

TAIWAN IC PACKAGING CORPORATION
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023

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

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

Opinion

We have audited the accompanying individual balance sheets of Taiwan IC Packaging Corporation (the "Company") as at December 31, 2024 and 2023, and the related individual statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 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(9) 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, 2024, the cost of inventories and allowances for inventory valuation losses amounted to NT\$228,244 thousand and NT\$75,056 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 4, 2025

The accompanying 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 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.

TAIWAN IC PACKAGING CORPORATION
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 314,125	16	\$ 508,570	24
1136	Current financial assets at amortised cost	6(1)	159,400	8	49,500	2
1140	Current contract assets	6(12) and 7(2)	42,298	2	56,527	3
1170	Accounts receivable, net	6(2)	137,019	7	145,741	7
1180	Accounts receivable due from related parties, net	6(2) and 7(2)	32,814	2	39,736	2
1200	Other receivables		670	-	3,778	-
1220	Current tax assets		5,871	-	5,396	-
130X	Inventories	6(3)	153,188	8	177,932	8
1479	Other current assets, others		11,181	-	9,783	1
11XX	Total current assets		856,566	43	996,963	47
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)	985,322	50	993,415	47
1755	Right-of-use assets	6(5)	63,238	3	64,850	3
1840	Deferred tax assets		23,413	1	23,413	1
1915	Prepayments for business facilities		300	-	2,997	-
1975	Non-current net defined benefitprepaid asset		39,333	2	30,068	2
1990	Other non-current assets, others		7,001	-	7,001	-
15XX	Total non-current assets		1,126,807	57	1,129,944	53
1XXX	Total asset		\$ 1,983,373	100	\$ 2,126,907	100

(Continued)

TAIWAN IC PACKAGING CORPORATION
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity			Notes	December 31, 2024		December 31, 2023		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2130	Current contract liabilities	6(12)	\$	766	-	\$	386	-
2170	Accounts payable			79,003	4		64,359	3
2200	Other payables	6(6) and 7(2)		107,291	5		99,373	5
2280	Current lease liabilities	6(5)		2,007	-		2,025	-
2399	Other current liabilities, others	6(3)		8,260	1		7,963	-
21XX	Total current Liabilities			197,327	10		174,106	8
Non-current liabilities								
2570	Deferred tax liabilities			7,941	1		7,941	1
2580	Non-current lease liabilities	6(5)		63,988	3		65,361	3
25XX	Total non-current liabilities			71,929	4		73,302	4
2XXX	Total liabilities			269,256	14		247,408	12
	Share capital	6(9)						
3110	Ordinary share			1,753,240	88		1,753,400	82
	Capital surplus	6(10)						
3200	Capital surplus			132,984	7		133,905	7
	Retained earnings	6(11)						
3310	Legal reserve			4,479	-		44,565	2
3350	Accumulated deficit		(	176,532)	(9)	(	40,086)	(2)
	Other equity interest							
3400	Other equity interest		(	54)	-	(	12,285)	(1)
3XXX	Total equity			1,714,117	86		1,879,499	88
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		\$	1,983,373	100	\$	2,126,907	100

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

TAIWAN IC PACKAGING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(12) and 7(2)		\$ 904,163	100	\$ 861,693	100
5000 Operating costs	6(3)(17) and 7		(1,050,777)	(116)	(969,285)	(112)
5900 Gross profit			(146,614)	(16)	(107,592)	(12)
Operating expenses	6(17)					
6100 Selling expenses			(18,831)	(2)	(20,445)	(2)
6200 Administrative expenses			(48,748)	(6)	(44,706)	(5)
6300 Research and development expenses			(28,053)	(3)	(24,132)	(3)
6450 Expected credit loss	12(2)		694	-	(534)	-
6000 Total operating expenses			(94,938)	(11)	(89,817)	(10)
6900 Operating loss			(241,552)	(27)	(197,409)	(22)
Non-operating income and expenses						
7100 Interest income	6(13)		20,158	2	22,816	3
7010 Other income	6(14)		7,296	1	4,167	-
7020 Other gains and losses	6(15)		29,540	3	(5,715)	(1)
7050 Finance costs	6(5)(16)		(826)	-	(851)	-
7000 Total non-operating income and expenses			56,168	6	20,417	2
7900 Loss before income tax			(185,384)	(21)	(176,992)	(20)
7950 Income tax expense	6(18)		-	-	-	-
8200 Loss for the year			(\$ 185,384)	(21)	(\$ 176,992)	(20)
Other comprehensive income(loss)						
8311 Remeasurement of defined benefit plan	6(7)		\$ 8,852	1	(\$ 1,375)	-
8300 Total other comprehensive income(loss) for the year			\$ 8,852	1	(\$ 1,375)	-
8500 Total comprehensive loss for the year			(\$ 176,532)	(20)	(\$ 178,367)	(20)
Loss per share	6(19)					
9750 Basic			(\$ 1.06)		(\$ 1.02)	
9850 Diluted			(\$ 1.06)		(\$ 1.02)	

