	196.57	195.72
Solvency %	Current ratio	379.28	288.04	376.09	726.08	572.62	538.53
	Liquid ratio	214.57	145.26	244.11	483.59	436.37	439.32
	Interest coverage ratio	-42.59	-9.51	399.10	94.89	-206.98	-133.50
Operational ability	Receivables turnover (times)	4.51	4.05	4.69	3.57	3.86	4.46
	Average cash collection days	80.93	90.12	77.82	102.24	94.56	81.83
	Inventory turnover (times)	7.57	6.02	5.35	3.74	4.12	4.54
	Payables turnover (times)	10.72	7.45	8.05	10.46	17.08	17.69
	Average inventory turnover days	48.21	60.63	68.22	97.59	88.59	80.40
	Property, plant and equipment turnover (times)	1.14	1.15	1.82	1.16	0.85	0.87
	Total asset turnover (times)	0.56	0.55	0.74	0.49	0.38	0.41
Profitability	Return on assets (ROA) (%)	-2.24	-0.47	17.20	3.40	-7.84	-5.09
	Return on equity (ROE) (%)	-2.65	-0.62	20.98	3.92	-8.84	-5.83
	Income before tax as a percentage of paid-in capital (%)	-2.75	-0.64	23.50	4.79	-10.09	-6.38
	Net profit margin (%)	-4.01	-0.91	21.16	6.88	-20.54	-12.90
	Earnings per share (NT\$)	-0.28	-0.06	2.39	0.49	-1.02	-0.16
Cash flow	Cash flow ratio (%)	37.65	0.13	109.34	216.88	51.29	34.42
	Cash flow adequacy ratio (%)	8.17	-13.40	22.04	88.42	107.03	49.09
	Cash reinvestment ratio (%)	1.25	0.00	5.28	2.43	0.02	-0.31
Leverage	Operating leverage	-0.55	-13.02	1.34	11.46	0.13	0.24

Year (Note 1) Analysis items (Note 3)		Financial analysis for the latest five years					As of March 31, 2024
		2019	2020	2021	2022	2023	
	Financial leverage	0.98	0.89	1.00	1.06	1.00	1.00
Reasons for changes in financial ratios by more than 20%: The structural changes related to assets and liabilities are primarily a result of the decline in operating revenue resulting in the demand decline, and also the decrease in accounts payable. The significant changes in income ratios are primarily a result of the decrease in operating revenue.							

Note: The calculation formula for financial analysis is stated as follows:

1. Financial structure

- (1) Debt to assets ratio = total liabilities / total assets
- (2) Long-term capital as a percentage of property, plant and equipment = (total equity + non-current liabilities) / property, plant and equipment, net

2. Solvency

- (1) Current ratio = current assets / current liabilities
- (2) Liquid ratio = (current assets - inventory - prepayments) / current liabilities
- (3) Interest coverage ratio = income tax and income before interest expenses / interest expenses for the current period

3. Operational ability

- (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation)
- (2) Average cash collection days = 365 / receivables turnover
- (3) Inventory turnover = cost of goods sold / average inventory
- (4) Payables (including accounts payable and notes payable resulting from operation) turnover = cost of goods sold / balance of average accounts payable (including accounts payable and notes payable resulting from operation)
- (5) Average inventory turnover days = 365 / inventory turnover
- (6) Property, plant and equipment turnover = net sales / average property, plant and equipment, net
- (7) Total assets turnover = net sales / average total assets

4. Profitability

- (1) ROA = [Profit or loss after tax + interest expenses × (1 - tax rate)] / average total assets
- (2) ROE = profit or loss after tax / average total equity
- (3) Net profit margin = profit or loss after tax / net sales
- (4) Earnings per share = (Income attributed to owners of the parent company - preferred stock dividend) / weighted average number of outstanding shares (Note 4)

5. Cash flow

- (1) Cash flow ratio = cash flow from operating activities / current liabilities
- (2) Net cash flow adequacy ratio = net cash flow from operating activities for the latest 5 years / (capital expenditure + increase in inventories + cash dividends) for the latest 5 years
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital) (Note 5)

6. Leverage:

- (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income (Note 6)

(2) Financial leverage=operating income/(operating income-interest expenses)

Note: When calculating the earnings per share referred to in the preceding paragraph, please note that:

1. The weighted average number of common shares shall apply, instead of the number of outstanding shares at the end of the year.
2. In the case of cash capital increase or treasury stock transactions, the calculation weighted average number of outstanding shares shall take the period of circulation into account.
3. In the case of recapitalization from earnings or recapitalization from capital surplus, the calculation of earnings per share for the previous year and for a half of year shall make adjustment retroactively subject to the proportion of capital increase, irrelevant with the issuance period for the capital increase.
4. If the preferred stock refers to non-convertible cumulative preferred stock, the stock dividend for the current year (whether allocated or not) shall be deducted from the net profit after tax or add the net loss after tax. If the preferred stock is not cumulative one, the preferred stock dividend shall be deducted from the net profit after tax, if any. Notwithstanding, no adjustment is required, in the case of loss.

Note: Cash flow analyses shall take the following factors into account:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenses refer to the amount of annual cash outflow spent on capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero.”
4. Cash dividends include the dividends in cash paid to holders of ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note: The issuer is required to classify operating costs and expenses between fixed and variable portions by nature. Any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

- 6.3. The Audit Committee’s Review Report on the financial report for the most recent year:
Please refer to Page 109.
- 6.4. Financial statements including external auditor’s report, two-year balance sheet, income statement, statement of changes in shareholders’ equity, statement of cash flow, and notes or schedules thereto:
Please refer to Page 111.
- 6.5. Individual financial statements audited and certified by CPAs for the most recent fiscal year:
2022 individual financial statements, as shown on Page 112.
- 6.6. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation:
None

7. Review and analysis of financial status and financial performance, and risk management

7.1. Financial position Unit: NT\$ thousands

Item \ Year	End of 2023	At the End of 2022	Difference	
			Amount	%
Current assets	996,963	1,218,268	-221,305	-18%
Property, plant and equipment	993,415	1,014,409	-20,994	-2%
Other non-current assets	136,529	137,544	-1,015	-1%
Total assets	2,126,907	2,370,221	-243,314	-10%
Current liabilities	174,106	167,786	6,320	4%
Non-current liabilities	73,302	75,327	-2,025	-3%
Total liabilities	247,408	243,113	4,295	2%
Share capital	1,753,400	1,754,500	-1,100	0%
Capital surplus	178,470	166,112	12,358	7%
Retained earnings	-40,086	235,619	-275,705	-117%
Other equity	-12,285	-29,123	-16,838	-58%
Total shareholders' equity	1,879,499	2,127,108	-247,609	-12%
Explanation (in the case of changes by 20% and amounting to NT\$10,000 thousand):				
Decrease in retained earnings: mainly due to the loss of NT\$176,992 thousand and cash dividends of NT\$87,705 thousand in 2023.				
Decrease in other equities: mainly because the expenses from the issuance of RSAs have been amortized year by year.				

7.2. Financial performance

7.2.1. Comparative and analysis list of financial performance

Unit: NT\$ Thousand

Item	2023	2022	Increase (decrease) in amount	Increase (decrease) (%)
Operating revenue	861,693	1,223,212	-361,519	-30%
Operating cost	-969,285	-1,106,301	137,016	-12%
Gross profit	-107,592	116,911	-224,503	-192%
Operating expenses	-89,817	-101,799	11,982	-12%
Net operating profit	-197,409	15,112	-212,521	-1406%
Non-operating revenue and expenditure	20,417	69,016	-48,599	-70%
Net profit before tax	-176,992	84,128	-261,120	-310%

Item	2023	2022	Increase (decrease) in amount	Increase (decrease) (%)
Income tax expenses	0	0	0	-----
Current net profit	-176,992	84,128	-261,120	-310%
Defined benefit plan remeasurement	-1,375	12,199	-13,574	-111%
Total comprehensive income for the current period	-178,367	96,327	-274,694	-285%
Analysis on increase/decrease (in the case of changes by 20% and amounting to NT\$10,000 thousand):				
Decrease in Operating Revenue, Gross Profit, Net Operating Profit, Net Profit Before Tax, and Current Net Profit: Primarily a result of the NT\$361,519 thousand or a 30% decrease in operating revenue due to the impact posed by the poor prosperity in the entire industry.				
The increase in non-operating income and expenses is mainly due to the decrease in gain from foreign currency exchange .				
Re-measurement of the defined benefit plan decreased : mainly due to the decrease of the old system personnel in 2022 and the discount rate adjustment .				

7.2.2. Expected sales volume for the future year and basis of estimate, and the possible effect upon the Company's financial operations as well as responsive measures:

Subject to the future market demand and the Company's production capacity, the Company expects that the sales volume for the future year may attain 600 million pcs. No significant effect would be posed to the Company's finance and business.

7.3. Cash flow

7.3.1. Analysis on changes in cash flow for the most recent year

Year Item	2023	2022	Increase (decrease) (%)
Cash flow ratio	51.29	216.88	-76.35%
Cash flow adequacy ratio	107.03	88.42	21.05%
Cash reinvestment ratio	0.02	2.43	-99.18%
Analysis on Changes in Increase/Decrease Ratio: (for changes by 20%)			
Cash flow ratio decreased : mainly due to the decrease of operating revenue by NT\$361,519 thousand, resulting in the decrease of cash inflow			

Item \ Year	2023	2022	Increase (decrease) (%)
from operating activities by NT\$274,587 thousand.			
Increase in cash flow adequacy ratio: Mainly because net cash inflow from operating activities decreased by NT\$274,587 thousand.			
Cash reinvestment ratio decreased: mainly due to the decrease of net cash inflow from operating activities by NT\$274,587 thousand .			

