TAIWAN IC PACKAGING CORPORATION

INDIVIDUAL FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

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

PWCR22003481

Opinion

We have audited the accompanying individual balance sheets of Taiwan IC Packaging Corporation (the "Company") as at December 31, 2022 and 2021, 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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 2022 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, 2022, the cost of inventories and allowances for inventory valuation losses amounted to NT$357,479 thousand and NT$64,358 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
March 1, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 601,911	26	$ 429,423	17
1136	Current financial assets at amortised cost	6(1)	108,900	5	188,100	7
1140	Current contract assets	6(12) and 7(2)	48,574	2	78,334	3
1170	Accounts receivable, net	6(2)	127,854	5	350,577	14
1180	Accounts receivable due from related parties,net	6(2) and 7(2)	28,394	1	52,209	2
1200	Other receivables		4,058	-	3,775	-
1220	Current tax assets		611	-	76	-
130X	Inventories	6(3)	293,121	12	298,059	11
1479	Other current assets, others		4,845	-	8,209	-
11XX	**Total current assets**		1,218,268	51	1,408,762	54
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(1) and 8	8,200	1	8,200	-
1600	Property, plant and equipment	6(4)	1,014,409	43	1,087,866	41
1755	Right-of-use assets	6(5)	67,951	3	79,777	3
1840	Deferred tax assets	6(18)	23,413	1	19,821	1
1915	Prepayments for business facilities		-	-	4,808	-
1975	Non-current net defined benefit asset	6(7)	30,979	1	18,687	1
1990	Other non-current assets, others		7,001	-	1	-
15XX	**Total non-current assets**		1,151,953	49	1,219,160	46
1XXX	**Total asset**		$ 2,370,221	100	$ 2,627,922	100

(Continued)

TAIWAN IC PACKAGING CORPORATION
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(12)	$ 290	-	$ 315	-
2170	Accounts payable		49,130	2	162,280	6
2200	Other payables	6(6)	107,034	5	182,656	7
2280	Current lease liabilities	6(5)	2,967	-	2,882	-
2365	Current refund liabilities		-	-	3,062	-
2399	Other current liabilities, others	6(3)	8,365	-	23,385	1
21XX	**Total current liabilities**		167,786	7	374,580	14
	Non-current liabilities					
2570	Deferred tax liabilities	6(18)	7,941	-	4,349	-
2580	Non-current lease liabilities	6(5)	67,386	3	79,174	3
25XX	**Total non-current liabilities**		75,327	3	83,523	3
2XXX	**Total liabilities**		243,113	10	458,103	17
	Share capital	6(9)				
3110	Ordinary share		1,754,500	74	1,751,000	67
	Capital surplus	6(10)				
3200	Capital surplus		131,180	6	125,520	5
	Retained earnings	6(11)				
3310	Legal reserve		34,932	1	-	-
3350	Unappropriated retained earnings		235,619	10	349,324	13
	Other equity interest					
3400	Other equity interest		(29,123)	(1)	(56,025)	(2)
3XXX	**Total equity**		2,127,108	90	2,169,819	83
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,370,221	100	$ 2,627,922	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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31 2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Operating revenue	6(12) and 7(2)	$ 1,223,212	100	$ 1,944,950	100
5000	Operating costs	6(3)(17)	(1,106,301)	(91)	(1,424,037)	(73)
5900	Gross profit		116,911	9	520,913	27
	Operating expenses	6(17)				
6100	Selling expenses		(20,079)	(2)	(20,130)	(1)
6200	Administrative expenses		(50,974)	(4)	(54,556)	(3)
6300	Research and development expenses		(30,568)	(2)	(31,505)	(2)
6450	Expected credit loss	12(2)	(178)	-	(221)	-
6000	Total operating expenses		(101,799)	(8)	(106,412)	(6)
6900	Operating profit		15,112	1	414,501	21
	Non-operating income and expenses					
7100	Interest income	6(13)	9,750	1	1,667	-
7010	Other income	6(14)	6,581	1	4,761	-
7020	Other gains and losses	6(15)	53,581	4	(8,250)	-
7050	Finance costs	6(5)(16)	(896)	-	(1,034)	-
7000	Total non-operating income and expenses		69,016	6	(2,856)	-
7900	**Profit before income tax**		84,128	7	411,645	21
7950	Income tax expense	6(18)	-	-	-	-
8200	**Profit for the year**		$ 84,128	7	$ 411,645	21
	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)	$ 12,199	1	($ 1,728)	-
8300	**Total other comprehensive income (loss) for the year**		$ 12,199	1	($ 1,728)	-
8500	**Total comprehensive income for the year**		$ 96,327	8	$ 409,917	21
	Earnings per share	6(19)				
9750	Basic earnings per share		$ 0.49		$ 2.39	
9850	Diluted earnings per share		$ 0.49		$ 2.39	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			Capital surplus		Retained earnings			
	Notes	Ordinary share	Share premium	Employee restricted shares	Legal reserve	Unappropriated retained earnings	Unearned compensation	Total equity
2021								
Balance at January 1, 2021		$ 1,721,000	$ 90,703	$ 2,850	$ -	($ 60,593)	$ -	$ 1,753,960
Profit for the year		-	-	-	-	411,645	-	411,645
Other comprehensive loss for the year	6(7)	-	-	-	-	(1,728)	-	(1,728)
Total comprehensive income for the year		-	-	-	-	409,917	-	409,917
Share-based payment transactions	6(8)(9)(10)	30,000	-	31,967	-	-	(56,025)	5,942
Balance at December 31, 2021		$ 1,751,000	$ 90,703	$ 34,817	$ -	$ 349,324	($ 56,025)	$ 2,169,819
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	6(11)	-	-	-	-	(175,100)	-	(175,100)
Legal reserve	6(11)	-	-	-	34,932	(34,932)	-	-
Balance at December 31, 2022		$ 1,754,500	$ 90,703	$ 40,477	$ 34,932	$ 235,619	($ 29,123)	$ 2,127,108