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

TAIWAN IC PACKAGING CORPORATION
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Ordinary share	Capital surplus		Retained earnings		Unearned compensation	Total equity
			Share premium	Employee restricted shares	Legal reserve	Unappropriated retained earnings(accumulated deficit)		
<u>2023</u>								
Balance at January 1, 2023		\$ 1,754,500	\$ 90,703	\$ 40,477	\$ 34,932	\$ 235,619	(\$ 29,123)	\$ 2,127,108
Loss for the year		-	-	-	-	(176,992)	-	(176,992)
Other comprehensive loss for the year	6(7)	-	-	-	-	(1,375)	-	(1,375)
Total comprehensive loss		-	-	-	-	(178,367)	-	(178,367)
Share-based payment transactions	6(8)(9)(10)	(1,100)	21,386	(18,661)	-	-	16,838	18,463
Appropriation and distribution of 2022 retained earnings:								
Cash dividends	6(11)	-	-	-	-	(87,705)	-	(87,705)
Legal reserve	6(11)	-	-	-	9,633	(9,633)	-	-
Balance at December 31, 2023		\$ 1,753,400	\$ 112,089	\$ 21,816	\$ 44,565	(\$ 40,086)	(\$ 12,285)	\$ 1,879,499
<u>2024</u>								
Balance at January 1, 2024		\$ 1,753,400	\$ 112,089	\$ 21,816	\$ 44,565	(\$ 40,086)	(\$ 12,285)	\$ 1,879,499
Loss for the year		-	-	-	-	(185,384)	-	(185,384)
Other comprehensive income for the year	6(7)	-	-	-	-	8,852	-	8,852
Total comprehensive loss		-	-	-	-	(176,532)	-	(176,532)
Share-based payment transactions	6(8)(9)(10)	(160)	16,525	(17,446)	-	-	12,231	11,150
Legal reserve used to offset accumulated deficits		-	-	-	(40,086)	40,086	-	-
Balance at December 31, 2024		\$ 1,753,240	\$ 128,614	\$ 4,370	\$ 4,479	(\$ 176,532)	(\$ 54)	\$ 1,714,117

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

TAIWAN IC PACKAGING CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 185,384)	(\$ 176,992)
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(8)	11,150	18,463
Interest expense	6(5)(16)	825	851
Expected credit (gain) loss	12(2)	(694)	534
Depreciation charge	6(4)(5)(17)	176,768	172,179
Interest income	6(13)	(20,158)	(22,816)
Gain on disposal of property, plant and equipment	6(15)	(95)	(550)
Profit from lease modification	6(5)	-	(20)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		14,229	(7,953)
Accounts receivable		9,299	(18,319)
Accounts receivable due from related parties		7,039	(11,444)
Other receivables		2,093	86
Inventories		24,744	115,189
Other current assets, others	(	1,398)	(4,938)
Non-current net defined benefit asset	(	413)	(464)
Changes in operating liabilities			
Current contract liabilities		380	96
Accounts payable		14,644	15,229
Other payable		12,773	(6,798)
Other current liabilities, others		1,320	(402)
Cash inflow generated from operations		67,122	71,931
Interest paid	(	825)	(851)
Interest received		21,173	23,008
Income taxes paid	(	2,080)	(4,785)
Income taxes refunded		1,605	2
Net cash flows from operating activities		86,995	89,305
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in financial assets at amortised cost		(109,900)	59,400
Acquisition of property, plant and equipment	6(20)	(172,182)	(149,439)
Proceeds from disposal of property, plant and equipment		95	550
Decrease (increase) in prepayments for business facilities		2,697	(2,997)
Net cash flows used in investing activities		(279,290)	(92,486)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(21)	(2,150)	(2,455)
Cash dividends paid	6(11)	-	(87,705)
Net cash flows used in financing activities		(2,150)	(90,160)
Net decrease in cash and cash equivalents		(194,445)	(93,341)
Cash and cash equivalents at beginning of year		508,570	601,911
Cash and cash equivalents at end of year		\$ 314,125	\$ 508,570

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

TAIWAN IC PACKAGING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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 4, 2025.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts Referencing Nature-dependent Electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the related impacts of the following standards and interpretations that are yet to be assessed, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the defined benefit assets recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

Foreign currency transactions and balances

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

(4) Classification of current and non-current items

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

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

(5) Cash equivalents

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

(6) Financial assets at 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.

(7) Account receivable

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

(8) 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.

(9) 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.

(10) Derecognition of financial assets

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

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

(12) 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.

(13) 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.

(14) 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.

(15) Derecognition of financial liabilities

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

(16) 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.

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) 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.