7.3.2. Corrective measures against insufficient liquidity: N/A.

7.3.3. Analysis on the liquidity of cash for the next year Unit: NT\$ Thousand

Balance of cash, Beginning	Net cash flow from operating activities for the year	Net cash flow from investing and financing activities for the year	Cash surplus (deficit)	Financing of cash deficits	
(1)	(2)	(3)	(1) + (2) + (3)	Investment plans	Financing plans
508,570	100,000	-160,000	448,570	N/A	N/A

Explanation:

1. Analysis on changes in cash flow for next year: operating activities: Primarily a result of the operating income and net effects on changes in receivables and accounts payable.
2. Investing activities and financing activities: Primarily for purchase of production equipment and distribution of cash dividend.
3. Financing of projected cash deficits and analysis on liquidity: None.

7.4. Impact posed by material capital expenditures in the most recent year to business/finance:

7.4.1. Material capital expenditure utilization status and source of capital, and nature of capital expenditure to be invested for the next five years:

1. Material capital expenditure utilization status and source of capital Unit: NT\$ Thousand

Project	Source of capital	Date or expected date of completion	Total of the fund required	Actual or expected fund utilization status				
				2024	2025	2026	2027	2028
Purchase of machine and equipment	Own capital/cash capital increase	2024~2028	760,000	160,000	150,000	150,000	150,000	150,000

2. Impact to business/finance

The machine and equipment may help increase product items, and also expand production capacity to increase operating revenue and improve the Company's profitability.

7.5. The investment policy for the most recent year, major causes for profit or loss thereof, improvements, and investment plans for next year

None

7.6. Analysis and evaluation on risk management

7.6.1 Impact posed by changes in interest rate and foreign exchange rate, and inflation on the Company's earnings, and future responsive measures:

1. Impact posed by changes in interest rate to the Company's income:

In 2023, interest revenue increased by NT\$13,066 thousand compared to 2022 , accounting for approximately 12% of the net operating loss of NT\$-197,409 thousand for the year . This is due to the increase in USD exposure and interest rates. The Company has a sound financial system. If the Company borrows loans from banks, it will strengthen the communication with the banks with respect the loan interest rate and verify the trend of interest rates, in order to seek the information on the most favorable loan and asset allocation for reference. Meanwhile, the short-term idle funds are primarily applied to the time deposits in NTD and foreign currency, low-risk and 100% principal-guaranteed monetary market funds, and related financial instruments as the investment portfolio.

Unit: NT\$ thousand

Year	2023		2022	
Item	Amount	ratio	Amount	ratio
Interest income (expense)	22,816	-12%	9,750	65%
Net operating profit (loss)	-197,409	100%	15,112	100%

2. Impact posed by changes in foreign exchange rate to the Company's income:

The Company's net exchange loss for 2023 was NT\$-1,919 thousand, accounting for approximately 1% of the net operating loss of NT\$-197,409 thousand for the year. The foreign currency held is mainly from accounts receivable, and part of it is used to pay for the purchase of machinery, equipment and goods payment. The Company will keep noting the development in foreign exchange rates, and adjust the foreign currency position in a timely manner to evade foreign exchange risks.

Unit: NT\$ thousand

Year	2023		2022	
Item	Amount	ratio	Amount	ratio
Exchange gain (loss)	-1,919	-1%	54,039	358%
Net operating profit (loss)	-197,409	100%	15,112	100%

3. Impact posed by inflation to the Company's income:

In recent years, Taiwan's inflation has ranged from 1% to 3%. Notwithstanding, some of the Company's raw materials and supplies are imported from foreign countries. For example, if the purchase amount for domestic raw materials and supplies is about NT\$300 million in 2023, the inflation will increase by 1% and thereby result in the increase in the Company's annual expenses by NT\$3,000 thousand. Therefore, the domestic inflation is not likely to cause any significant risk over the Company's earnings, and no responsive measures are adopted.

7.6.2 Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, main causes of profit or loss incurred, and future responsive measures:

The Company never engaged in any high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading in the most recent year.

7.6.3 Future R&D plans and R&D expenses to be invested:

The Company is used to upholding the principle of independent technology. Therefore, the main source of technology is innovated and developed by the Company's

R&D personnel in response to customers' demand. The R&D plans and R&D expenses to be invested in the most recent year are stated as follows:

Unit: NT\$ thousand

R&D plans for the most recent year	Current progress	R&D expenses to be invested	Time spent in completion of the mass production	Product application status	Future major factors critical to success in R&D
AI chip packaging technology	Trial run	2,000	2024 Q2	AI neural network learning	Integration of system resources, such as materials, precision equipment and technology.
The third generation of semi-conductor compound sealing and testing technology	Trial run	4,000	2024 Q2	GaN charging device	
Process technology of high-end system chip in package SMT module	Under development	3,000	2024 Q3	High-frequency communication network	
Flip Chip Ball Grid Array Packaging Technology	Under development	5,000	2024 Q4	Provides a high-density multi-ball packaging solution.	

7.6.4 The effect of major policy changes and legal practices, whether domestic or foreign, on the Company's business/finance, and responsive actions:

The semiconductor industry is one of the most competitive industries in Taiwan for the time being. Therefore, in terms of the current industrial development, the government is not likely to propose any industrial policies or laws disadvantageous to the industry's development. Notwithstanding, in the long run, changes in the political and economic situation in the cross-strait might still urge the government to change its current policy on the semiconductor industry in Taiwan.

7.6.5 Impact posed to the Company's business and finance, and response measures, in the event of technological changes (including cyber security risk) or industrial changes:

1. Cyber security management strategy and framework:

(1) Adoption of information security policy

In response to the requirement under the Company's information security policy, and in order to ensure the confidentiality, completeness and availability of the relevant information and information assets of the Company to provide an information environment in which the Company's information operation may be

continued, the Company sets forth the following information security policy targets after considering applicable information security requirements, and risk assessment and risk management results:

- Protect the Company's key business information and prevent the same from any access without authorization.
- Periodically evaluate the impacts to be posed by man-made factors and natural calamity to the Company's information assets, set forth the preparedness strategy and disaster recovery plan for the important key information assets, and maintain the core information system's continuing operation to ensure the information environment in which the Company may continue its operations.
- Supervise the information security protection operations performed by the Company's colleagues and establish the correct information security protection awareness.
- All of the Company's colleagues and customers/suppliers who use the Company's computer system are required to strictly comply with the Company's information security requirements; otherwise, the Company will pursue their legal liability.

(2) Preparation of information security risk management framework

In order to improve the information security management, the Company forms the information security management team. Information Department is responsible for directing and planning the preparation of the information security management policy. Related units shall work with it to execute the policy, implement the promotion of information security and information security audit periodically to ensure the effectiveness of information security management.

(3) Concrete information security management programs

RISK ITEMS	RESPONSIVE MEASURES
Education & training and promotion	Carry out the information security education, training and promotion periodically, establish the employees' awareness toward asset management security and enhance the asset management security awareness, and the audit mechanism including identity verification for login to the system, password control, access control and periodic update on virus code, etc.,
Cyber threat	With respect to external threats, the Company installed multi-layered defenses including IPS and firewalls on its network, and also established the control mechanism including anti-virus, mail filtering, audit on mails, and detection of malware to mitigate the cyber threat.
Asset management	The entry/exit of asset management equipment is subject to the applications filed pursuant to the relevant requirements. Entry of external equipment into the factory shall be controlled pursuant to

		the Company's regulations to verify that there is no doubt over disclosure of asset management information.
Backup mechanism		Specific backup and remote backup mechanisms are already in place with respect to important services and data. Meanwhile, the Company conducts the disaster recovery test periodically to ensure uninterrupted services and prevent loss of data.
Access control		Any personnel's access to internal/external systems and data transmission shall be controlled, in order to prevent the data from being disclosed and also retain the behavior tracking record.
Encryption of documents	of	Apply the document security and encryption technology to protect the Company's internal important and sensitive data from being disclosed without authorization.
Promotion of ISO-27001	of	Scheduled to promote the ISO/IEC 27001 to mitigate the enterprise information security threats in terms of system, technology and procedure, and also establish the confidential information protection services that satisfy customers' requirement and follow the highest standards.

2. Impact posed by industrial changes to the Company's business and finance, and responsive measures:

The Company has established comprehensive information security protection measures related to network and computers. Notwithstanding, it is impossible for the Company to guarantee that its control over or operation of the computer systems related to the Company's important functions, such as manufacturing, operation and accounting, may absolutely prevent any cyber attack from a third party wishing to paralyze the Company's system. The cyber attacks hack the Company's intranet illegally, and engage in activities ruining the Company's operations and impairing the Company's goodwill. Under a serious cyber attack, if any, the Company's system is likely to lose the Company's important data and production lines might be shut down therefor. The Company continues to review and evaluate its information security regulations and procedures to ensure the adequacy and effectiveness thereof. Notwithstanding, it is impossible for the Company to guarantee that the Company may be free from any new risks and attacks in the ever-changing information security threats. Cyber attacks might also attempt to steal the Company's business secrets and other confidential information, such as customers or other stakeholders' proprietary information and personal data of the Company's employees.