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 84,128	$ 411,645
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(8)	36,062	5,942
Interest expense	6(5)(16)	896	1,034
Net loss on financial assets or liabilities at fair value through profit or loss		-	478
Expected credit loss	12(2)	178	221
Depreciation charge	6(4)(5)(17)	158,117	139,011
Interest income	6(13)	(9,750)	(1,667)
Gain on disposal of property, plant and equipment	6(15)	(687)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		-	153
Current contract assets		29,760	(10,253)
Notes receivable		-	2,656
Accounts receivable		222,593	(112,460)
Accounts receivable due from related parties		23,767	(14,144)
Other receivables		1,069	(2,670)
Inventories		4,938	(63,885)
Other current assets, others		3,364	(3,526)
Non-current net defined benefit asset		(93)	(102)
Changes in operating liabilities			
Current financial liabilities at fair value through profit or loss		-	(541)
Current contract liabilities		(25)	(459)
Accounts payable		(113,150)	(28,941)
Other payable		(70,742)	62,643
Current refund liabilities		(3,062)	3,062
Other current liabilities, others		(10,438)	19,811
Cash inflow generated from operations		356,925	408,008
Interest paid		(896)	(1,034)
Interest received		8,399	1,677
Income taxes paid		(609)	(3)
Income taxes refund		73	954
Net cash flows from operating activities		363,892	409,602
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortised cost		79,200	40,130
Acquisition of property, plant and equipment	6(20)	(86,192)	(138,902)
Proceeds from disposal of property, plant and equipment		687	-
Increase in prepayments for business facilities		-	(4,808)
Increase in other non-current assets – others		(7,000)	-
Net cash flows used in investing activities		(13,305)	(103,580)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(21)	(2,999)	(2,647)
Cash dividends paid	6(11)(20)	(175,100)	-
Net cash flows used in financing activities		(178,099)	(2,647)
Net increase in cash and cash equivalents		172,488	303,375
Cash and cash equivalents at beginning of year		429,423	126,048
Cash and cash equivalents at end of year		$ 601,911	$ 429,423

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, 2022 AND 2021
(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 March 1, 2023.