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible assets

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

B. Evaluation of inventories

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and petty cash	\$ 39	\$ 39
Checking accounts	2	2
Demand deposits	156,329	104,451
Time deposits	157,755	404,078
	<u>\$ 314,125</u>	<u>\$ 508,570</u>

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

B. As of December 31, 2024 and 2023, 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, 2024 and 2023, the time deposits with original maturity of more than three months held by the Company were \$159,400 and \$49,500 respectively; the effective interest rate ranged between 1.635%~1.7% and 1.45%~1.53%, respectively. The time deposits were not highly liquid investment and thus were reclassified to current financial assets at amortised cost. Information on interest income from the aforementioned time deposits recognised under interest income from bank deposits is provided in Note 6(13).

(2) Accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 137,582	\$ 146,881
Less: Allowance for uncollectible accounts	(563)	(1,140)
	<u>\$ 137,019</u>	<u>\$ 145,741</u>
Accounts receivable due from related parties	\$ 32,904	\$ 39,943
Less: Allowance for uncollectible accounts	(90)	(207)
	<u>\$ 32,814</u>	<u>\$ 39,736</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 167,610	\$ 183,912
Up to 30 days	2,232	2,453
31 to 90 days	637	8
91 to 180 days	7	451
Over 180 days	-	-
	<u>\$ 170,486</u>	<u>\$ 186,824</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$157,061.

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

D. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable (including related parties) were \$169,833 and \$185,477, respectively.

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

(3) Inventories

	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	<u>\$ 228,244</u>	<u>(\$ 75,056)</u>	<u>\$ 153,188</u>
	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	<u>\$ 253,758</u>	<u>(\$ 75,826)</u>	<u>\$ 177,932</u>

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

	Year ended December 31	
	2024	2023
Cost of goods sold	\$ 1,060,071	\$ 963,164
Loss on decline in market value	(771)	11,468
Revenue from sale of scraps	(8,523)	(5,347)
	<u>\$ 1,050,777</u>	<u>\$ 969,285</u>

For the year ended December 31, 2024, the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because the inventories which were previously provided with allowance for inventory valuation losses were subsequently scrapped or sold.

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, 2024 and 2023, the deposits received by the Company from the aforementioned transactions amounted to \$3,570 and \$3,844, respectively (shown under other current liabilities-other).

(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
2024								
Cost								
Opening net book amount as at January 1	\$ 1,058,440	\$ 4,892,080	\$ 506,766	\$ 8,138	\$ 32,173	\$ 216,293	\$ 128,913	\$ 6,842,803
Additions	54,079	76,590	5,097	-	2,089	4,880	24,592	167,327
Decreases	-	(18,421)	-	-	-	(18,228)	-	(36,649)
Reclassifications	56,779	28,759	(1,023)	-	2,100	1,050	(88,688)	(1,023)
Closing net book amount as at December 31	<u>\$ 1,169,298</u>	<u>\$ 4,979,008</u>	<u>\$ 510,840</u>	<u>\$ 8,138</u>	<u>\$ 36,362</u>	<u>\$ 203,995</u>	<u>\$ 64,817</u>	<u>\$ 6,972,458</u>
2024								
Accumulated depreciation and impairment								
Opening net book amount as at January 1	\$ 475,181	\$ 4,648,226	\$ 491,374	\$ 4,771	\$ 27,660	\$ 202,176	\$ -	\$ 5,849,388
Additions	48,223	106,959	12,851	641	1,856	3,867	-	174,397
Decreases	-	(18,421)	-	-	-	(18,228)	-	(36,649)
Closing net book amount as at December 31	<u>\$ 523,404</u>	<u>\$ 4,736,764</u>	<u>\$ 504,225</u>	<u>\$ 5,412</u>	<u>\$ 29,516</u>	<u>\$ 187,815</u>	<u>\$ -</u>	<u>\$ 5,987,136</u>
Net ending balance	<u>\$ 645,894</u>	<u>\$ 242,244</u>	<u>\$ 6,615</u>	<u>\$ 2,726</u>	<u>\$ 6,846</u>	<u>\$ 16,180</u>	<u>\$ 64,817</u>	<u>\$ 985,322</u>
	Buildings and structures	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
2023								
Cost								
Opening net book amount as at January 1	\$ 1,050,234	\$ 4,881,130	\$ 497,260	\$ 5,366	\$ 27,767	\$ 210,984	\$ 24,457	\$ 6,697,198
Additions	7,520	12,705	9,506	3,848	4,406	2,779	107,812	148,576
Decreases	-	(1,755)	-	(1,076)	-	(140)	-	(2,971)
Reclassifications	686	-	-	-	-	2,670	(3,356)	-
Closing net book amount as at December 31	<u>\$ 1,058,440</u>	<u>\$ 4,892,080</u>	<u>\$ 506,766</u>	<u>\$ 8,138</u>	<u>\$ 32,173</u>	<u>\$ 216,293</u>	<u>\$ 128,913</u>	<u>\$ 6,842,803</u>
2023								
Accumulated depreciation and impairment								
Opening net book amount as at January 1	\$ 434,372	\$ 4,543,342	\$ 477,724	\$ 5,366	\$ 26,802	\$ 195,183	\$ -	\$ 5,682,789
Additions	40,809	106,639	13,650	481	858	7,133	-	169,570
Decreases	-	(1,755)	-	(1,076)	-	(140)	-	(2,971)
Closing net book amount as at December 31	<u>\$ 475,181</u>	<u>\$ 4,648,226</u>	<u>\$ 491,374</u>	<u>\$ 4,771</u>	<u>\$ 27,660</u>	<u>\$ 202,176</u>	<u>\$ -</u>	<u>\$ 5,849,388</u>
Net ending balance	<u>\$ 583,259</u>	<u>\$ 243,854</u>	<u>\$ 15,392</u>	<u>\$ 3,367</u>	<u>\$ 4,513</u>	<u>\$ 14,117</u>	<u>\$ 128,913</u>	<u>\$ 993,415</u>