Malicious hackers may also attempt to implement computer virus, destructive

software or ransomware into the Company's network system to interrupt the Company's operations, blackmail or extort the Company, gain the access control over the computer system, or pry into the Company's confidential information. These attacks might cause the Company to compensate customers for losses resulting from delay or interruption of orders, or to spend considerable costs in remedies and improvements to strengthen the Company's network security system. They might also cause the Company to bear significant legal liability due to the legal cases or regulatory investigation resulting from the Company's involvement in disclosure of the information of employees, customers or third parties to whom the Company shall bear the obligation of confidentiality.

Some peers in the industry were attacked as they purchased and installed the equipment embedded with malware. The Company is also likely to suffer similar attacks in the future. In order to prevent and mitigate the damage caused by such attacks, the Company has relevant corrective actions in place and continues to update them, such as establishment of anti-virus mechanism for machine and equipment entering the factory to prevent any machine and equipment embedded with malware from entering the Company; enhancement of network firewalls and network access control to prevent computer virus spread across machine and factory premises; establishment of endpoint anti-virus measures subject to the computer types; implementation of advanced solutions to detect and dispose of malware; design and development of information security-enhanced personal computers for employees; design and development of cloud application security policy; implementation of new technologies to strengthen data protection; enhancement of phishing email screening; establishment of an integrated automated information security operating platform, and periodic execution of employee alertness tests and appointment of external experts to perform evaluation on information security. Though the Company continues to strengthen the information security protection policy, it is still impossible to guarantee that the Company may be free from malware and hackers' attacks completely.

Meanwhile, the Company needs to share certain highly sensitive and confidential information with some of the third-party suppliers it contract to provide services to the Company and its affiliated companies in the world, in order to enable the suppliers to provide related services. Though the service contract executed by the Company and the third-party service supplier requires that the supplier shall comply with the confidentiality and/or network security requirements, it is impossible to guarantee that each third-party service supplier will comply with the obligation strictly. The intranet and external cloud computing networks (such as servers) maintained by said service suppliers and/or their contractors are also at the risk of cyber attacks. Where it is impossible for the Company or its service supplier to solve the technical problems

caused by the cyber attacks in a timely manner or to ensure the completeness and availability of data of the Company (and the Company's customers or any third parties) or control the computer system of the Company or its service supplier, the commitments of the Company and other stakeholders might be impaired seriously, and the Company's operating results, financial position, outlook and goodwill might be affected adversely therefor.

3. Significant cyber security incidents:

No significant cyber security incident has taken place by the date of publication of the annual report.

7.6.6 Impact on crisis management in the event of a change in corporate identity, and responsive measures:

The Company maintains perfect corporate identity for its business performance; therefore, no crisis management is caused by a change in corporate identity.

7.6.7 .Expected benefits and possible risks of merger and acquisition, and responsive measures:

The Company has no plan for merger and acquisition for the time being.

7.6.8 Expected benefits and possible risks of facilities expansion, and responsive measures:

The Company will continue to invest capital in the development of new products to make its product line more complete, and will also invest funds to expand machine and equipment to expand production capacity and add new products. The facilities expansion has been evaluated thoroughly, carefully and professionally. Major capital expenditures shall also be reported to the Board of Directors for consideration. The investment effects and potential risk have been taken into account.

7.6.9 Risks associated with concentrated purchases or sales, and responsive measures:

The Company's trading counterparts in procurement and sale transactions are added subject to the Company's business growth. Therefore, there is no concentrated purchase or sale arising. Notwithstanding, it is necessary for the Company to keep noting the diversity of purchases and sales, in order to avoid the risk over concentrated purchases and sales.

7.6.10 Impacts and risks associated with major transfer or exchange of shares by directors, supervisors, or major shareholders with more than 10% ownership interest, and responsive measures:

The Company's routine operations are planned and executed by various units. Important motions shall be discussed and resolved by the Board of Directors. The Board members adopt the collegiate system; therefore, no significant impact is likely to be caused by the major transfer of equity by any director or major shareholder holding more than 10% of the shares individually.

7.6.11 Impact and risks on the Company due to a change of the right of management, and responsive measures:

Generally, the execution units propose plans about the Company's operations, which

shall be subject to the prior approval of the management then. Therefore, the Company has established a complete operating model. The change of the right of management, if any, might pose only limited impacts to the Company's sustainable business.

7.6.12 Litigious and non-litigious matters:

1. Final and irrevocable judgments or pending litigations, non-litigious matters, or administrative litigations for the Company in the last two years until the date of publication of the annual report whereby the results may have major impacts on the shareholders' equity or securities price: There is no litigation, non-litigious matters or administrative litigation that would render major impacts to the shareholders' equity or securities price for the time being.
2. Final and irrevocable judgments or pending litigations, non-litigious matters, or administrative litigations for the Company's directors, supervisors, general manager, de facto responsible person, major shareholders holding over 10% of the Company's shares and associates by the date of publication of the annual report whereby the results may have major impacts on the shareholders' equity or securities price: There is no pending litigations, non-litigious matters, or administrative litigations for the Company's directors, supervisors, general manager, de facto responsible person, major shareholders holding over 10% of the Company's shares and associates.

7.7. Other important matters

None

8. Special notes

8.1. Information on Affiliates

None

8.2. Private placement of securities

None

8.3. Holding or disposal of the Company's shares by subsidiaries

None

8.4. Other supplementary information

None

9. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year up till the date of publication of the annual report that significantly impacted shareholders' equity or security price

None

Taiwan IC Packaging Corporation
Statement of internal Control System

Date: March 1, 2024

The Company makes the following statement based on self-assessment on its internal control policies in 2023:

1. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and legal compliance.
2. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, self-supervision measures are implemented within the Company's internal control policies to facilitate immediate rectification once procedural defects are identified.
3. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consists of five major elements, each representing a different stage of internal control: 1. Control over the environment, 2. Risk evaluation, 3. Procedural control, 4. Information and communication, and 5. Supervision. Each element further encompasses several sub-elements. Please refer to said "Regulations" for the details.
4. The Company has adopted the above-mentioned criteria to evaluate the effectiveness of its internal control design and execution.
5. Based on the assessments described above, the Company considers the design and execution of its internal control policies to be effective as of December 31, 2021. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results and target accomplishments, reliability, timeliness and transparency of reported financial information, and legal compliance.
6. The Statement forms an integral part of the Company's annual report and prospectus, and shall be made public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. The Statement has been approved at the Company's Board of Directors meeting held on February 27, 2023. None of the 7 directors present at the meeting raised any objections, and all of them unanimously agreed to the contents of the Statement.

Taiwan IC Packaging Corporation

Chairman: Shu Chung-Wan (seal/signature)

General Manager: Tseng Chung-He (seal/signature)

Taiwan IC Packaging Corporation Audit Committee's Review Report

The Company's 2023 business report, financial statements and loss compensation plan have been prepared and submitted by the Board of Directors. Among the other things, the financial statements were already audited by PwC Taiwan, which issued the external auditor's report accordingly.

Based on the Audit Committee's review, it found no inconsistency existing in said business report, financial statements and loss compensation plan. The Report is presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act accordingly.

To:

2024 Annual General Meeting of Taiwan IC Packaging Corporation

Audit Committee of Taiwan IC Packaging Corporation

Convener of Audit Committee: Chang Chia-Hsiang

February 27, 2024

TAIWAN IC PACKAGING CORPORATION
INDIVIDUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Taiwan IC Packaging Corporation

Opinion

We have audited the accompanying individual balance sheets of Taiwan IC Packaging Corporation (the “Company”) as at December 31, 2023 and 2022, and the related individual statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying individual 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 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the individual 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 judgment, were of most significance in our audit of the Company's 2023 individual financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter- Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(11) for accounting policies on inventory valuation and Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation. As at December 31, 2023, the cost of inventories and allowances for inventory valuation losses amounted to NT\$253,758 thousand and NT\$75,826 thousand, respectively.

The Company is primarily engaged in semiconductor packaging. As the Company operates in an environment characterised by rapidly changing technology, the risk of incurring inventory valuation losses or having obsolete inventories is relatively high. The Company's inventories are stated at the lower of cost and net realisable value. The item by item approach is used in applying the lower of cost and net realisable value. As a result of the inventory amount being significant, and the estimated amount of net realisable value involves management's subjective judgement; therefore, we consider the assessment of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the Company's operations and industry. Assessed the reasonableness of the policies and procedures used to recognise allowance for inventory valuation losses and the consistency of estimation accounting methods.
2. Obtained an understanding on the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.