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") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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 IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC 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

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) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs 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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	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.

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 NTD, 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) Accounts and notes receivable

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

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

(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

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 39	$ 26
Checking accounts	2	2
Demand deposits	110,510	379,895
Time deposits	491,360	49,500
	$ 601,911	$ 429,423

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, 2022 and 2021, 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, 2022 and 2021, the time deposits with original maturity of more than three months held by the Company was $108,900 and $188,100, respectively; the effective interest rate ranged between 1.33%~1.44% and 0.62%~0.82%, 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

	December 31, 2022	December 31, 2021
Accounts receivable	$ 128,562	$ 351,155
Less: Allowance for uncollectible accounts	(708)	(578)
	$ 127,854	$ 350,577
Accounts receivable due from related parties	28,499	52,266
Less: Allowance for uncollectible accounts	(105)	(57)
	$ 28,394	$ 52,209

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

	December 31, 2022	December 31, 2021
	Accounts receivable	Accounts receivable
Not past due	$ 156,932	$ 399,785
Up to 30 days	-	-
31 to 90 days	129	3,631
91 to 180 days	-	5
Over 180 days	-	-
	$ 157,061	$ 403,421

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $279,474.

C. The Company does not hold any collateral as security.

D. As at December 31, 2022 and 2021, 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) was $156,248 and $402,786, respectively.

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

(3) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 357,479	($ 64,358)	$ 293,121

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 356,154	($ 58,095)	$ 298,059

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

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 1,100,038	$ 1,410,269
Loss on decline in market value	6,263	13,768
	$ 1,106,301	$ 1,424,037

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, 2022 and 2021, the deposits received by the Company from the aforementioned transactions amounted to $5,684 and $5,475, respectively (shown under other current liabilities).

(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
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	$ 1,050,234	$ 4,881,130	$ 497,260	$ 5,366	$ 27,767	$ 210,984	$ 24,457	$ 6,697,198
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	$ 434,372	$ 4,543,342	$ 477,724	$ 5,366	$ 26,802	$ 195,183	$ -	$ 5,682,789
Net ending balance	$ 615,862	$ 337,788	$ 19,536	$ -	$ 965	$ 15,801	$ 24,457	$ 1,014,409

	Buildings and structures	Machinery and equipment	Molding equipment	Transportation equipment	office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
2021								
Cost								
Opening net book amount as at January 1	$ 1,037,337	$ 4,736,632	$ 472,601	$ 5,366	$ 26,527	$ 206,567	$ 53,879	$ 6,538,909
Additions	1,560	4,012	3,801	-	-	-	120,382	129,755
Decreases	-	(5,195)	(2,729)	-	-	(7,287)	-	(15,211)
Reclassifications	1,905	168,936	2,000	-	-	-	(118,067)	54,774
Closing net book amount as at December 31	$ 1,040,802	$ 4,904,385	$ 475,673	$ 5,366	$ 26,527	$ 199,280	$ 56,194	$ 6,708,227
2021								
Accumulated depreciation and impairment								
Opening net book amount as at January 1	$ 355,799	$ 4,470,725	$ 455,898	$ 5,355	$ 24,679	$ 187,440	$ -	$ 5,499,896
Additions	38,922	72,443	15,956	11	1,464	6,880	-	135,676
Decreases	-	(5,195)	(2,729)	-	-	(7,287)	-	(15,211)
Closing net book amount as at December 31	$ 394,721	$ 4,537,973	$ 469,125	$ 5,366	$ 26,143	$ 187,033	$ -	$ 5,620,361
Net ending balance	$ 646,081	$ 366,412	$ 6,548	$ -	$ 384	$ 12,247	$ 56,194	$ 1,087,866

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:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 66,435	$ 77,928
Buildings	493	987
Transportation equipment (Business vehicles)	713	286
Other equipment	310	576
	$ 67,951	$ 79,777

	Year ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 1,934	$ 2,182
Buildings	493	493
Transportation equipment (Business vehicles)	429	430
Other equipment	266	230
	$ 3,122	$ 3,335

C. For the years ended December 31, 2022 and 2021, right-of-use assets and lease liabilities decreased by $9,560 and $75, respectively, due to the modification on lease consideration.