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

(5) Leasing arrangements-lessee

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

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 62,605	\$ 64,520
Transportation equipment (Business vehicles)	633	285
Other equipment	-	45
	<u>\$ 63,238</u>	<u>\$ 64,850</u>
	<u>Year ended December 31</u>	<u>Year ended December 31</u>
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,915	\$ 1,915
Transportation equipment (Business vehicles)	412	428
Other equipment	44	266
	<u>\$ 2,371</u>	<u>\$ 2,609</u>

C. For the Company terminated the buildings contract in advance for the year ended December 31, 2023. Due to the impact of the aforementioned termination of lease contract, the right-of-use assets and lease liabilities decreased by \$492 and \$512, respectively, and gain on lease modification of \$20 was recognised (shown as ‘other gains and losses’).

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

	<u>Year ended December 31</u>	
<u>Items affecting profit or loss</u>	<u>2024</u>	<u>2023</u>
Interest expense on lease liabilities	\$ 825	\$ 851
Gains from lease modification	-	20

E. For the years ended December 31, 2024 and 2023, the Company’s total cash outflow for leases were \$2,976 and \$3,306, respectively.

F. As of December 31, 2024 and 2023, information on lease liabilities is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current lease liabilities	\$ 2,007	\$ 2,025
Non-current lease liabilities	63,988	65,361
	<u>\$ 65,995</u>	<u>\$ 67,386</u>

(6) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Wages, salaries and bonuses payable	\$ 42,289	\$ 40,021
Employees' compensation and directors' remuneration payable	-	176
Payable on machinery and equipment	7,987	16,543
Payable on construction	3,701	-
Utilities expense payable	12,175	9,804
Others (Note)	41,139	32,829
	<u>\$ 107,291</u>	<u>\$ 99,373</u>

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

(7) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	(\$ 30,427)	(\$ 33,161)
Fair value of plan assets	69,760	63,229
Net defined benefit asset	<u>\$ 39,333</u>	<u>\$ 30,068</u>

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

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit asset
2024			
At January 1	(\$ 33,161)	\$ 63,229	\$ 30,068
Interest (expense) income	(456)	869	413
	(33,617)	64,098	30,481
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	12	5,662	5,674
Change in financial assumptions	438	-	438
Experience adjustments	2,740	-	2,740
	3,190	5,662	8,852
Pension contribution	-	-	-
Paid pension	-	-	-
At December 31	(\$ 30,427)	\$ 69,760	\$ 39,333
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit asset
2023			
At January 1	(\$ 30,970)	\$ 61,949	\$ 30,979
Interest (expense) income	(465)	929	464
	(31,435)	62,878	31,443
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	351	351
Change in financial assumptions	(506)	-	(506)
Experience adjustments	(1,220)	-	(1,220)
	(1,726)	351	(1,375)
Pension contribution	-	-	-
Paid pension	-	-	-
At December 31	(\$ 33,161)	\$ 63,229	\$ 30,068

- (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, 2024 and 2023 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	
	2024	2023
Discount rate	1.5%	1.38%
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, 2024				
Effect on present value of defined benefit obligation	(\$ 851)	\$ 884	\$ 854	(\$ 826)
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 1,003)	\$ 1,044	\$ 1,007	(\$ 973)

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) There are no expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025.

(g) As of December 31, 2024, the weighted average duration of the retirement plan is 11.4 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	1,236
1-2 year(s)		618
2-5 years		3,449
Over 5 years		6,550
	\$	<u>11,853</u>

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

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

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were \$12,236 and \$10,772, respectively.

(8) Share-based payment

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

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

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

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

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

	Year ended December 31	
	2024	2023
Restricted stocks at January 1	\$ 1,410	\$ 3,350
Issued in the year	-	-
Retired in the year	(16)	(110)
Vested in the year	(1,242)	(1,830)
Restricted stocks at December 31	<u>\$ 152</u>	<u>\$ 1,410</u>

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

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

E. For the years ended December 31, 2024 and 2023, the compensation costs recognised for share-based payment transactions were \$11,150 and \$18,463, respectively.