3. Tested the accuracy of statements prepared by the Company for calculating inventory valuation loss; selected sampled with individual part numbers and verified the movement record to check the accuracy of classification range of inventory ages; sampled individual part numbers to verify their net realisable value, and further assessed the reasonableness of allowance for inventory valuation losses.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the individual financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chen, Ching Chang

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

The accompanying individual 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 individual financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

TAIWAN IC PACKAGING CORPORATION
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 508,570	24	\$ 601,911	26
1136	Current financial assets at amortised cost	6(1)	49,500	2	108,900	5
1140	Current contract assets	6(12) and 7(2)	56,527	3	48,574	2
1150	Notes receivable, net	6(2)	-	-	-	-
1170	Accounts receivable, net	6(2)	145,741	7	127,854	5
1180	Accounts receivable due from related parties,net	6(2) and 7(2)	39,736	2	28,394	1
1200	Other receivables		3,778	-	4,058	-
1220	Current tax assets		5,396	-	611	-
130X	Inventories	6(3)	177,932	8	293,121	12
1479	Other current assets, others		9,783	1	4,845	-
11XX	Total current assets		996,963	47	1,218,268	51
Non-current assets						
1535	Non-current financial assets at amortised cost	6(1) and 8	8,200	-	8,200	1
1600	Property, plant and equipment	6(4)	993,415	47	1,014,409	43
1755	Right-of-use assets	6(5)	64,850	3	67,951	3
1840	Deferred tax assets	6(18)	23,413	1	23,413	1
1915	Prepayments for business facilities		2,997	-	-	-
1975	Non-current net defined benefit asset	6(7)	30,068	2	30,979	1
1990	Other non-current assets, others		7,001	-	7,001	-
15XX	Total non-current assets		1,129,944	53	1,151,953	49
1XXX	Total asset		\$ 2,126,907	100	\$ 2,370,221	100

(Continued)

TAIWAN IC PACKAGING CORPORATION
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity			December 31, 2023		December 31, 2022			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2130	Current contract liabilities	6(12)	\$	386	-	\$	290	-
2170	Accounts payable			64,359	3		49,130	2
2200	Other payables	6(6)		99,373	5		107,034	5
2280	Current lease liabilities	6(5)		2,025	-		2,967	-
2365	Current refund liabilities			-	-		-	-
2399	Other current liabilities, others	6(3)		7,963	-		8,365	-
21XX	Total current liabilities			174,106	8		167,786	7
Non-current liabilities								
2570	Deferred tax liabilities	6(18)		7,941	1		7,941	-
2580	Non-current lease liabilities	6(5)		65,361	3		67,386	3
25XX	Total non-current liabilities			73,302	4		75,327	3
2XXX	Total liabilities			247,408	12		243,113	10
	Share capital	6(9)						
3110	Ordinary share			1,753,400	82		1,754,500	74
	Capital surplus	6(10)						
3200	Capital surplus			133,905	7		131,180	6
	Retained earnings	6(11)						
3310	Legal reserve			44,565	2		34,932	1
3350	(Accumulated deficit)unappropriated retained earnings		(40,086)	(2)		235,619	10
	Other equity interest							
3400	Other equity interest		(12,285)	(1)	(29,123)	(1)
3XXX	Total equity			1,879,499	88		2,127,108	90
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	2,126,907	100	\$	2,370,221	100

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

TAIWAN IC PACKAGING CORPORATION
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(12) and 7(2)		\$ 861,693	100	\$ 1,223,212	100
5000 Operating costs	6(3)(17)		(969,285)	(113)	(1,106,301)	(91)
5900 Gross profit			(107,592)	(13)	116,911	9
Operating expenses	6(17)					
6100 Selling expenses			(20,445)	(2)	(20,079)	(2)
6200 Administrative expenses			(44,706)	(5)	(50,974)	(4)
6300 Research and development expenses			(24,132)	(3)	(30,568)	(2)
6450 Expected credit loss	12(2)		(534)	-	(178)	-
6000 Total operating expenses			(89,817)	(10)	(101,799)	(8)
6900 Operating (loss) profit			(197,409)	(23)	15,112	1
Non-operating income and expenses						
7100 Interest income	6(13)		22,816	3	9,750	1
7010 Other income	6(14)		4,167	-	6,581	1
7020 Other gains and losses	6(15)		(5,715)	(1)	53,581	4
7050 Finance costs	6(5)(16)		(851)	-	(896)	-
7000 Total non-operating income and expenses			20,417	2	69,016	6
7900 (Loss) profit before income tax			(176,992)	(21)	84,128	7
7950 Income tax expense	6(18)		-	-	-	-
8200 (Loss) profit for the year			(\$ 176,992)	(21)	84,128	7
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Remeasurement of defined benefit plan	6(7)		(\$ 1,375)	-	\$ 12,199	1
8300 Total other comprehensive (loss) income for the year			(\$ 1,375)	-	\$ 12,199	1
8500 Total comprehensive (loss) income for the year			(\$ 178,367)	(21)	96,327	8
Earnings(loss) per share	6(19)					
9750 Basic (loss) earnings per share			(\$ 1.02)		\$ 0.49	
9850 Diluted (loss) earnings per share			(\$ 1.02)		\$ 0.49	

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

TAIWAN IC PACKAGING CORPORATION
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained Earnings		Unearned compensation	Total equity
		Ordinary share	Share premium	Employee restricted shares	Legal reserve	Unappropriated retained earnings (Accumulated deficit)		
2022								
Balance at January 1, 2022		\$ 1,751,000	\$ 90,703	\$ 34,817	\$ -	\$ 349,324	(\$ 56,025)	\$ 2,169,819
Profit for the year		-	-	-	-	84,128	-	84,128
Other comprehensive income for the year		-	-	-	-	12,199	-	12,199
Total comprehensive income for the year		-	-	-	-	96,327	-	96,327
Share-based payment transactions	6(8)(9)(10)	3,500	-	5,660	-	-	26,902	36,062
Appropriation and distribution of 2021 retained earnings:								
Cash dividends		-	-	-	-	(175,100)	-	(175,100)
Legal reserve		-	-	-	34,932	(34,932)	-	-
Balance at December 31, 2022		<u>\$ 1,754,500</u>	<u>\$ 90,703</u>	<u>\$ 40,477</u>	<u>\$ 34,932</u>	<u>\$ 235,619</u>	<u>(\$ 29,123)</u>	<u>\$ 2,127,108</u>
2023								
Balance at January 1, 2023		\$ 1,754,500	\$ 90,703	\$ 40,477	\$ 34,932	\$ 235,619	(\$ 29,123)	\$ 2,127,108
Loss for the year		-	-	-	-	(176,992)	-	(176,992)
Other comprehensive loss for the year		-	-	-	-	(1,375)	-	(1,375)
Total comprehensive loss for the year		-	-	-	-	(178,367)	-	(178,367)
Share-based payment transactions	6(8)(9)(10)	(1,100)	21,386	(18,661)	-	-	16,838	18,463
Appropriation and distribution of 2022 retained earnings:								
Cash dividends	6(11)	-	-	-	-	(87,705)	-	(87,705)
Legal reserve	6(11)	-	-	-	9,633	(9,633)	-	-
Balance at December 31, 2023		<u>\$ 1,753,400</u>	<u>\$ 112,089</u>	<u>\$ 21,816</u>	<u>\$ 44,565</u>	<u>(\$ 40,086)</u>	<u>(\$ 12,285)</u>	<u>\$ 1,879,499</u>

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

TAIWAN IC PACKAGING CORPORATION
INDIVIDUAL STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 176,992)	\$ 84,128
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(8)	18,463	36,062
Interest expense	6(5)(16)	851	896
Expected credit loss	12(2)	534	178
Depreciation charge	6(4)(5)(17)	172,179	158,117
Interest income	6(13)	(22,816)	(9,750)
Gain on disposal of property, plant and equipment	6(15)	(550)	(687)
Profit from lease modification		(20)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(7,953)	29,760
Accounts receivable		(18,319)	222,593
Accounts receivable due from related parties		(11,444)	23,767
Other receivables		86	1,069
Inventories		115,189	4,938
Other current assets, others		(4,938)	3,364
Non-current net defined benefit asset		(464)	(93)
Changes in operating liabilities			
Current contract liabilities		96	(25)
Accounts payable		15,229	(113,150)
Other payables		(6,798)	(70,742)
Current refund liabilities		-	(3,062)
Other current liabilities, others		(402)	(10,438)
Cash inflow generated from operations		71,931	356,925
Interest paid		(851)	(896)
Interest received		23,008	8,399
Income tax paid		(4,785)	(609)
Income tax received		2	73
Net cash flows from operating activities		89,305	363,892
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		59,400	79,200
Acquisition of property, plant and equipment	6(20)	(149,439)	(86,192)
Proceeds from disposal of property, plant and equipment		550	687
Increase in prepayments for business facilities		(2,997)	-
Increase in other non-current assets – others		-	(7,000)
Net cash flows used in investing activities		(92,486)	(13,305)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(21)	(2,455)	(2,999)
Cash dividends paid		(87,705)	(175,100)
Net cash flows used in financing activities		(90,160)	(178,099)
Net (decrease) increase in cash and cash equivalents		(93,341)	172,488
Cash and cash equivalents at beginning of year		601,911	429,423
Cash and cash equivalents at end of year		\$ 508,570	\$ 601,911

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

TAIWAN IC PACKAGING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

1. History and Organisation

Taiwan IC Packaging Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C) on July 14, 1998. The Company is primarily engaged in semiconductor packaging and testing. Since December 2005, the Company’s stocks have been officially listed on the Taipei Exchange.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on February 27, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

New standards, interpretations and amendments endorsed by FSC and became 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Significant Accounting Policies

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

(1) Compliance statement

The financial statements of the Company 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 defined benefit assets recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the financial statements have been prepared under the historical cost convention.
- 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

The financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

Foreign currency transactions and balances

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

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;

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

(5) 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 recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Account receivable

A. Account receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term account receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard cost and variances are allocated to inventories and cost of goods sold at the balance sheet date. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(12) Property, plant and equipment

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

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 ~ 50 years
Machinery and equipment	1 ~ 10 year(s)
Mold equipment	1 ~ 3 year(s)
Transportation equipment	5 ~ 6 years
Furniture and fixtures and others	3 ~ 11 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(14) Impairment of non-financial assets

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

(15) Accounts payable

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

(16) Derecognition of financial liabilities

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

(17) Non-hedging derivatives

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

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(19) Employee share-based payment

Restricted stocks:

- A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- B. For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- C. For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem employees' unvested stocks at no consideration and retire those stocks.