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $856 and $880, respectively.

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

	Year ended December 31	
Items affecting profit or loss	2022	2021
Interest expense on lease liabilities	$ 896	$ 1,034

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $3,895 and $3,681, respectively.

G. As of December 31, 2022 and 2021, information on lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Current lease liabilities	$ 2,967	$ 2,882
Non-current lease liabilities	67,386	79,174
	$ 70,353	$ 82,056

(6) Other payables

	December 31, 2022	December 31, 2021
Wages, salaries and bonuses payable	$ 38,116	$ 47,926
Employees' compensation and directors' remuneration payable	10,657	43,644
Payable on machinery and equipment	16,205	17,589
Payable on construction	1,201	4,697
Utilities expense payable	7,795	8,082
Others (Note)	33,060	60,718
	$ 107,034	$ 182,656

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:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 30,970)	($ 43,436)
Fair value of plan assets	61,949	62,123
Net defined benefit asset	$ 30,979	$ 18,687

(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
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

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit asset
2021			
At January 1	($ 42,124)	$ 62,437	$ 20,313
Interest (expense) income	(210)	312	102
	(42,334)	62,749	20,415
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	732	732
Change in demographic assumptions	(1,087)	-	(1,087)
Change in financial assumptions	-	-	-
Experience adjustments	(1,373)	-	(1,373)
	(2,460)	732	(1,728)
Pension contribution	-	-	-
Paid Pension	1,358	(1,358)	-
At December 31	($ 43,436)	$ 62,123	$ 18,687

(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, 2022 and 2021 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	
	2022	2021
Discount rate	1.5%	0.5%
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, 2022				
Effect on present value of defined benefit obligation	($ 998)	$ 1,042	$ 1,006	($ 970)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 1,578)	$ 1,652	$ 1,583	($ 1,521)

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, 2023 amount to $0.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 13.2 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	422
1-2 year(s)		775
2-5 years		3,464
Over 5 years		5,810
	$	10,471

(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, 2022 and 2021 were $12,887 and $13,603, 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 but not required to return the 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, 2022	Year ended December 31, 2021
Restricted stocks at January 1	$ 3,000	$ -
Issued in the year	500	3,000
Retired in the year	(150)	-
Restricted stocks at December 31	$ 3,350	$ 3,000

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, 2022 and 2021, the compensation costs recognised for share-based payment transactions were $36,062 and $5,942, respectively.

(9) Share capital

A. As of December 31, 2022, 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

	2022	2021
At January 1	175,100	172,100
Employee restricted shares	350	3,000
At December 31	175,450	175,100

B. The shareholders during their meeting on August 20, 2021 adopted a resolution to issue employee restricted ordinary shares totalling to $35,000. Type of shares issued is ordinary shares with a par value of $10 (in dollars). The issuance had been approved by the Financial Supervisory Commission on September 2, 2021.

The Board of Directors during its meeting on November 2, 2021 adopted a resolution to issue employee restricted ordinary shares of 3,000 thousand shares with the effective date set on November 10, 2021. The issuance had been registered on November 11, 2021.

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

(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.