(9) Share capital

A. As of December 31, 2024, 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	
	2024	2023
At January 1	175,340	175,450
Employee restricted shares	(16)	(110)
At December 31	<u>175,324</u>	<u>175,340</u>

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

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

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

(10) Capital surplus

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

	2024		
	Share premium	Employee restricted shares	Total
At January 1	\$ 112,089	\$ 21,816	\$ 133,905
Employee restricted shares	16,525	(17,446)	(921)
At December 31	<u>\$ 128,614</u>	<u>\$ 4,370</u>	<u>\$ 132,984</u>
	2023		
	Share premium	Employee restricted shares	Total
At January 1	\$ 90,703	\$ 40,477	\$ 131,180
Employee restricted shares	21,386	(18,661)	2,725
At December 31	<u>\$ 112,089</u>	<u>\$ 21,816</u>	<u>\$ 133,905</u>

(11) Retained earnings

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

- B. The Company's dividends are appropriated taking into account the business environment and growing stage of the Company, in response to future capital requirements and long-term financial plan, and to meet shareholders' satisfaction as to cash inflow. Dividends are distributed as stock dividends and cash dividends, and the cash dividend shall not be less than 50% of the total amount of dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2022 earnings as resolved by the shareholders on June 14, 2023, are as follows:

	Year ended December 31	
	2022	
	Dividends per share	
	Amount	(in dollars)
Legal reserve	\$ 9,633	
Cash dividends	87,705	\$ 0.50
	<u>\$ 97,338</u>	

- F. For the proposal for deficit compensation for the year ended December 31, 2024, dividends will not be distributed to stockholders as some accumulated deficits remain uncovered.

(12) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	<u>\$ 904,163</u>	<u>\$ 861,693</u>

- A. Disaggregation of revenue from contracts with customers

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

2024	Semiconductor packaging and testing		
	Domestic area	Foreign area	Total
Revenue from external customer contracts	<u>\$ 588,617</u>	<u>\$ 315,546</u>	<u>\$ 904,163</u>
Timing of revenue recognition			
Over time	<u>\$ 588,617</u>	<u>\$ 315,546</u>	<u>\$ 904,163</u>

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

B. Contract assets and liabilities

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

	December 31, 2024	December 31, 2023
Contract assets:		
Contract assets - packaging and testing contracts	\$ 42,298	\$ 56,527
Contract liabilities:		
Contract liabilities - packaging and testing contracts	\$ 766	\$ 386

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

	Year ended December 31	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Packaging and testing service contracts	\$ 94	\$ 38

(13) Interest income

	Year ended December 31	
	2024	2023
Interest income from bank deposits	\$ 20,158	\$ 22,816

(14) Other income

	Year ended December 31	
	2024	2023
Other income, others	\$ 7,296	\$ 4,167

(15) Other gains and losses

	Year ended December 31	
	2024	2023
Gain on disposal of property, plant and equipment	\$ 95	\$ 550
Profit from lease modification	-	20
Foreign exchange gains (losses)	29,918 (	1,919)
Miscellaneous disbursements	(473)	(4,366)
	<u>\$ 29,540</u>	<u>(\$ 5,715)</u>

(16) Finance costs

	Year ended December 31	
	2024	2023
Interest expense on lease liabilities	\$ 826	\$ 851

(17) Expenses by nature

	Year ended December 31	
	2024	2023
Wages and salaries	\$ 256,685	\$ 232,377
Labour and health insurance fees	29,331	25,559
Pension costs	11,823	10,308
Share-based payments	11,150	18,463
Other personnel expenses	23,976	16,987
Depreciation charges on property, plant and equipment	174,397	169,570
Depreciation charges on right-of-use assets	2,371	2,609

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. The employees' compensation and directors' remuneration were not estimated and accrued as the Company had incurred losses for the years ended December 31, 2024 and 2023.

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	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ -	\$ -

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2024	2023
Tax calculated based on loss before tax and statutory tax rate	(\$ 37,077)	(\$ 35,398)
Effect from items adjusted by tax regulation	(5,624)	(4,397)
Taxable loss not recognised as deferred tax assets	42,701	39,795
Income tax expense	\$ -	\$ -

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

	2024		
	January 1	Recognised in profit or loss	December 31
— Deferred tax assets:			
Temporary differences:			
Allowance for inventory valuation losses	\$ 12,872	\$ -	\$ 12,872
Others	10,541	-	10,541
	<u>23,413</u>	<u>-</u>	<u>23,413</u>
— Deferred tax liabilities:			
Unrealised foreign exchange loss	(3,592)	-	(3,592)
Book-tax difference on depreciation	(4,349)	-	(4,349)
	<u>(7,941)</u>	<u>-</u>	<u>(7,941)</u>
	<u>\$ 15,472</u>	<u>\$ -</u>	<u>\$ 15,472</u>