(20) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(21) Share capital

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.

(22) Dividends

Cash dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Cash dividends are recorded as liabilities.

(23) Revenue recognition

A. Packaging and testing services

The Company provides semiconductor packaging and testing services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises 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 financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

B. Evaluation of inventories

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

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	\$ 39	\$ 39
Checking accounts	2	2
Demand deposits	104,451	110,510
Time deposits	404,078	491,360
	<u>\$ 508,570</u>	<u>\$ 601,911</u>

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

- B. As of December 31, 2023 and 2022, cash and cash equivalents both amounting to \$8,200 were pledged to others as collateral, and thus were classified as non-current financial assets at amortised cost. Details are provided in Note 8.
- C. As of December 31, 2023 and 2022, the time deposits with original maturity of more than three months held by the Company were \$49,500 and \$108,900 respectively; the effective interest rate ranged between 1.45%~1.53% and 1.33%~1.44%, respectively. The time deposits were not highly liquid investment and thus were reclassified to current financial assets at amortised cost. Information on interest income from the aforementioned time deposits recognised under interest income from bank deposits is provided in Note 6(13).

(2) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 146,881	\$ 128,562
Less: Allowance for uncollectible accounts	(1,140)	(708)
	<u>\$ 145,741</u>	<u>\$ 127,854</u>
Accounts receivable due from related parties	39,943	28,499
Less: Allowance for uncollectible accounts	(207)	(105)
	<u>\$ 39,736</u>	<u>\$ 28,394</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 183,912	\$ 156,932
Up to 30 days	2,453	-
31 to 90 days	8	129
91 to 180 days	451	-
Over 180 days	-	-
	<u>\$ 186,824</u>	<u>\$ 157,061</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$403,421.
- C. The Company does not hold any collateral as security.
- D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable (including related parties) were \$185,477 and \$156,248, respectively.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(3) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	<u>\$ 253,758</u>	<u>(\$ 75,826)</u>	<u>\$ 177,932</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	<u>\$ 357,479</u>	<u>(\$ 64,358)</u>	<u>\$ 293,121</u>

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

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 963,164	\$ 1,110,495
Loss on decline in market value	11,468	6,263
Revenue from sale of scraps	(5,347)	(10,457)
	<u>\$ 969,285</u>	<u>\$ 1,106,301</u>

B. The Company has no inventories pledged to others.

C. To avoid overstocking due to the preparation of materials, the Company entered into contracts with certain customers to receive deposits of customer-specific materials. Based on mutual agreement, if the customer-specific materials purchased by the Company are used up within one year after arriving at the factory and there is no need for subsequent preparation of materials, the Company will refund the deposits; whereas if the customer-specific materials are not used up within one year after arriving at the factory, the customers shall unconditionally repurchase the remaining customer-specific materials. The repurchase amount is determined based on the inventory quantities. As of December 31, 2023 and 2022, the deposits received by the Company from the aforementioned transactions amounted to \$3,844 and \$5,684, respectively (shown under other current liabilities-other).

(BLANK)

(4) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
2023								
Cost								
Opening net book amount as at January 1	\$ 1,050,234	\$ 4,881,130	\$ 497,260	\$ 5,366	\$ 27,767	\$ 210,984	\$ 24,457	\$ 6,697,198
Additions	7,520	12,705	9,506	3,848	4,406	2,779	107,812	148,576
Decreases	- (1,755)	- (1,076)	- (140)	- (2,971)
Reclassifications	686	-	-	-	-	2,670	(3,356)	-
Closing net book amount as at December 31	<u>\$ 1,058,440</u>	<u>\$ 4,892,080</u>	<u>\$ 506,766</u>	<u>\$ 8,138</u>	<u>\$ 32,173</u>	<u>\$ 216,293</u>	<u>\$ 128,913</u>	<u>\$ 6,842,803</u>
2023								
Accumulated depreciation and impairment								
Opening net book amount as at January 1	\$ 434,372	\$ 4,543,342	\$ 477,724	\$ 5,366	\$ 26,802	\$ 195,183	\$ -	\$ 5,682,789
Additions	40,809	106,639	13,650	481	858	7,133	-	169,570
Decreases	- (1,755)	- (1,076)	- (140)	- (2,971)
Closing net book amount as at December 31	<u>\$ 475,181</u>	<u>\$ 4,648,226</u>	<u>\$ 491,374</u>	<u>\$ 4,771</u>	<u>\$ 27,660</u>	<u>\$ 202,176</u>	<u>\$ -</u>	<u>\$ 5,849,388</u>
Net ending balance	<u>\$ 583,259</u>	<u>\$ 243,854</u>	<u>\$ 15,392</u>	<u>\$ 3,367</u>	<u>\$ 4,513</u>	<u>\$ 14,117</u>	<u>\$ 128,913</u>	<u>\$ 993,415</u>
	Buildings and structures	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
2022								
Cost								
Opening net book amount as at January 1	\$ 1,040,802	\$ 4,904,385	\$ 475,673	\$ 5,366	\$ 26,527	\$ 199,280	\$ 56,194	\$ 6,708,227
Additions	8,236	25,375	21,587	-	1,240	5,144	19,730	81,312
Decreases	- (92,567)	-	-	-	-	- (92,567)
Reclassifications	1,196	43,937	-	-	-	6,560	(51,467)	226
Closing net book amount as at December 31	<u>\$ 1,050,234</u>	<u>\$ 4,881,130</u>	<u>\$ 497,260</u>	<u>\$ 5,366</u>	<u>\$ 27,767</u>	<u>\$ 210,984</u>	<u>\$ 24,457</u>	<u>\$ 6,697,198</u>
2022								
Accumulated depreciation and impairment								
Opening net book amount as at January 1	\$ 394,721	\$ 4,537,973	\$ 469,125	\$ 5,366	\$ 26,143	\$ 187,033	\$ -	\$ 5,620,361
Additions	39,651	97,936	8,599	-	659	8,150	-	154,995
Decreases	- (92,567)	-	-	-	-	- (92,567)
Closing net book amount as at December 31	<u>\$ 434,372</u>	<u>\$ 4,543,342</u>	<u>\$ 477,724</u>	<u>\$ 5,366</u>	<u>\$ 26,802</u>	<u>\$ 195,183</u>	<u>\$ -</u>	<u>\$ 5,682,789</u>
Net ending balance	<u>\$ 615,862</u>	<u>\$ 337,788</u>	<u>\$ 19,536</u>	<u>\$ -</u>	<u>\$ 965</u>	<u>\$ 15,801</u>	<u>\$ 24,457</u>	<u>\$ 1,014,409</u>

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

(5) Leasing arrangements-lessee

- A. The Company leases various assets including land, buildings, business vehicles and other equipment. Rental contracts are made from 2008 to 2024. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 64,520	\$ 66,435
Buildings	-	493
Transportation equipment (Business vehicles)	285	713
Other equipment	45	310
	<u>\$ 64,850</u>	<u>\$ 67,951</u>
	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,915	\$ 1,934
Buildings	-	493
Transportation equipment (Business vehicles)	428	429
Other equipment	266	266
	<u>\$ 2,609</u>	<u>\$ 3,122</u>

- C. For the years ended December 31, 2022, right-of-use assets and lease liabilities decreased by \$9,560, respectively, due to the modification on lease consideration.
- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$0 and \$856, respectively.
- E. For the Company terminated the buildings contract in advance for the year ended December 31, 2023. Due to the impact of the aforementioned termination of lease contract, the right-of-use assets and lease liabilities decreased by \$492 and \$512, respectively, and gain on lease modification of \$20 was recognised (shown as ‘other gains and losses’).
- F. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
<u>Items affecting profit or loss</u>	<u>2023</u>	<u>2022</u>
Interest expense on lease liabilities	\$ 851	\$ 896
Gains (losses) from lease modification	20	-

- G. For the years ended December 31, 2023 and 2022, the Company’s total cash outflow for leases were \$3,306 and \$3,895, respectively.

H. As of December 31, 2023 and 2022, information on lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current lease liabilities	\$ 2,025	\$ 2,967
Non-current lease liabilities	65,361	67,386
	<u>\$ 67,386</u>	<u>\$ 70,353</u>

(6) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Wages, salaries and bonuses payable	\$ 40,021	\$ 38,116
Employees' compensation and directors' remuneration payable	176	10,657
Payable on machinery and equipment	16,543	16,205
Payable on construction	-	1,201
Utilities expense payable	9,804	7,795
Others (Note)	32,829	33,060
	<u>\$ 99,373</u>	<u>\$ 107,034</u>

Note: It included payables to related parties. Details are provided in Note 7, related party transactions.