	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	$ 90,703	$ 40,477	$ 131,180

	2021		
	Share premium	Employee restricted shares	Total
At January 1	$ 90,703	$ 2,850	$ 93,553
Employee restricted shares	-	31,967	31,967
At December 31	$ 90,703	$ 34,817	$ 125,520

(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. As of December 31, 2020, the Company has accumulated deficit that remained uncovered and thus planned not to appropriate any dividends. The appropriation of 2021 earnings as resolved by the shareholders on June 16, 2022 is as follows:

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 34,932		$ -	
Cash dividends	175,100	$ 1.00	-	$ -
	$ 210,032		$ -	

F. On March 1, 2023, the Board of Directors proposed that total dividends for the distribution of earnings for the year of 2022 was $87,705 at $0.5 (in dollars) per share.

(12) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 1,223,212	$ 1,944,950

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:

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

2021	Semiconductor packaging and testing		
	Domestic area	Foreign area	Total
Revenue from external customer contracts	$ 1,333,192	$ 611,758	$ 1,944,950
Timing of revenue recognition			
Over time	$ 1,333,192	$ 611,758	$ 1,944,950

B. Contract assets and liabilities

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

	December 31, 2022	December 31, 2021
Contract assets:		
Contract assets - packaging and testing contracts	$ 48,574	$ 78,334
Contract liabilities:		
Contract liabilities - packaging and testing contracts	$ 290	$ 315

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

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Packaging and testing service contracts	$ 6	$ 337

(13) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	$ 9,750	$ 1,667

(14) Other income

	Year ended December 31	
	2022	2021
Other income, others	$ 6,581	$ 4,761

(15) Other gains and losses

	Year ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	$ 687	$ -
Foreign exchange gains (losses)	54,039	(4,821)
Net loss on financial assets or liabilities at fair value through profit or loss	-	(478)
Miscellaneous disbursements	(1,145)	(2,951)
	$ 53,581	($ 8,250)

(16) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on lease liabilities	$ 896	$ 1,034

(17) Expenses by nature

	Year ended December 31	
	2022	2021
Wages and salaries	$ 269,111	$ 361,494
Labour and health insurance fees	32,147	35,212
Pension costs	12,794	13,501
Share-based payments	36,062	5,942
Other personnel expenses	26,992	31,363
Depreciation charges on property, plant and equipment	154,995	135,676
Depreciation charges on right-of-use assets	3,122	3,335

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, 2022 and 2021, employees’ compensation was accrued at $9,453 and $39,444, respectively; while directors’ remuneration was accrued at $945 and $3,944, respectively. The aforementioned amounts were recognised in salary expenses.

The employees’ compensation and directors’ remuneration were estimated and accrued based on the percentage of distributable profit of current year as of the end of the reporting period as prescribed in the Company’s Articles of Incorporation.

Employees’ compensation and directors’ remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(18) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ -

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 16,826	$ 82,329
Effect from items adjusted by tax regulation	(20,801)	-
Taxable loss not recognised as deferred tax assets	-	(82,329)
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:

	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
	$ 19,629	$ 3,784	$ 23,413
－Deferred tax liabilities:			
Unrealised foreign exchange loss	$ 192	(3,784)	(3,592)
Book-tax difference on depreciation	(4,349)	-	(4,349)
	(4,157)	(3,784)	(7,941)
	$ 15,472	$ -	$ 15,472

	2021		
	January 1	Recognised in profit or loss	December 31
－Deferred tax assets:			
Temporary differences:			
Allowance for inventory valuation losses	$ 8,865	$ 2,754	$ 11,619
Unrealised exchange loss	282	(90)	192
Others	10,674	(2,664)	8,010
	$ 19,821	$ -	$ 19,821
－Deferred tax liabilities:			
Book-tax difference on depreciation	(4,349)	-	(4,349)
	(4,349)	-	(4,349)
	$ 15,472	$ -	$ 15,472

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

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Amount assessed	$ 95,206	$ 95,206	2022
2013	Amount assessed	25,011	25,011	2023
2015	Amount assessed	41,116	41,116	2025
2016	Amount assessed	182,179	182,179	2026
2017	Amount assessed	370,134	370,134	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
		$ 1,325,777	$ 1,325,777	