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

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

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	Amount assessed	\$ 308,313	\$ 308,313	2027
2018	Amount assessed	272,190	272,190	2028
2019	Amount assessed	211,520	211,520	2029
2020	Amount assessed	128,421	128,421	2030
2023	Amount expected to be filed	188,711	188,711	2033
2024	Amount expected to be filed	213,505	213,505	2034
		<u>\$ 1,322,660</u>	<u>\$ 1,322,660</u>	

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	Amount assessed	\$ 308,313	\$ 308,313	2027
2018	Amount assessed	272,190	272,190	2028
2019	Amount assessed	211,520	211,520	2029
2020	Amount assessed	128,421	128,421	2030
2023	Amount expected to be filed	188,711	188,711	2033
		<u>\$ 1,109,155</u>	<u>\$ 1,109,155</u>	

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deductible temporary differences	<u>\$ 26,660</u>	<u>\$ 47,575</u>

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

(19) Loss per share

	<u>Year ended December 31, 2024</u>		
	Amount	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share
	<u>after tax</u>		
<u>Basic/diluted loss per share</u>			
Loss attributable to ordinary shareholders	<u>(\$ 185,384)</u>	<u>174,779</u>	<u>(\$ 1.06)</u>
	<u>Year ended December 31, 2023</u>		
	Amount	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share
	<u>after tax</u>		
<u>Basic/diluted loss per share</u>			
Loss attributable to ordinary shareholders	<u>(\$ 176,992)</u>	<u>173,090</u>	<u>(\$ 1.02)</u>

(20) Supplemental cash flow information

A. Investing activities with partial cash payments:

Acquisition of property, plant and equipment

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Acquisition of property, plant and equipment	\$ 167,327	\$ 148,576
Add: Opening balance of payable on construction	-	1,201
Opening balance of payable on equipment	16,543	16,205
Less: Ending balance of payable on construction	(3,701)	-
Ending balance of payable on equipment	(7,987)	(16,543)
Cash paid during the year	<u>\$ 172,182</u>	<u>\$ 149,439</u>

(21) Changes in liabilities from financing activities

	Lease liability
January 1, 2024	\$ 67,386
Changes in cash flow from financing activities	(2,150)
Changes in other non-cash items	759
At December 31, 2024	<u>\$ 65,995</u>
	Lease liability
January 1, 2023	\$ 70,353
Changes in cash flow from financing activities	(2,455)
Changes in other non-cash items	(512)
At December 31, 2023	<u>\$ 67,386</u>

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	
	2024	2023
Operating revenue:		
Transcend	<u>\$ 144,354</u>	<u>\$ 193,844</u>

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

B. Purchases:

	Year ended December 31	
	2024	2023
Purchases of goods:		
Transcend	<u>\$ 77</u>	<u>\$ 77</u>

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

C. Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Transcend		
Contract assets	\$ 1,451	\$ 5,839
Accounts receivable	\$ 32,904	\$ 39,943
Less: Allowance for uncollectible accounts	(90)	(207)
	<u>\$ 32,814</u>	<u>\$ 39,736</u>

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

D. Payables to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Transcend		
Other payables	\$ -	\$ 374

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 6,561	\$ 6,524
Post-employment benefits	216	216
Share-based payment	1,769	2,711
	<u>\$ 8,546</u>	<u>\$ 9,451</u>

8. Pledged Assets

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

	<u>Book value</u>	<u>Book value</u>	
<u>Pledged asset</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>Purpose</u>
Pledged time deposits			Customs deposits
(shown as non-current financial assets			
at amortised cost)	<u>\$ 8,200</u>	<u>\$ 8,200</u>	

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, 2024 was \$55,354 with the outstanding balance of \$14,282.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 314,125	\$ 508,570
Financial assets at amortised cost	167,600	57,700
Accounts receivable	169,833	185,477
Other receivables	670	3,778
	<u>\$ 652,228</u>	<u>\$ 755,525</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 79,003	\$ 64,359
Other payables	107,291	99,373
	<u>\$ 186,294</u>	<u>\$ 163,732</u>
Lease liability	<u>\$ 65,995</u>	<u>\$ 67,386</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD in thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 5,720	32.79	\$ 187,544
JPY	32,281	0.21	6,792
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 981	32.79	\$ 30,092
December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD in thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 17,374	30.71	\$ 533,483
JPY	111,699	0.22	24,317
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 938	30.71	\$ 28,792

- iii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 amounted to \$29,918 and (\$1,919), 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 \$1,574 and \$5,047 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, the loss rate methodology is as follows:

	Group A	Group B	Total
<u>At December 31, 2024</u>			
Expected loss rate	0.409%	0.27%	
Total book value	\$ 137,582	\$ 32,904	\$ 170,486
Loss allowance	\$ 563	\$ 90	\$ 653
	Group A	Group B	Total
<u>At December 31, 2023</u>			
Expected loss rate	0.776%	0.518%	
Total book value	\$ 146,881	\$ 39,943	\$ 186,824
Loss allowance	\$ 1,140	\$ 207	\$ 1,347