(7) Pensions

A. (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 pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company 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 the end of 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 recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 33,161)	(\$ 30,970)
Fair value of plan assets	63,229	61,949
Net defined benefit asset	<u>\$ 30,068</u>	<u>\$ 30,979</u>

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

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit asset
2023			
At January 1	(\$ 30,970)	\$ 61,949	\$ 30,979
Interest (expense) income	(465)	929	464
	(31,435)	62,878	31,443
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	351	351
Change in demographic assumptions	-	-	-
Change in financial assumptions	(506)	-	(506)
Experience adjustments	(1,220)	-	(1,220)
	(1,726)	351	(1,375)
Pension contribution	-	-	-
Paid pension	-	-	-
At December 31	(\$ 33,161)	\$ 63,229	\$ 30,068
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit asset
2022			
At January 1	(\$ 43,436)	\$ 62,123	\$ 18,687
Interest (expense) income	(218)	311	93
	(43,654)	62,434	18,780
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,803	4,803
Change in demographic assumptions	-	-	-
Change in financial assumptions	4,448	-	4,448
Experience adjustments	2,948	-	2,948
	7,396	4,803	12,199
Pension contribution	-	-	-
Paid Pension	5,288	(5,288)	-
At December 31	(\$ 30,970)	\$ 61,949	\$ 30,979

- (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:

	Year ended December 31	
	2023	2022
Discount rate	1.38%	1.5%
Future salary increases	3.25%	3.25%

Assumptions regarding future mortality experience are set 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	(\$ 1,003)	\$ 1,044	\$ 1,007	(\$ 973)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 998)	\$ 1,042	\$ 1,006	(\$ 970)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$0.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 12.3 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	832
1-2 year(s)		1,336
2-5 years		3,451
Over 5 years		6,593
	\$	<u>12,212</u>

- (h) The Company has applied for the postponement to contribute to defined benefit plans every year since December 2015 to comply with the Article 5 of ‘Regulations for the Allocation and Management of the Workers’ Retirement Reserve Fund’ as stated in the letter issued by the Export Processing Zone Administration of the Ministry of Economic Affairs.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on no less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$10,772 and \$12,887, respectively.

(8) Share-based payment

A. The Board of Directors during its meeting on March 1, 2022 and November 2, 2021 adopted a resolution to issue employee restricted ordinary shares, the Company’s share-based payment arrangements were as follows:

Type of arrangement (Note 1)	Grant date	Quantity granted	Contract period	Vesting conditions (Note 2)
Restricted stocks to employees	2021.11.2	3,000 thousand shares	3 years	Performance conditions achieved
Restricted stocks to employees	2022.3.1	500 thousand shares	3 years	Performance conditions achieved

Note 1: The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks and the relevant dividends received if they resign during the vesting period.

Note 2: For the employees whose services with the Company have reached 1 year, 2 years and 3 years since the allocation of restricted stocks and who achieved the target performance and have made contributions, the ceiling of accumulated vested share ratio is 30%, 30% and 40%, respectively.

B. Details of the share-based payment arrangements are as follows: (Units: In thousand shares)

	Year ended December 31	
	2023	2022
Restricted stocks at January 1	\$ 3,350	\$ 3,000
Issued in the year	-	500
Retired in the year	(110)	(150)
Vested in the year	(1,830)	-
Restricted stocks at December 31	<u>\$ 1,410</u>	<u>\$ 3,350</u>

C. The fair value of share-based payment transactions granted by the Company on November 2, 2021 was NTD 22.55 (in dollars).

D. The fair value of share-based payment transactions granted by the Company on March 1, 2022 was NTD 20.00 (in dollars).

E. For the years ended December 31, 2023 and 2022, the compensation costs recognised for share-based payment transactions were \$18,463 and \$36,062, respectively.

(9) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$6,000,000, consisting of 600,000 thousand shares of ordinary stock, and the paid-in capital was \$1,754,500 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

	Units: In thousand shares	
	2023	2022
At January 1	175,450	175,100
Employee restricted shares	(110)	350
At December 31	<u>175,340</u>	<u>175,450</u>

B. The Board of Directors during its meeting on March 1, 2022 adopted a resolution to issue 500 thousand employee restricted ordinary shares with the effective date set on March 10, 2022. The shares had been registered on March 15, 2022.

The Board of Directors during its meetings on May 3, 2022 and August 2, 2022 adopted a resolution to retire 150 thousand employee restricted ordinary shares with the effective dates set on May 13, 2022 and August 10, 2022, respectively. The shares had been registered on May 19, 2022 and August 15, 2022, respectively.

The Board of Directors during its meetings on March 1, 2023 and August 1, 2023 adopted a resolution to retire 110 thousand employee restricted ordinary shares with the effective dates set on March 10, 2023 and August 10, 2023, respectively. The shares had been registered on March 14, 2023 and August 14, 2023, respectively.

(10) Capital surplus

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

	2023		
	Share premium	Employee restricted shares	Total
At January 1	\$ 90,703	\$ 40,477	\$ 131,180
Employee restricted shares	21,386	(18,661)	2,725
At December 31	<u>\$ 112,089</u>	<u>\$ 21,816</u>	<u>\$ 133,905</u>
	2022		
	Share premium	Employee restricted shares	Total
At January 1	\$ 90,703	\$ 34,817	\$ 125,520
Employee restricted shares	-	5,660	5,660
At December 31	<u>\$ 90,703</u>	<u>\$ 40,477</u>	<u>\$ 131,180</u>

(11) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then 10% of the remaining amount shall be set aside as legal reserve. The remaining earnings, if any, along with accumulated unappropriated earnings, shall be proposed by the Board of Directors and be appropriated in accordance with the following regulations: In accordance with the Paragraph 5 of Article 240 of the Company Act, the Board of Directors is authorised by the Company to resolve the appropriation of dividends and bonuses or legal reserve and capital reserve, in whole or in part, in accordance with Paragraph 1 of Article 241 of the Company Act in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders; if earnings are distributed by issuing new shares, the appropriation of earnings shall be proposed to the shareholders pursuant to the Article 240 of the Company Act.

- B. The Company's dividends are appropriated taking into account the business environment and growing stage of the Company, in response to future capital requirements and long-term financial plan, and to meet shareholders' satisfaction as to cash inflow. Dividends are distributed as stock dividends and cash dividends, and the cash dividend shall not be less than 50% of the total amount of dividends.
- 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. The appropriations of 2022 and 2021 earnings as resolved by the shareholders on June 14, 2023 and June 16, 2022, are as follows:

	Year ended December 31			
	2022		2021	
	Dividends per share		Dividends per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 9,633		\$ 34,932	
Cash dividends	87,705	\$ 0.50	175,100	\$ 1.00
	<u>\$ 97,338</u>		<u>\$ 210,032</u>	

- F. For the proposal for deficit compensation for the year ended December 31, 2023, dividends will not be distributed to stockholders as some accumulated deficits remain uncovered.

(12) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	<u>\$ 861,693</u>	<u>\$ 1,223,212</u>

- A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of services over time in the following major geographical regions:

	Semiconductor packaging and testing		
	Domestic area	Foreign area	Total
2023			
Revenue from external customer contracts	<u>\$ 644,724</u>	<u>\$ 216,969</u>	<u>\$ 861,693</u>
Timing of revenue recognition			
Over time	<u>\$ 644,724</u>	<u>\$ 216,969</u>	<u>\$ 861,693</u>

2022	Semiconductor packaging and testing		
	Domestic area	Foreign area	Total
Revenue from external customer contracts	\$ 730,155	\$ 493,057	\$ 1,223,212
Timing of revenue recognition			
Over time	\$ 730,155	\$ 493,057	\$ 1,223,212

B. Contract assets and liabilities

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

	December 31, 2023	December 31, 2022
Contract assets:		
Contract assets - packaging and testing contracts	\$ 56,527	\$ 48,574
Contract liabilities:		
Contract liabilities - packaging and testing contracts	\$ 386	\$ 290

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Year ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Packaging and testing service contracts	\$ 38	\$ 6

(13) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	\$ 22,816	\$ 9,750

(14) Other income

	Year ended December 31	
	2023	2022
Other income, others	\$ 4,167	\$ 6,581

(15) Other gains and losses

	Year ended December 31	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 550	\$ 687
Profit from lease modification	20	-
Foreign exchange (losses) gains	(1,919)	54,039
Miscellaneous disbursements	(4,366)	(1,145)
	<u>(\$ 5,715)</u>	<u>\$ 53,581</u>

(16) Finance costs

	Year ended December 31	
	2023	2022
Interest expense on lease liabilities	<u>\$ 851</u>	<u>\$ 896</u>

(17) Expenses by nature

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 232,377	\$ 269,111
Labour and health insurance fees	25,559	32,147
Pension costs	10,308	12,794
Share-based payments	18,463	36,062
Other personnel expenses	16,987	26,992
Depreciation charges on property, plant and equipment	169,570	154,995
Depreciation charges on right-of-use assets	2,609	3,122

A. Under the Company's Articles of Incorporation, the current year's earnings before tax and distribution of employees' compensation and directors' remuneration shall first be used to offset deficits. The Company shall appropriate no less than 10% and no higher than 1% of the remainder as compensation and remuneration to employees and directors, respectively.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$0 and \$9,453, respectively; while directors' remuneration was accrued at \$0 and \$945, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were not estimated and accrued as the Company had incurred losses for the year ended December 31, 2023.

Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

(18) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ -	\$ -

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on loss/profit before tax and statutory tax rate	(\$ 35,398)	\$ 16,826
Effect from items adjusted by tax regulation	(4,397)	(20,801)
Taxable loss not recognised as deferred tax assets	39,795	-
Change in assessment of realisation of deferred tax assets	-	3,975
Income tax expense	\$ -	\$ -

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

	2023		
	January 1	Recognised in profit or loss	December 31
— Deferred tax assets:			
Temporary differences:			
Allowance for inventory valuation losses	\$ 12,872	\$ -	\$ 12,872
Others	10,541	-	10,541
	23,413	-	23,413
— Deferred tax liabilities:			
Unrealised foreign exchange loss	(\$ 3,592)	-	(3,592)
Book-tax difference on depreciation	(4,349)	-	(4,349)
	(7,941)	-	(7,941)
	\$ 15,472	\$ -	\$ 15,472

2022			
	January 1	Recognised in profit or loss	December 31
— Deferred tax assets:			
Temporary differences:			
Allowance for inventory valuation losses	\$ 11,619	\$ 1,253	\$ 12,872
Others	8,010	2,531	10,541
	<u>19,629</u>	<u>3,784</u>	<u>23,413</u>
— Deferred tax liabilities:			
Unrealised foreign exchange loss	\$ 192	(3,784)	(3,592)
Book-tax difference on depreciation	(4,349)	-	(4,349)
	<u>(4,157)</u>	<u>(3,784)</u>	<u>(7,941)</u>
	<u>\$ 15,472</u>	<u>\$ -</u>	<u>\$ 15,472</u>

D. Expiration dates of the unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	Amount assessed	\$ 308,313	\$ 308,313	2027
2018	Amount assessed	272,190	272,190	2028
2019	Amount assessed	211,520	211,520	2029
2020	Amount assessed	128,421	128,421	2030
2023	Amount expected to be filed	198,976	198,976	2033
		<u>\$ 1,119,420</u>	<u>\$ 1,119,420</u>	
December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	Amount assessed	\$ 308,313	\$ 308,313	2027
2018	Amount assessed	272,190	272,190	2028
2019	Amount assessed	211,520	211,520	2029
2020	Amount assessed	128,421	128,421	2030
		<u>\$ 920,444</u>	<u>\$ 920,444</u>	

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 47,575</u>	<u>\$ 99,935</u>

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(19) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share
<u>Basic/diluted loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 176,992)	173,090	(\$ 1.02)
	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 84,128	172,157	\$ 0.49
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 84,128	172,157	
Assumed conversion of all dilutive potential Employee restricted shares	-	711	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 84,128	172,868	\$ 0.49

(20) Supplemental cash flow information

A. Investing activities with partial cash payments:

Acquisition of property, plant and equipment

	Year ended December 31	
	2023	2022
Acquisition of property, plant and equipment	\$ 148,576	\$ 81,312
Add: Opening balance of payable on construction	1,201	4,697
Opening balance of payable on equipment	16,205	17,589
Less: Ending balance of payable on construction	-	(1,201)
Ending balance of payable on equipment	(16,543)	(16,205)
Cash paid during the year	\$ 149,439	\$ 86,192

B. Investing activities with no cash flow effects:

	Year ended December 31	
	2023	2022
(a) Prepayments for business facilities transferred to property, plant and equipment	\$ -	\$ 4,808
(b) Property, plant and equipment written-off with other current liabilities, others	\$ -	\$ 4,582

(21) Changes in liabilities from financing activities

	Lease liability
January 1, 2023	\$ 70,353
Changes in cash flow from financing activities	(2,455)
Changes in other non-cash items	(512)
At December 31, 2023	\$ 67,386
	Lease liability
January 1, 2022	\$ 82,056
Changes in cash flow from financing activities	(2,999)
Changes in other non-cash items	(8,704)
At December 31, 2022	\$ 70,353

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Transcend Information, Inc. (Transcend)	Entity with significant influence over the Company

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2023	2022
Operating revenue:		
Transcend	\$ 193,844	\$ 208,571

The transaction price between the Company and the abovementioned related parties would be available to third parties. The collection term is 30 days after monthly billings for related parties and 30 to 60 days after monthly billings for third parties.

B. Purchases:

	Year ended December 31	
	2023	2022
Purchases of goods:		
Transcend	\$ 77	\$ -

The purchase price between the Company and related parties would be available to third parties. The payment term is 30 days after monthly billings for related parties and 60 to 90 days after monthly billings for third parties.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Transcend		
Contract assets	\$ 5,839	\$ 6,529
Accounts receivable	39,943	28,499
Less: Allowance for uncollectible accounts	(207)	(105)
	\$ 39,736	\$ 28,394

The receivables from related parties arise mainly from packaging and testing services and the credit term to related parties is 30 days after monthly billings. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	December 31, 2023	December 31, 2022
Transcend		
Other payables	\$ 374	\$ 130

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	\$ 7,026	\$ 7,361
Post-employment benefits	216	216
Share-based payment	2,711	5,513
	\$ 9,953	\$ 13,090

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Pledged time deposits (shown as non-current financial assets at amortised cost)	\$ 8,200	\$ 8,200	Customs deposits

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

The total amount of the unfinished construction and equipment purchases contracted for as of December 31, 2022 was \$174,256 with the outstanding balance of \$49,429.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust to the optimal the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 508,570	\$ 601,911
Financial assets at amortised cost	57,700	117,100
Accounts receivable	185,477	156,248
Other receivables	3,778	4,058
	<u>\$ 755,525</u>	<u>\$ 879,317</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 64,359	\$ 49,130
Other payables	99,373	107,034
	<u>\$ 163,732</u>	<u>\$ 156,164</u>
Lease liability	<u>\$ 67,386</u>	<u>\$ 70,353</u>

B. Financial risk management policies

The objective of the Company's risk management is to identify and analyse all the risks (including market risk, credit risk and liquidity risk) by examining the impact of the macroeconomics, industrial developments, market competition and the Company's business development so as to achieve the optimised risk position, to maintain adequate liquidity position and to centralise the management of all market risks.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023				
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD in thousands)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 17,374	30.71	\$ 533,483	
JPY	111,699	0.22	24,317	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$ 938	30.71	\$ 28,792	
December 31, 2022				
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD in thousands)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 18,887	30.71	\$ 580,026	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$ 369	30.71	\$ 11,319	

- iii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to (\$1,919) and \$54,039, respectively.
- iv. Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If NTD had appreciated or depreciated by 1% to USD, net income would have increased/decreased by \$5,047 and \$5,687 for the years ended December 31, 2023 and 2022, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Credit risk arises from cash and cash equivalents, including outstanding receivables and committed transactions. For banks and financial institutions, the

Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk.

- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable and contract assets in accordance with credit rating of customer. The Company applies the modified approach using the loss rate methodology to estimate the expected credit loss.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On December 31, 2023 and 2022, the loss rate methodology is as follows:

	Group A	Group B	Total
<u>At December 31, 2023</u>			
Expected loss rate	0.776%	0.518%	
Total book value	\$ 146,881	\$ 39,943	\$ 186,824
Loss allowance	\$ 1,140	\$ 207	\$ 1,347
	Group A	Group B	Total
<u>At December 31, 2022</u>			
Expected loss rate	0.551%	0.368%	
Total book value	\$ 128,562	\$ 28,499	\$ 157,061
Loss allowance	\$ 708	\$ 105	\$ 813

- viii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2023	
	Accounts receivable	Contract assets
At January 1	\$ 813	\$ -
Provision for impairment	534	-
At December 31	<u>\$ 1,347</u>	<u>\$ -</u>
	2022	
	Accounts receivable	Contract assets
At January 1	\$ 635	\$ -
Provision for impairment	178	-
At December 31	<u>\$ 813</u>	<u>\$ -</u>

For provisioned loss in 2023 and 2022, the impairment losses arising from customers' contracts are \$534 and \$178, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed 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. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022 the Company held money market position of \$558,029 and \$710,770, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2023		
	Within 1 year	Between 1 and 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 64,359	\$ -	\$ -
Other payables	99,373	-	-
Lease liability	2,847	2,428	78,188
	December 31, 2022		
	Within 1 year	Between 1 and 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 49,130	\$ -	\$ -
Other payables	107,034	-	-
Lease liability	3,825	2,847	80,616

(3) Fair value information

The Company has no financial instruments measured at fair value. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables, accounts payable, other payables and lease liabilities are approximate to their fair values.

(4) Other matters

Due to the impact from the breakout of COVID-19 pandemic and the various preventive measures imposed by the government, the Company had implemented various preventive measures in accordance with the measures as announced by the Central Epidemic Command Center (CECC) and the epidemic prevention regulations stipulated in the Communicable Disease Control Act, such as real-name registration upon entry and taking turns coming to the office, to reduce the risks of personal contact and cross infection. The pandemic had no significant impact on the Company's overall operations and financial position.

13. Supplementary Disclosures

(1) Significant transactions information

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

in capital or more: Please refer to table 1.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

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

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information: Please refer to table 2 for names, number of shares and ownership of shareholders whose equity interest is greater than 5%.