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Amount assessed	$ 95,206	$ 95,206	2022
2013	Amount assessed	25,011	25,011	2023
2015	Amount assessed	41,116	41,116	2025
2016	Amount assessed	182,179	182,179	2026
2017	Amount assessed	370,134	370,134	2027
2018	Amount assessed	272,190	272,190	2028
2019	Amount assessed	211,520	211,520	2029
2020	Amount filed	128,421	128,421	2030
		$ 1,325,777	$ 1,325,777	

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

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 99,935	$ 190,030

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, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 84,128	172,157	$ 0.49
Diluted earnings per share			
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

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 411,645	172,100	$ 2.39
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 411,645	172,100	
Assumed conversion of all dilutive potential			
Employee restricted shares	-	40	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 411,645	172,140	$ 2.39

(20) Supplemental cash flow information

A. Investing activities with partial cash payments:

(a) Acquisition of property, plant and equipment

	Year ended December 31	
	2022	2021
Acquisition of property, plant and equipment	$ 81,312	$ 129,755
Add: Opening balance of payable on construction	4,697	7,105
Opening balance of payable on equipment	17,589	24,328
Less: Ending balance of payable on construction	(1,201)	(4,697)
Ending balance of payable on equipment	(16,205)	(17,589)
	$ 86,192	$ 138,902

(b) Cash dividends payable

	Year ended December 31	
	2022	2021
Cash dividends declared	$ 175,100	$ -
Less: Ending balance of cash dividends payable	-	-
Fractional payment amounts transferred to other income	(9)	-
Cash dividends paid for the year	$ 175,091	$ -

B. Investing activities with no cash flow effects:

	Year ended December 31	
	2022	2021
(a) Prepayments for business facilities transferred to property, plant and equipment	$ 4,808	$ 54,774
(b) Property, plant and equipment written-off with other current liabilities, others	$ 4,582	$ -

(21) Changes in liabilities from financing activities

	Lease liability
At 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

	Lease liability
At January 1, 2021	$ 83,898
Changes in cash flow from financing activities	(2,647)
Changes in other non-cash items	805
At December 31, 2021	$ 82,056

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	
	2022	2021
Operating revenue:		
Transcend	$ 208,571	$ 246,097

The price from aforementioned related parties has no other transaction with non-related parties that can be compared with and the credit term is 30 days after monthly billings, while 30 to 60 days after monthly billings for non-related parties.

B. Receivables from related parties

	December 31, 2022	December 31, 2021
Transcend		
Contract assets	$ 6,529	$ 19,347
Accounts receivable	$ 28,499	$ 52,266
Less: Allowance for uncollectible accounts	(105)	(57)
	$ 28,394	$ 52,209

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.

C. Payables to related parties

	December 31, 2022	December 31, 2021
Transcend		
Other payables	$ 130	$ 389

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	$ 7,361	$ 9,690
Post-employment benefits	216	216
Share-based payment	5,513	1,030
	$ 13,090	$ 10,936

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
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 $98,692 with the outstanding balance of $79,532.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Details of the appropriation of 2022 earnings as resolved by the Board of Directors on March 1, 2023 are provided in Note 6(11).

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

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 601,911	$ 429,423
Financial assets at amortised cost	117,100	196,300
Accounts receivable	156,248	402,786
Other receivables	4,058	3,775
	$ 879,317	$ 1,032,284

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 49,130	$ 162,280
Other payables	107,034	182,656
	$ 156,164	$ 344,936
Lease liability	$ 70,353	$ 82,056

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, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD	$ 18,887	30.71	$ 580,026
Financial liabilities			
Monetary items			
USD	$ 369	30.71	$ 11,319

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD in thousands)
Financial assets			
Monetary items			
USD	$ 16,705	27.68	$ 462,388
Financial liabilities			
Monetary items			
USD	$ 1,442	27.68	$ 39,905
JPY	9,630	0.24	2,321

iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to $54,039 and $($4,821), 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 $5,687 and $4,225 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the loss rate methodology is as follows:

	Group A	Group B	Total
At December 31, 2022			
Expected loss rate	0.551%	0.368%	
Total book value	$ 128,562	$ 28,499	$ 157,061
Loss allowance	$ 708	$ 105	$ 813

	Group A	Group B	Total
At December 31, 2021			
Expected loss rate	0.165%	0.109%	
Total book value	$ 351,155	$ 52,266	$ 403,421
Loss allowance	$ 578	$ 57	$ 635

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

	2022	
	Accounts receivable	Contract assets
At January 1	$ 635	$ -
Provision for impairment	178	-
At December 31	$ 813	$ -

	2021	
	Accounts receivable	Contract assets
At January 1	$ 414	$ -
Provision for impairment	221	-
At December 31	$ 635	$ -

For provisioned loss in 2022 and 2021, the impairment losses arising from customers' contracts are $178 and $221.

(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, 2022 and 2021 the Company held money market position of $710,770 and $617,495, 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, 2022		
	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Accounts payable	$ 49,130	$ -	$ -
Other payables	107,034	-	-
Lease liability	3,825	2,847	80,616

	December 31, 2021		
	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Accounts payable	$ 162,280	$ -	$ -
Other payables	182,656	-	-
Lease liability	3,883	3,593	94,910

(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, contract assets, notes receivable, accounts receivable, other receivables, contract liabilities, accounts payable and other payables 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	
	2022	2021
	Semiconductor packaging and testing	Semiconductor packaging and testing
Revenue from external customers	$ 1,223,212	$ 1,944,950
Segment income	$ 15,112	$ 414,501
Non-operating income and expense	69,016	(2,856)
Profit before income tax	84,128	411,645
Income tax expense	-	-
Profit for the year	$ 84,128	$ 411,645

(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	
	2022	2021
Advanced substrate or lead-frame integrated circuit packaging	$ 668,913	$ 1,321,006
Traditional lead-frame integrated circuits	536,071	606,680
Others	18,228	17,264
	$ 1,223,212	$ 1,944,950

(5) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 747,097	$ 1,021,410	$ 1,334,581	$ 1,092,675
Korea	300,739	-	368,710	-
America	121,959	-	184,675	-
Others	53,417	-	56,984	-
	$ 1,223,212	$ 1,021,410	$ 1,944,950	$ 1,092,675

(6) Major customer information

	Year ended December 31			
	2022		2021	
	Revenue	Percentage to total sales	Revenue	Percentage to total sales
A company	$ 208,571	17%	$ 246,097	13%
C company	188,429	15%	119,626	6%
	$ 397,000	32%	$ 365,723	19%

TAIWAN IC PACKAGING CORPORATION
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	
Cash on hand and petty cash		$	39
Cash in banks			
Checking accounts			2
Demand deposits - NTD			84,018
Demand deposits - Foreign currency	Mainly USD 863 thousand, exchange rate 30.71		26,492
Cash equivalents			
Time deposits - USD	Interest rate 4.1%~4.5%, the maturity: 2023.01.05~2023.02.01		491,360
		$	601,911

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TAIWAN IC PACKAGING CORPORATION
CURRENT FINANCIAL ASSETS MEASURED AT AMORTISED COST
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name	Total Amount	Interest Rate Range	Carrying Amount	Note
Time deposits with Bank SinoPac	$ 39,600	1.33%~1.44%	$ 39,600	
Time deposits with Yuanta Commercial Bank	69,300	1.405%	69,300	
	$ 108,900		$ 108,900	

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TAIWAN IC PACKAGING CORPORATION
ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Client Name	Amount	Note
B Company	$ 19,544	
H Company	14,300	
I Company	13,674	
J Company	12,892	
K Company	9,116	
L Company	7,791	
M Company	7,483	
Others (Note)	43,762	
	128,562	
Less: Allowance for uncollectible accounts	(708)	
	$ 127,854	