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

	2024	
	Accounts receivable	Contract assets
At January 1	\$ 1,347	\$ -
Provision for impairment	(694)	-
At December 31	\$ 653	\$ -
	2023	
	Accounts receivable	Contract assets
At January 1	\$ 813	\$ -
Provision for impairment	534	-
At December 31	\$ 1,347	\$ -

For provisioned loss in 2024 and 2023, the impairment gains (losses) arising from customers' contracts are \$694 and (\$534), respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2024 and 2023, the Company held money market position of \$473,484 and \$558,029, 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, 2024		
	Within 1 year	Between 1 and 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 79,003	\$ -	\$ -
Other payables	107,291	-	-
Lease liability	2,815	2,686	75,760
	December 31, 2023		
	Within 1 year	Between 1 and 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 64,359	\$ -	\$ -
Other payables	99,373	-	-
Lease liability	2,847	2,428	78,188

(3) Fair value information

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

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	
	2024	2023
	Semiconductor packaging and testing	Semiconductor packaging and testing
Revenue from external customers	\$ 904,163	\$ 861,693
Segment loss	(\$ 241,552)	(\$ 197,409)
Non-operating income and expense	56,168	20,417
Loss before income tax	(185,384)	(176,992)
Income tax expense	-	-
Loss for the year	(\$ 185,384)	(\$ 176,992)

(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	
	2024	2023
Advanced substrate or lead-frame integrated circuit packaging	\$ 552,167	\$ 584,807
Traditional lead-frame integrated circuits	323,429	256,866
Others	28,567	20,020
	<u>\$ 904,163</u>	<u>\$ 861,693</u>

(5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31			
	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 588,617	\$ 992,623	\$ 644,724	\$ 1,003,413
Korea	212,610	-	117,527	-
America	57,148	-	61,425	-
Others	45,788	-	38,017	-
	<u>\$ 904,163</u>	<u>\$ 992,623</u>	<u>\$ 861,693</u>	<u>\$ 1,003,413</u>

(6) Major customer information

	Year ended December 31			
	2024		2023	
	Revenue	Percentage to total sales	Revenue	Percentage to total sales
A company	\$ 144,354	16%	\$ 193,844	23%
B company	143,960	16%	64,629	8%
C company	115,014	13%	133,249	16%
	<u>\$ 403,328</u>	<u>45%</u>	<u>\$ 391,722</u>	<u>47%</u>

TAIWAN IC PACKAGING CORPORATION
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

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

Item	Description	Amount
Cash on hand and petty cash		\$ 39
Cash in banks		
Checking accounts		2
Demand deposits - NTD		131,279
Demand deposits - Foreign currency	Mainly USD 577 thousand, exchange rate 32.785	18,258
Demand deposits - Foreign currency	Mainly JPY 32,281 thousand, exchange rate 0.2104	6,792
Cash equivalents		
Time deposits - USD	Interest rate 4.7%, the maturity: 2025.2.3	98,355
Time deposits - NTD	Interest rate 1.225%, the maturity: 2025.1.14~2025.1.20	59,400
		<u>\$ 314,125</u>

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TAIWAN IC PACKAGING CORPORATION
CURRENT FINANCIAL ASSETS MEASURED AT AMORTISED COST
DECEMBER 31, 2024

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

<u>Name</u>	<u>Total Amount</u>	<u>Interest Rate Range</u>	<u>Carrying Amount</u>	<u>Note</u>
Time deposits with Bank SinoPac	\$ 59,400	1.64%	\$ 59,400	
Time deposits with Yuanta Commercial Bank	<u>100,000</u>	1.70%	<u>100,000</u>	
	<u>\$ 159,400</u>		<u>\$ 159,400</u>	

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TAIWAN IC PACKAGING CORPORATION
ACCOUNTS RECEIVABLE
DECEMBER 31, 2024

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

Client Name	Amount	Note
B Company	\$ 17,348	
F Company	16,402	
C Company	14,366	
K Company	13,855	
J Company	12,142	
G Company	11,749	
H Company	11,494	
E Company	9,813	
Others (Note)	<u>30,413</u>	
	137,582	
Less: Allowance for uncollectible accounts	(<u>563</u>)	
	<u>\$ 137,019</u>	

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

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TAIWAN IC PACKAGING CORPORATION

INVENTORIES

DECEMBER 31, 2024

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

Item	Description	Amount		Notes
		Cost	Net Realisable Value	
Raw materials		\$ 228,244	\$ 243,966	
Less : Allowance for valuation loss		(75,056)	-	
		<u>\$ 153,188</u>	<u>\$ 243,966</u>	

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TAIWAN IC PACKAGING CORPORATION
CHANGES IN COSTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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

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TAIWAN IC PACKAGING CORPORATION
CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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