14. Segment Information

(1) General information

The Company operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Company as a whole, has identified that the Company 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:

	Year ended December 31	
	2023	2022
	Semiconductor packaging and testing	Semiconductor packaging and testing
Revenue from external customers	\$ 861,693	\$ 1,223,212
Segment (loss)income	(\$ 197,409)	\$ 15,112
Non-operating income and expense	20,417	69,016
Profit before (loss)income tax	(176,992)	84,128
Income tax expense	-	-
(Loss) profit for the year	(\$ 176,992)	\$ 84,128

(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

Analysis of the Company's major products and service revenue is as follows:

	Year ended December 31	
	2023	2022
Advanced substrate or lead-frame integrated circuit packaging	\$ 584,807	\$ 668,913
Traditional lead-frame integrated circuits	256,866	536,071
Others	20,020	18,228
	<u>\$ 861,693</u>	<u>\$ 1,223,212</u>

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 644,724	\$ 1,003,413	\$ 747,097	\$ 1,021,410
Korea	117,527	-	300,739	-
America	61,425	-	121,959	-
Others	38,017	-	53,417	-
	<u>\$ 861,693</u>	<u>\$ 1,003,413</u>	<u>\$ 1,223,212</u>	<u>\$ 1,021,410</u>

(6) Major customer information

	Year ended December 31			
	2023		2022	
	Revenue	Percentage to total sales	Revenue	Percentage to total sales
A company	\$ 193,844	23%	\$ 208,571	17%
C company	133,249	16%	188,429	15%
	<u>\$ 327,093</u>	<u>39%</u>	<u>\$ 397,000</u>	<u>32%</u>

TAIWAN IC PACKAGING CORPORATION
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

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

Item	Description	Amount
Cash on hand and petty cash		\$ 39
Cash in banks		
Checking accounts		2
Demand deposits - NTD		28,674
Demand deposits - Foreign currency	Mainly USD 1,676 thousand, exchange rate 30.71	75,777
Cash equivalents		
Time deposits - USD	Interest rate 5.3%~5.4%, the maturity: 2024.01.15	404,078
		<u>\$ 508,570</u>

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TAIWAN IC PACKAGING CORPORATION
CURRENT FINANCIAL ASSETS MEASURED AT AMORTISED COST
DECEMBER 31, 2023

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

<u>Name</u>	<u>Total Amount</u>	<u>Interest Rate Range</u>	<u>Carrying Amount</u>	<u>Note</u>
Time deposits with Bank SinoPac	\$ 9,900	1.45%	\$ 9,900	
Time deposits with Yuanta Commercial Bank	<u>39,600</u>	1.53%	<u>39,600</u>	
	<u>\$ 49,500</u>		<u>\$ 49,500</u>	

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TAIWAN IC PACKAGING CORPORATION
ACCOUNTS RECEIVABLE
DECEMBER 31, 2023

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

Client Name	Amount	Note
B Company	\$ 39,957	
F Company	18,933	
C Company	10,339	
K Company	8,957	
J Company	8,499	
G Company	8,215	
H Company	7,621	
Others (Note)	44,360	
	146,881	
Less: Allowance for uncollectible accounts	(1,140)	
	<u>\$ 145,741</u>	

Note: Balance of each client has not exceeded 5% of total account balance.

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TAIWAN IC PACKAGING CORPORATION

INVENTORIES

DECEMBER 31, 2023

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

Item	Description	Amount		Notes
		Cost	Net Realisable Value	
Raw materials		\$ 253,758	\$ 271,275	
Less : Allowance for valuation loss		(75,826)	-	
		<u>\$ 177,932</u>	<u>\$ 271,275</u>	

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TAIWAN IC PACKAGING CORPORATION
CHANGES IN COSTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Details of “property, plant and equipment” are provided in Note 6(4).

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TAIWAN IC PACKAGING CORPORATION
CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Details of “property, plant and equipment” are provided in Note 6(4).

Details of depreciation methods and useful lives are provided in Note 4(12).

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TAIWAN IC PACKAGING CORPORATION
ACCOUNTS PAYABLE
DECEMBER 31, 2023

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

<u>Supplier Name</u>	<u>Amount</u>	<u>Note</u>
A Company	\$ 9,489	
B Company	5,693	
C Company	4,930	
D Company	4,988	
E Company	4,332	
F Company	3,653	
Others (Note)	31,274	
	<u>\$ 64,359</u>	

Note: Balance of each supplier has not exceeded 5% of total account balance.

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TAIWAN IC PACKAGING CORPORATION
OTHER PAYABLES
DECEMBER 31, 2023

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

Details of “other payables” are provided in Note 6(6).

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TAIWAN IC PACKAGING CORPORATION
OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Volume (in thousands)	Amount	Note
Advanced substrate or lead-frame integrated circuit packaging	285,807	\$ 584,807	
Traditional lead-frame integrated circuits	137,730	256,866	
Others (Note)	214	20,020	
		<u>\$ 861,693</u>	

Note: The revenue from other items has not exceeded 10% of total revenue.

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TAIWAN IC PACKAGING CORPORATION
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Amount
Beginning raw materials	\$ 357,479
Raw materials purchased	219,524
Cost of raw materials sold	(8,425)
Ending raw materials	(253,758)
Raw materials used	314,820
Direct labor	120,505
Manufacturing expense	519,414
Manufacturing cost	954,739
Cost of raw materials sold	8,425
Loss on decline in market value	11,468
Revenue from sale of scraps	(5,347)
Operating costs	\$ 969,285

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TAIWAN IC PACKAGING CORPORATION
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	\$ 102,437	
Depreciation		161,571	
Utilities expense		120,130	
Manufacturing on indirect supplies		49,361	
Expense on machine parts		27,543	
Others		58,372	The balance of each expense account has not exceeded 5% of the manufacturing expense
		<u>\$ 519,414</u>	

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TAIWAN IC PACKAGING CORPORATION
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	\$ 12,377	
Export expense		1,496	
Insurance expense		1,099	
Others		5,473	The balance of each expense account has not exceeded 5% of the selling expense
		<u>\$ 20,445</u>	

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TAIWAN IC PACKAGING CORPORATION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	\$ 21,782	
Depreciation		10,141	
Others		12,783	The balance of each expense account has not exceeded 5% of the administrative expense
		<u>\$ 44,706</u>	

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TAIWAN IC PACKAGING CORPORATION
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	\$ 18,436	
Insurance expense		1,641	
Others		4,055	The balance of each expense account has not exceeded 5% of the research and development expenses
		<u>\$ 24,132</u>	

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TAIWAN IC PACKAGING CORPORATION
FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Details of “finance costs” are provided in Note 6(16).

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TAIWAN IC PACKAGING CORPORATION
SUMMARY STATEMENT OF CURRENT EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Function Nature	Year ended December 31					
	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 188,804	\$ 40,953	\$ 229,757	\$ 219,672	\$ 45,807	\$ 265,479
Labour and health insurance fees	21,401	4,158	25,559	27,566	4,581	32,147
Pension costs	8,550	1,757	10,307	10,557	2,237	12,794
Directors' remuneration	-	2,620	2,620	-	3,632	3,632
Share-based payments	9,441	9,022	18,463	18,434	17,628	36,062
Other personnel expenses	15,043	1,944	16,987	24,578	2,416	26,994
Depreciation charge	161,571	10,608	172,179	151,656	6,461	158,117

Note:

1. For the years ended December 31, 2023 and 2022, the Company had 392 and 475 employees, respectively, both including 6 non-employee directors.

2. A company whose stock is listed for trading on the over-the-counter securities exchange shall additionally disclose the following information:

(1) Average employee benefit expense in current year was \$780 ((Total employee benefit expense in current year–Total directors' remuneration in current year)/(Number of employees in current year–Number of non-employee directors in current year)).

Average employee benefit expense in previous year was \$796 ((Total employee benefit expense in previous year–Total directors' remuneration in previous year)/(Number of employees in previous year – Number of non-employee directors in previous year

(2) Average employee salary in current year was \$643 (Total employee salaries in current year(including Share-based payments/ (Number of employees in current year–Number of non-employee directors in current year)).

Average employee salary in previous year was \$643 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).

(3) Adjustment of average employee salaries was 0.00% ((Average employee salaries in current year - Average employee salaries in previous year) / Average employee salaries in previous year).

(4) The Company's salary and compensation policy (including directors, supervisors, managers and employees) is as follows:

A. Directors: Under the Article 26 of the Company's Articles of Incorporation, if the Company has earnings in the current year, the profit before deducting tax and employees' compensation and directors' remuneration shall be appropriated as directors' remuneration, and the ratio shall be no higher than 1%. If the Company has accumulated deficit, earnings shall be retained to cover losses.

B. Managers and employees: The Company's salary and compensation are set as a salary system that is externally competitive and internally fair in accordance with the internal salary policy. The salary and compensation include fixed and variable salaries. Fixed salaries are paid in accordance with the job responsibility and professional skills; variable salaries are paid as an incentive in accordance with individual performance and degree of contribution.

Under the Company's Articles of Incorporation, if the Company has earnings in the current year, the profit before deducting tax and employees' compensation and directors' remuneration shall be appropriated as employees' remuneration, and the ratio shall be no lower than 10%, if the Company has accumulated deficit, earnings shall retained to cover losses.

Taiwan IC Packaging Corporation
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 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount (Note 2)	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Taiwan IC Packaging Corporation	Transcend Information, Inc.	Investor with significant influence to the Company	Sales	\$ 193,844	22%	30 days after monthly billings	Note 1	Collected approximately 30 to 60 days for third parties	\$ 45,575	19%	

Note 1: Details are provided in Note 7.

Note 2: Including the revenue arising from contract assets.

Taiwan IC Packaging Corporation

Major shareholders information

December 31, 2023

Table 2

Name of major shareholders	Shares	
	Number of shares	Ownership (%)
Transcend Information, Inc.	21,928,036	12.50%
Wan An Technology Inc.	14,482,208	8.25%

- (1) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.
- (2) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

Taiwan IC Packaging Corporation

Chairman: Shu Chung-Wan