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

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TAIWAN IC PACKAGING CORPORATION
INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Notes
		Cost	Net Realisable Value	
Raw materials		$ 357,479	$ 380,348	
Less：Allowance for valuation loss		(64,358)	-	
		$ 293,121	$ 380,348	

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TAIWAN IC PACKAGING CORPORATION
CHANGES IN COSTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

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, 2022
(Expressed in thousands of New Taiwan dollars)

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, 2022
(Expressed in thousands of New Taiwan dollars)

Supplier Name	Amount		Note
A Company	$	16,675	
B Company		8,685	
C Company		3,890	
Others (Note)		19,880	
	$	49,130	

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, 2022
(Expressed in thousands of New Taiwan dollars)

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, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Volume (in thousands)	Amount	Note
Advanced substrate or lead-frame integrated circuit packaging	337,777	$ 668,913	
Traditional lead-frame integrated circuits	184,551	536,071	
Others (Note)	381	18,228	
		$ 1,223,212	

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, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning raw materials	$ 356,154
Raw materials purchased	431,522
Cost of raw materials sold	(3,021)
Ending raw materials	(357,479)
Raw materials used	427,176
Direct labor	146,111
Manufacturing expense	534,187
Manufacturing cost	1,107,474
Cost of raw materials sold	3,021
Loss on decline in market value	6,263
Revenue from sale of scraps	(10,457)
Operating costs	$ 1,106,301

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TAIWAN IC PACKAGING CORPORATION
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	$ 129,273	
Depreciation		151,656	
Utilities expense		100,353	
Manufacturing on indirect supplies		55,762	
Expense on machine parts		30,273	
Others		66,870	The balance of each expense account has not exceeded 5% of the manufacturing expense
		$ 534,187	

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TAIWAN IC PACKAGING CORPORATION
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	$ 14,065	
Export expense		1,381	
Insurance expense		1,085	
Others		3,548	The balance of each expense account has not exceeded 5% of the selling expense
		$ 20,079	

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TAIWAN IC PACKAGING CORPORATION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	$ 29,665	
Depreciation		6,032	
Stock agent expense		2,850	
Administrative expenses		2,769	
Others		9,658	The balance of each expense account has not exceeded 5% of the administrative expense
		$ 50,974	

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TAIWAN IC PACKAGING CORPORATION
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	$ 23,337	
Mold-marking fees		2,788	
Insurance expense		1,738	
Others		2,705	The balance of each expense account has not exceeded 5% of the research and development expenses
		$ 30,568	

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TAIWAN IC PACKAGING CORPORATION
FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

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
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Function / Nature	Year ended December 31					
	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	$ 219,672	$ 45,807	$ 265,479	$ 293,557	$ 61,013	$ 354,570
Labour and health insurance fees	27,566	4,581	32,147	30,303	4,909	35,212
Pension costs	10,557	2,237	12,794	10,926	2,575	13,501
Directors' remuneration	-	3,632	3,632	-	6,924	6,924
Share-based payments	18,434	17,628	36,062	2,951	2,991	5,942
Other personnel expenses	24,578	2,416	26,994	28,613	2,750	31,363
Depreciation charge	151,656	6,461	158,117	131,900	7,111	139,011

Note:

1. For the years ended December 31, 2022 and 2021, the Company had 475 and 543 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 $796 ((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 $820 ((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 / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee salary in previous year was $671 (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 (4.17%) ((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 lossses.

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, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount (Note 2)	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Taiwan IC Packaging Corporation	Transcend Information, Inc.	Investor with significant influence to the Company	Sales	$ 208,571	17%	30 days after monthly billings	Note 1	Collected approximately 30 to 60 days for third parties	$ 34,923	17%	

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, 2022

Table 2

Name of major shareholders	Shares	
	Number of shares	Ownership (%)
Transcend Information, Inc.	21,928,036	12.49%
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.