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

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TAIWAN IC PACKAGING CORPORATION
ACCOUNTS PAYABLE
DECEMBER 31, 2024

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

<u>Supplier Name</u>	<u>Amount</u>	<u>Note</u>
A Company	\$ 10,553	
B Company	8,950	
C Company	6,447	
D Company	6,237	
E Company	5,279	
F Company	5,275	
Others (Note)	<u>36,262</u>	
	<u>\$ 79,003</u>	

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

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TAIWAN IC PACKAGING CORPORATION
OTHER PAYABLES
DECEMBER 31, 2024

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

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

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TAIWAN IC PACKAGING CORPORATION
OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Volume (in thousands)	Amount	Note
Advanced substrate or lead-frame integrated circuit packaging	332,796	\$ 552,167	
Traditional lead-frame integrated circuits	136,387	323,429	
Others (Note)	10	28,567	
		<u>\$ 904,163</u>	

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

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TAIWAN IC PACKAGING CORPORATION
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Amount
Beginning raw materials	\$ 253,759
Raw materials purchased	317,862
Cost of raw materials sold	(12,415)
Ending raw materials	(228,244)
Raw materials used	330,962
Direct labor	139,092
Manufacturing expense	577,602
Manufacturing cost	1,047,656
Cost of raw materials sold	12,415
Loss on decline in market value	(771)
Revenue from sale of scraps	(8,523)
Operating costs	\$ 1,050,777

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TAIWAN IC PACKAGING CORPORATION
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries	Including salaries and overtime pay, etc.	\$ 104,631	
Depreciation		143,064	
Utilities expense		166,016	
Manufacturing on indirect supplies		49,572	
Expense on machine parts		38,839	
Others		75,480	The balance of each expense account has not exceeded 5% of the manufacturing expense
		<u>\$ 577,602</u>	

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TAIWAN IC PACKAGING CORPORATION
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	\$ 11,292	
Traveling expense		1,696	
Export expense		1,407	
Insurance expense		1,080	
Entertainment expense		1,682	
Others		1,674	The balance of each expense account has not exceeded 5% of the selling expense
		<u>\$ 18,831</u>	

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TAIWAN IC PACKAGING CORPORATION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	\$ 24,702	
Depreciation		10,162	
Others		13,884	The balance of each expense account has not exceeded 5% of the administrative expense
		<u>\$ 48,748</u>	

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TAIWAN IC PACKAGING CORPORATION
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Item	Description	Amount	Note
Wages and salaries	Including salaries and overtime pay, etc.	\$ 20,302	
Insurance expense		1,930	
Widget		1,820	
Others		4,001	The balance of each expense account has not exceeded 5% of the research and development expenses
		<u>\$ 28,053</u>	

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TAIWAN IC PACKAGING CORPORATION
FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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

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TAIWAN IC PACKAGING CORPORATION
SUMMARY STATEMENT OF CURRENT EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Function Nature	Year ended December 31					
	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 206,265	\$ 44,812	\$ 251,077	\$ 188,804	\$ 40,953	\$ 229,757
Labour and health insurance fees	24,837	4,494	29,331	21,401	4,158	25,559
Pension costs	9,763	2,060	11,823	8,550	1,757	10,307
Directors' remuneration	-	5,608	5,608	-	2,620	2,620
Share-based payments	5,274	5,876	11,150	9,441	9,022	18,463
Other personnel expenses	21,288	2,688	23,976	15,043	1,944	16,987
Depreciation charge	166,016	10,752	176,768	161,571	10,608	172,179

Note:

1. For the years ended December 31, 2024 and 2023, the Company had 435 and 392 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 \$763 ((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 \$780 ((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 \$611 (Total employee salaries in current year(including Share-based payments/ (Number of employees in current year–Number of non-employee directors in current year)).

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

(3) Adjustment of average employee salaries was -4.98% ((Average employee salaries in current year - Average employee salaries in previous year) / Average employee salaries in previous year).

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

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

B. Managers and employees: The Company's salary and compensation are set as a salary system that is externally competitive and internally fair in accordance with the internal salary policy. The salary and compensation include fixed and variable salaries. Fixed salaries are paid in accordance with the job responsibility and professional skills; variable salaries are paid as an incentive in accordance with individual performance and degree of contribution. Under the Company's Articles of Incorporation, if the Company has earnings in the current year, the profit before deducting tax and employees' compensation and directors' remuneration shall be appropriated as employees' remuneration, and the ratio shall be no lower than 10%, if the Company has accumulated deficit, earnings shall retained to cover losses.

Taiwan IC Packaging Corporation
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount (Note 2)	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Taiwan IC Packaging Corporation	Transcend Information, Inc.	Investor with significant influence to the Company	Sales	\$ 144,354	16%	30 days after monthly billings	Note 1	Collected approximately 30 to 60 days for third parties	\$ 34,265	16%	

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, 2024

Table 2

Name of major shareholders	Shares	
	Number of shares	Ownership (%)
Transcend Information, Inc.	21,928,036	12.50%
Wan An Technology Inc.	13,904,208	7.93%

- (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.